

Registered numbers:  
National Nuclear Laboratories Section: 19002035  
Cavendish Nuclear Section: 19002036  
Atkins Section: 19002037  
Site Licence Company Section: 19002038

**MAGNOX ELECTRIC GROUP OF THE ELECTRICITY SUPPLY PENSION SCHEME**

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

**Magnox Electric Group of the Electricity Supply Pension Scheme**  
**Annual Report and Financial Statements for the year ended 31 March 2025**  
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**Message from the Chair of Group Trustees**

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**Message from the Chair of Group Trustees**

I am pleased to present the Magnox Electric Group (“the Group”) of the Electricity Supply Pension Scheme (“the Scheme”) Annual Report and Financial Statements for the year ended 31 March 2025 (“Scheme Year”).

The last year has been another busy period for the Group Trustees. In addition to our normal business, we have progressed key projects such as connecting to the wider UK Pensions Dashboard and there also have been a few changes to the Trustee Board.

As noted in the 2024 Pensions Update, two of the Member Nominated Trustees, Paul Bridgeman and Nick Gore stepped down from the Board respectively at the end of December 2024 and the end of June 2025. The Board will miss their significant contribution, diligence and good humour throughout their tenure and wish them all the best for the future. Following their departure, our two new Member Nominated Group Trustees, Bill Root and Billy Davies, have successfully completed their shadowing period and joined the Board.

There was also the departure of John Nestor, the previous Chair of the Investment Sub-Committee. The Board would like to thank John for his contribution and wishes him all the best for the future. We were pleased to welcome Joanna Matthews, our new independent Trustee and Chair of the Investment Sub-Committee. Joanna has an extensive experience of participating in and chairing large pension schemes and their investment sub-committees.

We also carried out a full review of our member website which led to a full redesign of the website. The main aim was to make it more accessible and easier for members to get the correct information. We encourage all members to visit [www.my-magnox-pension.com](http://www.my-magnox-pension.com) and let us know what you think by using the feedback functionality.

Looking ahead to the next 12 months, the Group Trustees’ main focus is on the formal 2025 Triennial Valuation, and continuing to work through our key projects, such as the Guaranteed Minimum Pension Rectification project.

Susan Jee  
**Chair**

**Date:** Aug 13, 2025

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## **Report of the Group Trustees**

### **Introduction**

This Annual Report and Financial Statements is produced by the Group Trustees for the members of the Magnox Electric Group of the Electricity Supply Pension Scheme (the 'Group'). The Group is part of 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 Electricity Supply Pension Scheme (the 'Scheme') has 22 (2024: 23) separate actuarially independent sections (known as Groups) in respect of the companies participating in the Scheme as Principal Employers, and each Group has its own assets to fund the benefits of its members. Information relating to the Scheme as a whole can be found in the Scheme Annual Report and 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. Membership of the Group has been closed to new employees since 31 August 2007 when alternative arrangements were put in place.

The Scheme is a registered pension scheme under the Finance Act 2004 and was primarily contracted out of the State Second Pension.

The Principal Employer is Nuclear Restoration Services Ltd (NRS). Atkins Ltd, National Nuclear Laboratory Ltd, Cavendish Nuclear Ltd, Sellafield Limited and INS Ltd are participating employers. The Group Annual Report and Financial Statements include information on the defined benefit arrangements of the Group as well as aggregate information on additional voluntary contributions (AVC Investments) made by individual members of the Group.

The Group's Financial Statements starting on page 30 have been prepared and audited so as to comply with Regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

### **Group Management**

The Group is administered by a body of Trustees known as Group Trustees. The Group Trustee structure of the Magnox Electric Group provides for a total of eleven Group Trustees, five appointed by Nuclear Restoration Services Ltd and six who represent members.

In the event of an issue being put to a vote at a meeting, each Appointed Group Trustee, with the exception of the Chair, has one and a half votes and each member representative Group Trustee has one vote. In the event of an equality of votes the Chair has the discretion to exercise their only vote, which is a casting vote, to resolve the issue concerned. In the year under review there were no occasions on which the Chair used this casting vote.

Member representative appointments are made through a selection process, as described under the appointment and removal section.

The Group Trustees' duties and responsibilities are carried out by a trust company, limited by guarantee, called Magnox Electric Group Pension Trustee Co Ltd (the "Group Trustee").

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The Directors of Magnox Electric Group Pension Trustee Co Ltd have the same functions as individual Group Trustees. The rules for their appointment, selection and tenure of office are documented in the Articles of Association and are exactly the same as individual Group Trustees, as are their responsibilities under the provisions of the Group and pensions legislation. For simplicity the term 'Group Trustees' has been used in this Report as shorthand for the more accurate term 'Directors of Magnox Electric Group Pension Trustee Co Ltd'.

There is also a central Scheme Trustee, Electricity Pensions Trustee Limited (EPTL). EPTL is a trust corporation with a Board of Directors.

## **Group Trustees**

### **APPOINTED TRUSTEE DIRECTORS**

**Susan Jee** Chair of the Group Trustees<sup>5</sup>

**Martin Veasey** Member of the Investment Sub-committee (Independent Trustee)<sup>1</sup>

**Alison Hammond** Chair of the Governance & Audit Sub-committee (Head of Finance NRS Ltd)<sup>2</sup>

**John Nestor** from Capital Cranfield Pension Trustee Ltd, (Independent Trustee), Chair of the Investment Sub-committee, resigned 19 March 2025<sup>1</sup>

**Joanna Matthews** from Capital Cranfield Pension Trustee Ltd, (Independent Trustee), member of the Investment Sub-committee, appointed 8 May 2025<sup>1</sup>

**Ann Lee** (Senior HR Business Partner NRS Ltd)<sup>2,3</sup>

### **MEMBER REPRESENTATIVE TRUSTEE DIRECTORS**

**Paul Bridgeman** (Retired employee) resigned 31 December 2024<sup>1,4</sup>

**Ceri Davies** (Retired employee)<sup>1,4</sup>

**Nick Gore** (Retired employee) resigned 30 June 2025<sup>1,4</sup>

**Fergus Hall** (Retired employee)<sup>2,4</sup>

**Lisa Thomas** (HR Business Partner NRS Ltd)<sup>2,3</sup>

**Martin Turner** (Retired employee)<sup>4</sup>

**Bill Root** (Retired employee) appointed 1 January 2025<sup>1,4</sup>

**Billy Davies** (Construction Manager NRS Ltd) appointed 1 July 2025

*Note:*

1. Member of the Investment Committee at 31 March 2025

2. Member of the Governance & Audit Sub-committee at 31 March 2025

3. Active member of the Group

4. In receipt of pension from the Group

5. Non-Executive Director NRS Limited until September 2024

## **Appointment and Removal of Group Trustees**

The five Appointed Group Trustees are appointed by, and can be removed by, NRS Ltd. The six member representative Group Trustees have been appointed by a selection panel. In addition to changes that take place at a selection process, a member representative Group Trustee ceases to be a Group Trustee if they resign, cease to be a contributing member or pensioner of the Group, or are removed from office by a majority of the other Elected Group Trustees. A casual vacancy for a member representative Group Trustee can be filled by a person nominated by the remaining member representative Group Trustees. Member representative Group Trustees normally serve for a term of six years.

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Once having taken up office all Group Trustees - both member representative and Appointed - act on behalf of and are accountable to all members of the Group.

### **Meetings of the Group Trustees during the Year**

During the year the Group Trustees met four times. At their regular meetings the Group Trustees dealt with all matters relating to the management of the Group members' benefits, funding, governance matters and the investment of the Group's assets. They also received periodic reports and presentations from their committees, working groups and advisers. In addition Group Trustees maintained and monitored their Risks and Business Plan and received training.

### **Trustee Sub-committees**

In addition to the meetings of the Group Trustees, certain matters were subject to detailed consideration in Trustee Committees. During the year there were two Trustee Committees in operation.

The Investment Sub-committee is the main interface with investment managers allowing its members to maintain an in-depth knowledge and understanding of them and the Group's investments. Its main aim is to ensure sufficient time is available for investment matters to be properly addressed. The Sub-committee reports comprehensively to the Group Trustees on the performance of the Group's investments and any other matters it has reviewed or considered. The Sub-committee members are set out on page 3. In addition the Principal Employer (Nuclear Restoration Services Limited) may nominate not more than two individuals to be non-voting members of the Sub-committee. Group Trustees who are not members of the Sub-committee routinely attend meetings of the Sub-committee as and when they are able to do so. The Investment Sub-committee met four times during the year.

There is a Governance and Audit Sub-committee which advises the Group Trustees on agreed aspects of the Group's governance and controls to provide assurance of effective stewardship. Its main aim is to ensure sufficient time is available for governance, risk and audit matters to be properly addressed as well as the distribution of discretionary death benefits. The Sub-committee provides comprehensive reports of their meetings which are open for any Group Trustee who is not a member of the Sub-committee to attend. This Sub-committee met four times during the year.

Communication with members was maintained by means of Pensions Update newsletters and articles on the website.

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## **Statement of Group Trustees' Responsibilities**

### **The Group Trustees' 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 Trustees. Pension scheme regulations require, and the Group Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Group during the Group year and of the amount and disposition at the end of the Group year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Group year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

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

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

The Group Trustees are also responsible for the maintenance and integrity of the [www.my-magnox-pension.com](http://www.my-magnox-pension.com) website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **The Group Trustees' responsibilities in respect of contributions**

The Group Trustees are responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions 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 Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Group and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Group in accordance with the schedule of contributions.

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

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### **Additional Group Trustees' Responsibilities**

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

- to determine an investment strategy for Group assets;
- to ensure appropriate management of the Group 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 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 Trustees must always act impartially and in the best interests of all the members of the Group.

To assist them in their work the Group Trustees have appointed a team of professional advisers whose advice is taken into account when necessary. The advisers include lawyers, actuaries, administrators, investment consultants and investment managers. Their names are set out on pages 64 and 65. The Trustee Directors are assisted in the management of the Group by the pensions team from Nuclear Restoration Services Limited including the Group Administrator and Group Secretary, Kelly Capdeville.

Under a revised constitution introduced in January 2012, each Group within ESPS currently appoints two individuals to be Councillors on the Council which, amongst other matters, is responsible for the appointment of the Board of EPTL the Scheme Trustee. As at 31 March 2025 Ceri Davies was the councillor chosen by the member representative Trustee Directors and Kelly Capdeville was the councillor chosen by our Principal Employer. There were no Magnox Electric Group councillors represented on the Board of EPTL.

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.



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

During the year the following took place:

- 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 Adviser, KPMG, were re-engaged.
- The Scheme's Auditors were reviewed.
- The Capita administration contract was monitored.
- The annual Task force on Climate-related Financial Disclosure (TCFD) report was compiled and the impact of the TPR Single Code of Practice and the incoming legislation on Pension Dashboards were considered.
- Work on the development of the ESPS website (espspensions.co.uk) continued.
- Various governance matters were progressed.

## Administration report

### Membership statistics for the year ended 31 March 2025

	Contributors	Pensioners	Dependants	Deferred pensioners	Total
<b>At 1 April 2024</b>	<b>880</b>	<b>5,324</b>	<b>1,453</b>	<b>977</b>	<b>8,634</b>
Adjustments	1	-	-	-	1
<b>At 1 April 2024 (revised)</b>	<b>881</b>	<b>5,324</b>	<b>1,453</b>	<b>977</b>	<b>8,635</b>
<b>Increases</b>					
Contributors/pensioners/dependants/deferred pensioners	-	122	105	10	237
Pension sharing orders and new equivalent pension benefit ("EPB") pensioners in payment	-	3	-	9	12
<b>Sub Total</b>	<b>-</b>	<b>125</b>	<b>105</b>	<b>19</b>	<b>249</b>
<b>Reductions</b>					
Contributors / deferred pensioners retiring	(66)	-	-	(56)	(122)
Deaths	(2)	(186)	(113)	(1)	(302)
Leavers with deferred pensions	(10)	-	-	-	(10)
Leavers with refunds of contributions/transfers to other schemes/cessation of child allowances	-	-	-	(3)	(3)
<b>Sub Total</b>	<b>(78)</b>	<b>(186)</b>	<b>(113)</b>	<b>(60)</b>	<b>(437)</b>
<b>At 31 March 2025</b>	<b>803</b>	<b>5,263</b>	<b>1,445</b>	<b>936</b>	<b>8,447</b>

The membership statistics for each section are included in appendix 1.

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### **Pensions increases**

The Rules of the Scheme applicable to the Group provide for all pensions in payment, children's allowances and deferred pensions to be increased on an annual basis 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% each section lead employer has the discretion to limit the pension increase (for their own section) to a lower figure subject to a minimum of 5%.

The pensions increase applied from 1 April 2025 to the Atkins, CN, NNL and SLC sections, was 2.7% in line with the RPI increase for the 12 months to 30 September 2024 and was therefore non-discretionary. A proportionate increase was applied to pensions which came into payment between 2 April 2024 and 1 March 2025.

The pensions increase applied from 1 April 2025 to the CARE element of the SLC CARE section, was 1.7% in line with the Consumer Price Index increase for the 12 months to 30 September 2024.

Pension increases over the previous five years were:

	Atkins section	CN section	NNL section	SLC section
1 April 2024	8.9%	5.0%*	8.9%	5.0%*
1 April 2023	12.6%	5.0%*	12.6%	5.0%*
1 April 2022	4.9%	4.9%	4.9%	4.9%
1 April 2021	1.1%	1.1%	1.1%	1.1%
1 April 2020	2.4%	2.4%	2.4%	2.4%
1 April 2019	3.3%	3.3%	3.3%	3.3%

\*The section lead employer used their discretion to limit the pensions increase applied to their respective section.

### **Transfers from the Group**

Deferred pensioners can transfer the cash equivalent of their deferred benefits to a new employer's registered pension arrangement.

In all cases the cash equivalents paid during the year were calculated and verified in the manner prescribed by the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and full allowance is included for and in respect of increases to pensions and dependant's benefits. No allowance is made in respect of other discretionary benefits.

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## **Investment Report**

### **Investment Arrangements**

The investment strategies set by the Group Trustees for each Section are based on advice received from Aon Investments Limited and each Section takes into account the current and anticipated future pension liability profile and the strength of the employer's covenant.

The Group Trustees are responsible for making suitable arrangements for the investment of the assets of each Section and for monitoring the investment performance of those assets and do so with the support of their advisers.

Investment reports are received at quarterly intervals and fund manager representatives attend meetings of the Group Trustees as required to discuss the results of their management of assets against the agreed targets.

The names of those who manage each Section's investments can be found on page 65.

See Note 11 to the financial statements for details of the allocation of each Section's assets as at 31 March 2025.

### **Statement of Investment Principles**

The Group Trustees have produced a Statement of Investment Principles ("SIP") for each Section in accordance with the requirements of Section 35 of the Pensions Act 1995 (as amended in 2004) and the Occupational Pension Schemes (Investment) Regulations 2005 (as amended in 2018 & 2019). In preparing the SIPs the Group Trustees took professional advice from Aon Investments Limited and consulted with the relevant sponsoring company of each Section.

The SIP for each Section covers the Group Trustees' policy on the following matters:

- (a) ensuring compliance with the current investment requirements;
- (b) investment objectives;
- (c) investment strategy;
- (d) risk;
- (e) implementation;
- (f) governance and
- (g) additional voluntary contributions.

Within the implementation section of the SIPs, the Group Trustees include their policies in relation to:

- Members' views and non-financial factors;
- Stewardship (including voting and engagement);
- Arrangements with investment managers;
- Costs and performance; and
- Evaluation of performance and remuneration.

The Group Trustees' Engagement Policy Implementation Statement (EPIS) on page 69 provides further information on engagement and voting activities over the financial year.

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The Group Trustees are not aware of and have not been informed by the fund managers of any departures from the SIPs during the year. The SIPs are publicly available, and the latest versions can be found within the knowledge hub section on the Group's website: [www.my-magnox-pension.com](http://www.my-magnox-pension.com).

### **Socially Responsible Investment and Corporate Governance**

The Group Trustees have delegated Socially Responsible Investment ("SRI") and corporate governance to their appointed fund managers. Where appropriate, the appointed fund managers have regard to each company's approach to social, environmental and ethical issues in assessing the long term financial merits of investing in that company. Furthermore, they may use their influence on behalf of shareholders to seek improvements in such areas if they consider the company does not comply with good practice. The Group Trustees are satisfied with the fund managers' approach to SRI and corporate governance. Further information on how the Group Trustees manage climate risk can be found in the Group's Task Force on Climate-related Financial Disclosures (TCFD) report.

### **Strategic changes over the year to 31 March 2025**

#### SLC Section

The Group Trustees have made no material changes to the investment strategy over the year to 31 March 2025. The strategy will be reviewed as part of the 2025 actuarial valuation in 2025/2026. As part of the review, the Group Trustees will consider a managed sell-down of some of the Section's growth assets in order to meet expected benefit and expense outgo over the next 3-5 years.

#### Cavendish Nuclear Section

The Group Trustees agreed to replace the Lindsell Train equity allocation with a 10% allocation to investment grade credit with Robeco. Implementation of the Robeco mandate was completed in June 2024.

Following a material improvement in the Section's funding, the Section's interest rate and inflation hedge ratios were rebalanced to target 90% of funded liabilities in October 2024. This helped reduce the impact of wider market volatility on the Section's funding level.

The Group Trustees have made no further changes to the investment strategy over the year to 31 March 2025. The strategy will be reviewed as part of the 2025 actuarial valuation in 2025/2026.

#### Atkins Section

The Group Trustees have made no material changes to the investment strategy over the year to 31 March 2025. The strategy will be reviewed as part of the 2025 actuarial valuation in 2025/2026.

#### NNL Section

Following a material improvement in the Section's funding, the Section's interest rate and inflation hedge ratios were rebalanced to target 90% of funded liabilities in October 2024. This helped reduce the impact of wider market volatility on the Section's funding level.

The Group Trustees have made no material changes to the investment strategy over the year to 31 March 2025. The strategy will be reviewed as part of the 2025 actuarial valuation in 2025/2026.

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## Investment Performance

A summary of the performance of each Section against its benchmark over the last one year and three years is given in the table below.

Section	1 year to 31 March 2025		3 years (annualised) to 31 March 2025	
	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)
SLC	(4.9)	(7.2)	(11.0)	(12.3)
Cavendish Nuclear	(7.7)	(7.8)	(17.3)	(17.5)
Atkins	(5.4)	(6.3)	(12.2)	(12.6)
NNL	(7.1)	(7.3)	(15.0)	(7.8)

*Source: Aon Investments Limited. Based on manager valuation statements available within 20 business days of quarter end.*

*Note: Aggregated benchmarks include absolute return / fixed return / inflation-linked targets for those managers without a market benchmark and therefore while the Group Trustees would expect to meet or exceed the aggregated benchmark over the long-term, there will be periods when the returns of each Section will not keep pace.*

For each Section, performance figures to 31 March 2025 have largely been driven by gilt yields, which have risen substantially since late 2021. The rise in gilt yields has led to a fall in value for each of the Sections' LDI assets and is the primary driver for the fall in the value of the assets. However, it is important to note that the rise in gilt yields has also led to a fall in the value placed on each of Sections' liabilities. The LDI assets are therefore performing in line with expectations to stabilise the Sections' funding levels.

Commentary on the relative performance of Sections is provided below.

### SLC Section

The SLC section outperformed its benchmark over the one-year and three year-periods to 31 March 2025. The Section's investment managers posted a range of results in terms of performance relative to their respective benchmarks over the year. Outperformance was largely attributable to most of the Section's credit managers and long-lease property mandates, which more than offset underperformance from the Section's inflation-linked funds which failed to keep pace with their inflation-based targets.

### Cavendish Nuclear Section

The Cavendish Nuclear Section performed broadly in line with its benchmark over the one-year and three year-periods to 31 March 2025. Outperformance from the PIMCO absolute return bond mandate was offset by underperformance from Schroders relative to its respective inflation-based target, and underperformance from the PIMCO private credit mandate against its fixed 10% p.a. return target.

### Atkins Section

The Atkins Section slightly outperformed its benchmark over the long term. The Section has run a passive strategy for a number of years, and therefore the assets are expected to perform broadly in line with the benchmark over the long-term.

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### NNL Section

The NNL Section underperformed its benchmark over the long term due to underperformance from Schroders and Ruffer (legacy mandate) relative to their respective inflation-based target. While these mandates have struggled to meet their targets, they have continued to deliver sufficient returns to grow the funding level. The Ruffer mandate was fully redeemed in December 2023.

### **Employer Related Investments**

The Investment Regulations limits employer related investments by occupational pension schemes. These investments include shares, loan stocks, debentures and other securities issued by the employers participating in the scheme and their associated companies, together with loans made to the employers, and any properties or land owned by the scheme and occupied by the employers.

The Group's assets had no direct exposure to the employers participating in the Group and their associated companies as at 31 March 2025. The Group Trustees recognise that indirect investment in such companies is possible through holdings in pooled investment vehicles. However, the Group Trustees believe that the diversification across the Group's assets by asset class, manager and fund means that any indirect exposure through pooled funds is likely to be negligible at any time during the year and at year end.

### **AVC Investments**

During the year a number of members made additional voluntary contributions (AVC investments) via insurance companies to obtain further benefits, on a money purchase basis, within the overall limits set by HM Revenue & Customs. The Group Trustees hold these assets invested separately from the main fund in the form of insurance policies. Each member receives an annual statement at the year-end confirming the amount held in his/her account and the movements in the year.

### **Custody**

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

Bank of New York (BNY) 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 Trustees are responsible for instructing BNY on the day-to-day management of the assets of their Group.

For Group-specific funds, money at call and on short notice is placed in accordance with the provisions of Investment Management Agreements negotiated between Group Trustees and Group-specific fund 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 a bank account in the name of the Scheme, or in a fund 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.

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## **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 of the participating Principal Employers. During the year ended 31 March 2025 the following Scheme-wide amendments were made:

- 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 a 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).

## **Changes to the Group**

From 1 April 2024, the SLC section of the Magnox Group was reformed by the Energy Act 2023. From that date all relevant active members of the SLC Section started to build up pension on a Career Average Related Earnings (CARE) basis, whilst leaving accrued benefits up to 31 March 2024 unchanged.

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

In line with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021, the Occupational Pension Schemes (Climate Change Governance and Reporting) (Miscellaneous Provisions and Amendments) Regulations 2021, and the Occupational Pension Schemes (Climate Change Governance and Reporting) Amendment, Modification and Transitional Provision) Regulations 2022, the TCFD report for the year to 31 March 2024 for the Group can be found within the library section on the Group's website: [www.my-magnox-pension.com](http://www.my-magnox-pension.com).

For more information on the Scheme's TCFD report — the Scheme Trustee's identification, assessment and management of climate change risk - please visit <https://www.espspensions.co.uk/#useful-documentation>.

## **Guaranteed Minimum Pension ("GMP") Equalisation**

The Group has undertaken a process of assessing the overall impact of the October 2018 and November 2020 rulings regarding GMP Equalisation and based on an initial assessment by the actuary the Group Trustees have not included a liability in respect of these matters in these Financial Statements as the amount is not considered to be material. They will be accounted for in the year they are determined.

## **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

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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 Group Trustees 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.

#### **Change In Administrator**

On 1<sup>st</sup> July 2025, Railpen Limited ("Railpen") sold its third-party administration ("TPA") business to Broadstone Holdco Limited ("Broadstone").

Railpen and Broadstone are working closely to ensure a seamless transition for each client. We anticipate that the transition will ensure that there will be no change to the services delivered.



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**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 one-stage process. A complaint from a member (including a pensioner, dependant, and deferred member) or prospective member must be addressed to the Group Trustees at the Pensions Department, Oldbury Technical Centre, Oldbury Naite, South Gloucestershire, BS35 1RQ, stating your full name and the details of your complaint. In normal circumstances your complaint will be acknowledged within one week and you will receive a written reply within four months. In practice the Group Trustees will review your complaint at its next meeting.

You will be notified of the Group Trustees' decision usually within fifteen days of the meeting.

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 Report of the Group Trustees, as well as the Report on Actuarial Liabilities on pages 24 to 26, were approved by the Group Trustees and signed on their behalf on Aug 13, 2025:

Lisa Thomas  
Group Trustee

Susan Jee  
Group Trustee

# Independent auditors' statement about contributions to the Group Trustee of Magnox Electric Group of the Electricity Supply Pension Scheme

## Statement about contributions

### **Qualified opinion**

In our opinion, except for the matter described in the basis for qualified opinion paragraph below, the contributions required by the schedules of contributions for the Group year ended 31 March 2025 as reported in Magnox Electric Group of the Electricity Supply Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Group actuary on the dates detailed on page 19.

We have examined Magnox Electric Group of the Electricity Supply Pension Scheme's summary of contributions for the Group year ended 31 March 2025 which is set out on pages 18 and 19.

### **Basis for qualified opinion**

The summary of contributions discloses details of the late contributions which have led us to qualify our 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 schedules 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 Trustees' responsibilities, the Group's Group Trustee are responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Group by employers in accordance with relevant requirements.

#### **Auditors' responsibilities in respect of the statement about contributions**

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

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**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.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
13 August 2025

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**Summary of contributions payable to the Magnox Electric Group of the Electricity Supply Pension Scheme**

During the year ended 31 March 2025, the contributions required by the schedules of contributions were as follows:

**Site Licence Company Section**

	Employer £ million	Employee £ million	Total £ million
<b>Required by the schedules of contributions</b>			
Normal*	19.7	0.1	19.8
<b>Total (as reported on by the Group auditors)</b>	<b>19.7</b>	<b>0.1</b>	<b>19.8</b>
<b>Other contributions payable</b>			
Other	1.1	-	1.1
AVCs	1.2	0.1	1.3
<b>Total (as per Fund Account)</b>	<b>22.0</b>	<b>0.2</b>	<b>22.2</b>

\*Under salary sacrifice arrangements, £3.4m of contributions were met by the Employer rather than the Employees and are included in the £19.7m and £1.1m above.

£1.6m of contributions due on 19 December 2024 were not received until 2 January 2025 due to a banking issue. As a result, internal processes were reviewed and new controls have been implemented to help ensure that similar issues do not occur in the future.

**Cavendish Nuclear Section**

	Employer £ million	Employee £ million	Total £ million
<b>Required by the schedule of contributions</b>			
Normal*	1.3	-	1.3
<b>Total (as reported on by the Group auditors)</b>	<b>1.3</b>	<b>-</b>	<b>1.3</b>
<b>Other contributions payable</b>			
Other	0.1	-	0.1
<b>Total (as per Fund Account)</b>	<b>1.4</b>	<b>-</b>	<b>1.4</b>

\*Under salary sacrifice arrangements, £0.1m of contributions were met by the Employer rather than the Employees and are included in the £1.3m above.

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**Atkins Section**

	<b>Employer £ million</b>	<b>Employee £ million</b>	<b>Total £ million</b>
<b>Required by the schedule of contributions</b>			
Normal	0.1	-	<b>0.1</b>
<b>Total (as reported on by the Group auditors)</b>	<b>0.1</b>	-	<b>0.1</b>

**National Nuclear Laboratory Section**

	<b>Employer £ million</b>	<b>Employee £ million</b>	<b>Total £ million</b>
<b>Required by the schedule of contributions</b>			
Normal	0.2	-	<b>0.2</b>
<b>Total (as reported on by the Group auditors)</b>	<b>0.2</b>	-	<b>0.2</b>

**Summary of Schedules of Contributions in force during the year ended 31 March 2025:**

<b>Section</b>	<b>Date of certification of Schedule(s)</b>
Site Licence Company	27 June 2023 and 20 March 2025*
Cavendish Nuclear	28 April 2023
Atkins	28 April 2023
National Nuclear Laboratory	15 February 2023

\* Following the introduction of CARE, a new Schedule of Contributions was agreed in March 25 for the SLC section.

Approved by the Group Trustees and signed on their behalf on Aug 13, 2025:

Lisa Thomas  
Group Trustee

Susan Jee  
Group Trustee



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**Certification of schedule of contributions**

Name of scheme: Magnox Electric Group of the Electricity Supply Pension Scheme  
Cavendish Nuclear Section

**Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that—

The statutory funding objective could have been expected on 31 March 2022 to be met by the end of the period for which the schedule is to be in force.

**Adherence to statement of funding principles**

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 28 April 2023.

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

Signature	<i>Chris Vaughan-Williams</i>	Date	28 April 2023
Name	Chris Vaughan-Williams	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	1 Redcliff Street Bristol BS1 6NP	Name of employer	Aon Solutions UK Limited

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**Certification of schedule of contributions**

Name of scheme: Magnox Electric Group of the Electricity Supply Pension Scheme  
Atkins Section

**Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that—

The statutory funding objective could have been expected on 31 March 2022 to be met by the end of the period for which the schedule is to be in force.

**Adherence to statement of funding principles**

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 28 April 2023.

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

Signature	<i>Chris Vaughan-Williams</i>	Date	28 April 2023
Name	Chris Vaughan-Williams	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	1 Redcliff Street Bristol BS1 6NP	Name of employer	Aon Solutions UK Limited



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**Certification of schedule of contributions**

Name of scheme: Magnox Electric Group of the Electricity Supply Pension Scheme  
National Nuclear Laboratories Section

**Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that—

The statutory funding objective could have been expected on 31 March 2022 to be met by the end of the period for which the schedule is to be in force.

**Adherence to statement of funding principles**

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 15 February 2023.

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

Signature	<i>Chris Vaughan-Williams</i>	Date	15 February 2023
Name	Chris Vaughan-Williams	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	1 Redcliff Street Bristol BS1 6NP	Name of employer	Aon Solutions UK Limited

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## Report on Actuarial Liabilities

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

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed every three years using assumptions agreed between the Group Trustees and the Employer and set out in each Section's Statement of Funding Principles, a copy of which is available to Group members on request.

The most recent triennial actuarial valuations of the SLC, Cavendish Nuclear, Atkins and NNL Sections of the Group were carried out as at 31 March 2022, and the results are set out in the table below:

<b>31 March 2022</b>	<b>SLC</b>	<b>Cavendish Nuclear</b>	<b>Atkins</b>	<b>NNL</b>
Value of technical provisions	£3,303.6m	£85.1m	£64.3m	£12.5m
Value of assets available to meet technical provisions	£3,415.8m	£85.9m	£70.1m	£13.2m
Funding level as a percentage of technical provisions	103%	101%	109%	106%

An approximate update was performed as at 31 March 2024 for each Section and the resulting estimated funding level on each Section's technical provisions measure is set out in the table below:

<b>31 March 2024</b>	<b>SLC</b>	<b>Cavendish Nuclear</b>	<b>Atkins</b>	<b>NNL</b>
Approximate funding level (technical provisions)	105%	102%	115%	105%

The value of the technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence each Section 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 these calculations are as follows:

## Method

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

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**Significant actuarial assumptions**

Discount rate	<p><u>SLC</u> The gilt yield curve at the valuation date plus a risk premium of 1.0% per annum.</p> <p><u>Cavendish Nuclear</u> The gilt yield curve at the valuation date plus a risk premium of 0.5% per annum.</p> <p><u>Atkins</u> The gilt yield curve at the valuation date.</p> <p><u>NNL</u> The gilt yield curve at the valuation date plus a risk premium of 0.7% per annum.</p>
RPI inflation	Break-even inflation derived from the difference between the yields on fixed interest and index-linked gilt curves at the valuation date.
CPI inflation	<p>Equal to the RPI inflation curve less a best estimate of the gap between RPI inflation and CPI inflation.</p> <p>At 31 March 2022, the best estimate of the gap between RPI inflation and CPI inflation was 1.0% p.a. for the period to February 2030 and 0.1% p.a. thereafter.</p> <p>The difference between the long-term assumption for RPI and CPI inflation may vary over time.</p>
Pension increases	<p>The valuation results at 31 March 2022 reflect actual increases that were granted to members' pensions in April 2022 and April 2023 and the annual update at 31 March 2024 further reflects actual increases that were granted to members' pensions in April 2024.</p> <p>Future pension increase assumptions for pension in excess of GMP are derived from the RPI inflation assumption, allowing for the minimum annual increase and for RPI inflation to vary from year to year.</p> <p>Pension increase assumptions for post 88 GMPs are derived from the CPI inflation assumption allowing for the maximum and minimum annual increase, and for CPI inflation to vary from year to year.</p>

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Pay increases	<p><u>SLC</u> Equal to RPI inflation plus an allowance for promotional increases.</p> <p><u>Cavendish Nuclear</u> Equal to CPI inflation plus 0.5% per annum together with the allowance for promotional increases.</p> <p><u>Atkins</u> Equal to RPI inflation.</p> <p><u>NNL</u> Equal to RPI inflation plus an allowance for promotional increases.</p>
Post-retirement mortality assumption – base table	<p><u>SLC</u> SAPS S3P All tables for males and SAPS S3P Middle tables for females with 100% scaling factor for non-pensioner members and 95% for pensioner members.</p> <p><u>Cavendish Nuclear</u> SAPS S3P All tables for males and SAPS S3P Middle tables for females with 95% scaling factor for all members.</p> <p><u>Atkins</u> SAPS S3P Light tables with 100% scaling factor for all members.</p> <p><u>NNL</u> SAPS S3P Light tables with 105% scaling factor for all members.</p>
Post-retirement mortality assumption – future improvements	CMI 2021 projections with initial addition to mortality improvements (A) of 0.5%, smoothing parameter ( $S_k$ ) of 7.0 and a long-term improvement rate of 1.5% p.a.

### Recovery plans

Recovery plan arrangements are not required for any of the Sections as none of them declared a funding deficit at the last actuarial valuation as at 31 March 2022. Contribution requirements were formalised in Schedules of Contributions, which the Group Actuary certified. Copies of the certificates can be found on pages 20 to 23 of this annual report.

Following the introduction of CARE, a new Schedule of Contributions was agreed in March 25 for the SLC section.

### Next actuarial valuation

The next triennial valuation for each Section is being performed as at 31 March 2025 and is currently underway. The Group Trustees expect to agree revised Schedules of Contributions within the statutory timescale by 30 June 2026.

# Independent auditors' report to the Group Trustee of Magnox Electric Group of the Electricity Supply Pension Scheme

## Report on the audit of the financial statements

### Opinion

In our opinion, Magnox Electric 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.

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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 are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the Group Trustee for the financial statements**

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

In the preparation of the financial statements, the Group Trustee are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group Trustee either intend to wind up the Group, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the Group and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Group in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives

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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.

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](http://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  
Chartered Accountants and Statutory Auditors  
Leeds  
13 August 2025

**Magnox Electric Group of the Electricity Supply Pension Scheme**  
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**Fund Account for the year to 31 March 2025**

	Note	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	<b>Total 2025 £ million</b>	<i>Total 2024 £ million</i>
<b>Additions from dealings with members</b>							
Employer contributions	5	22.0	1.4	0.1	0.2	<b>23.7</b>	24.0
Employee contributions	5	0.2	-	-	-	<b>0.2</b>	0.2
Total contributions		22.2	1.4	0.1	0.2	<b>23.9</b>	24.2
Other income	6	-	0.1	-	-	<b>0.1</b>	-
		22.2	1.5	0.1	0.2	<b>24.0</b>	24.2
<b>Withdrawals from dealings with members</b>							
Benefits paid or payable	7	(132.3)	(2.4)	(1.4)	(0.3)	<b>(136.4)</b>	(132.7)
Payments to and on account of leavers	8	(2.6)	-	-	-	<b>(2.6)</b>	(2.3)
Administrative expenses	9	(1.1)	-	(0.1)	-	<b>(1.2)</b>	(0.4)
		(136.0)	(2.4)	(1.5)	(0.3)	<b>(140.2)</b>	(135.4)
<b>Net withdrawals from dealings with members</b>		(113.8)	(0.9)	(1.4)	(0.1)	<b>(116.2)</b>	(111.2)
<b>Returns on investments</b>							
Investment income	10	77.0	-	1.9	-	<b>78.9</b>	104.2
Change in market value of investments	11	(185.9)	(3.9)	(4.7)	(0.6)	<b>(195.1)</b>	(205.1)
Investment management expenses	12	(1.4)	-	-	-	<b>(1.4)</b>	(1.7)
<b>Net returns on investments</b>		(110.3)	(3.9)	(2.8)	(0.6)	<b>(117.6)</b>	(102.6)
<b>Net decrease in the fund</b>		(224.1)	(4.8)	(4.2)	(0.7)	<b>(233.8)</b>	(213.8)
<b>Opening net assets</b>		2,325.3	53.8	48.8	8.7	<b>2,436.6</b>	2,650.4
<b>Closing net assets</b>		<b>2,101.2</b>	<b>49.0</b>	<b>44.6</b>	<b>8.0</b>	<b>2,202.8</b>	2,436.6

The accompanying notes on pages 32 to 58 form an integral part of these financial statements.



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

	Note	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	<b>Total 2025 £ million</b>	<i>Total 2024 £ million</i>
<b>Investment assets</b>							
Bonds	11	145.2	-	-	-	<b>145.2</b>	152.7
Property loan assets	11	90.7	-	-	-	<b>90.7</b>	114.1
Pooled investment vehicles	14	1,838.7	47.8	18.4	7.9	<b>1,912.8</b>	2,111.8
Derivatives	15	5.3	-	-	-	<b>5.3</b>	7.5
Insurance policies	16	-	-	26.0	-	<b>26.0</b>	29.1
AVC investments	17	14.6	0.7	0.2	-	<b>15.5</b>	15.3
Cash	18	23.3	0.3	-	-	<b>23.6</b>	21.7
Other investment balances	18	1.8	-	-	-	<b>1.8</b>	2.3
		<u>2,119.6</u>	<u>48.8</u>	<u>44.6</u>	<u>7.9</u>	<u><b>2,220.9</b></u>	<u>2,454.5</u>
<b>Investment liabilities</b>							
Derivatives	15	<u>(20.3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>(20.3)</b></u>	<u>(20.6)</u>
<b>Total net investments</b>		<u>2,099.3</u>	<u>48.8</u>	<u>44.6</u>	<u>7.9</u>	<u><b>2,200.6</b></u>	<u>2,433.9</u>
Current assets	23	3.2	0.2	0.1	0.1	<b>3.6</b>	4.8
Current liabilities	24	(1.3)	-	(0.1)	-	<b>(1.4)</b>	(2.1)
<b>Total net assets available for benefits</b>		<u><b>2,101.2</b></u>	<u><b>49.0</b></u>	<u><b>44.6</b></u>	<u><b>8.0</b></u>	<u><b>2,202.8</b></u>	<u>2,436.6</u>

The financial statements summarise the transactions of the Group and deal with the net assets at the disposal of the Group Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Group year. The actuarial position of the Group, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities included within this Annual Report on pages 24 to 26, and these financial statements should be read in conjunction with this report.

The financial statements on pages 30 to 58 were approved by the Group Trustees on Aug 13, 2025.

Signed on behalf of the Group Trustees:

Lisa Thomas  
Group Trustee

Susan Jee  
Group Trustee

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**Notes to the financial statements**

**1. Basis of preparation**

The individual financial statements of Magnox Electric 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").

**2. Identification of the financial statements**

The Magnox Electric Group of the Electricity Supply Pension Scheme is established as a trust under English law. The Electricity Supply Pension Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by the Employers are normally eligible for tax relief and income and capital gains earned by the Group are generally tax exempt. The address for enquiries to the Group relating to specific benefit entitlements is Broadstone, 2 Rye Hill Office Park, Birmingham Road, Coventry, CV5 9AB. The address of the Scheme's principal office is C/O Capita – ESPS Team, Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH.

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**3. Comparative disclosures for the Fund Account and Statement of Net Assets Available for Benefits**

**Fund Account for the year to 31 March 2024**

	<b>Note</b>	<i>SLC Section 2024 £ million</i>	<i>CN Section 2024 £ million</i>	<i>Atkins Section 2024 £ million</i>	<i>NNL Section 2024 £ million</i>	<b>Total 2024 £ million</b>
<b>Additions from dealings with members</b>						
Employer contributions	<b>5</b>	22.2	1.5	0.1	0.2	<b>24.0</b>
Employee contributions	<b>5</b>	0.2	-	-	-	<b>0.2</b>
Total contributions		<u>22.4</u>	<u>1.5</u>	<u>0.1</u>	<u>0.2</u>	<u><b>24.2</b></u>
<b>Withdrawals from dealings with members</b>						
Benefits paid or payable	<b>7</b>	(129.6)	(1.2)	(1.6)	(0.3)	<b>(132.7)</b>
Payments to and on account of leavers	<b>8</b>	(2.3)	-	-	-	<b>(2.3)</b>
Administrative expenses	<b>9</b>	(0.4)	-	-	-	<b>(0.4)</b>
		<u>(132.3)</u>	<u>(1.2)</u>	<u>(1.6)</u>	<u>(0.3)</u>	<u><b>(135.4)</b></u>
<b>Net (withdrawals) / additions from dealings with members</b>		<u>(109.9)</u>	<u>0.3</u>	<u>(1.5)</u>	<u>(0.1)</u>	<u><b>(111.2)</b></u>
<b>Returns on investments</b>						
Investment income	<b>10</b>	102.5	-	1.7	-	<b>104.2</b>
Change in market value of investments	<b>11</b>	(198.2)	(2.9)	(3.5)	(0.5)	<b>(205.1)</b>
Investment management expenses	<b>12</b>	(1.7)	-	-	-	<b>(1.7)</b>
<b>Net returns on investments</b>		<u>(97.4)</u>	<u>(2.9)</u>	<u>(1.8)</u>	<u>(0.5)</u>	<u><b>(102.6)</b></u>
<b>Net decrease in the fund</b>		<u>(207.3)</u>	<u>(2.6)</u>	<u>(3.3)</u>	<u>(0.6)</u>	<u><b>(213.8)</b></u>
<b>Opening net assets</b>		2,532.6	56.4	52.1	9.3	<b>2,650.4</b>
<b>Closing net assets</b>		<u><b>2,325.3</b></u>	<u><b>53.8</b></u>	<u><b>48.8</b></u>	<u><b>8.7</b></u>	<u><b>2,436.6</b></u>

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**Statement of Net Assets Available for Benefits as at 31 March 2024**

	Note	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	Total 2024 £ million
<b>Investment assets</b>						
Bonds	11	152.7	-	-	-	152.7
Property loan assets	11	114.1	-	-	-	114.1
Pooled investment vehicles	14	2,030.9	52.7	19.6	8.6	2,111.8
Derivatives	15	7.5	-	-	-	7.5
Insurance policies	16	-	-	29.1	-	29.1
AVC investments	17	14.6	0.6	0.1	-	15.3
Cash	18	21.7	-	-	-	21.7
Other investment balances	18	2.3	-	-	-	2.3
		<u>2,343.8</u>	<u>53.3</u>	<u>48.8</u>	<u>8.6</u>	<u>2,454.5</u>
<b>Investment liabilities</b>						
Derivatives	15	<u>(20.6)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20.6)</u>
<b>Total net investments</b>		<u>2,323.2</u>	<u>53.3</u>	<u>48.8</u>	<u>8.6</u>	<u>2,433.9</u>
Current assets	23	4.2	0.5	-	0.1	4.8
Current liabilities	24	(2.1)	-	-	-	(2.1)
<b>Total net assets available for benefits</b>		<u>2,325.3</u>	<u>53.8</u>	<u>48.8</u>	<u>8.7</u>	<u>2,436.6</u>

#### 4. Summary of material accounting policies

The material accounting policies applied in the preparation of these Annual Report and Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

##### Currency

The Group's functional currency and presentational currency is pounds sterling (GBP).

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 employee contributions this is when they are deducted from pay.

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Employers' Rule 29 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 Schedules of Contributions, or on receipt if earlier, with the agreement of the Employer and Group Trustees.

#### **Transfers to and from the Group**

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

#### **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.

Where the Group Trustees agree or are required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's 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 shown separately within Benefits.

#### **Administrative and other expenses**

Administrative expenses are accounted for on an accruals basis.

#### **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.

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

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

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

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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 Trustees adopt 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:

- Equities, bonds and certain pooled investment vehicles, which are traded on an active market, are included at the quoted price, which is normally the bid price;
- Unitised pooled investment vehicles, which are not traded on an active market, but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end;
- The value of other equities, bonds and pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Group Trustees. 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. Where valuations of funds as at the year end are not available at the time of the production of these financial statements, the Group's investment adviser assists the Group Trustees in estimating the valuation at the accounting date based on relevant factors and cash flows;
- Forward foreign exchange contracts (FFX) are valued at the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- 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.

Accrued interest is excluded from the market value of bonds, but is included in investment income receivable.

### **Critical accounting judgements and estimation uncertainty**

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

### **Critical accounting judgements**

The Group Trustees have not had to make any critical judgements in applying the accounting policies.

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## Key accounting estimates and assumptions

The Group Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Group, the Group Trustees believe 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 on pages 48 to 50.

## 5. Contributions

	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	Total 2025 £ million
Employers:					
- Normal <sup>1</sup>	19.7	1.3	0.1	0.2	21.3
- Other					
- Rule 29	0.7	0.1	-	-	0.8
- Salary sacrifice AVC	1.2	-	-	-	1.2
- Nuclear Decommissioning Authority	-	-	-	-	-
- Overpayment	0.4	-	-	-	0.4
Employees:					
- Normal	0.1	-	-	-	0.1
- AVCs	0.1	-	-	-	0.1
	<u>22.2</u>	<u>1.4</u>	<u>0.1</u>	<u>0.2</u>	<u>23.9</u>

	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	Total 2024 £ million
Employers:					
- Normal <sup>1</sup>	19.9	1.4	0.1	0.2	21.6
- Other					
- Rule 29	0.7	0.1	-	-	0.8
- Salary sacrifice AVC	1.2	-	-	-	1.2
- Nuclear Decommissioning Authority	0.4	-	-	-	0.4
- Overpayment	-	-	-	-	-
Employees:					
- Normal	0.1	-	-	-	0.1
- AVCs	0.1	-	-	-	0.1
	<u>22.4</u>	<u>1.5</u>	<u>0.1</u>	<u>0.2</u>	<u>24.2</u>

<sup>1</sup>Included within Normal Employers are contributions that were met by the employer rather than the employees under the salary sacrifice arrangement. The salary sacrifice contributions for the SLC Section were £3.0 million (2024: £3.0 million), and for the Cavendish Nuclear Section £0.1 million (2024: £0.1 million).

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**6. Other income**

	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	<b>Total 2025 £ million</b>
Claims on term insurance policies	-	0.1	-	-	<b>0.1</b>

	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	<b>Total 2024 £ million</b>
Claims on term insurance policies	-	-	-	-	<b>-</b>

**7. Benefits paid or payable**

	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	<b>Total 2025 £ million</b>
Pensions	121.5	1.3	1.4	0.3	<b>124.5</b>
Lump sum retirement benefits and commutations	9.0	0.8	-	-	<b>9.8</b>
Purchase of annuities on retirement (AVCs)	1.5	-	-	-	<b>1.5</b>
Lump sum death benefits (in service)	0.3	0.3	-	-	<b>0.6</b>
Taxation where lifetime or annual allowance exceeded	-	-	-	-	<b>-</b>
	<b>132.3</b>	<b>2.4</b>	<b>1.4</b>	<b>0.3</b>	<b>136.4</b>

	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	<b>Total 2024 £ million</b>
Pensions	117.4	1.1	1.3	0.3	<b>120.1</b>
Lump sum retirement benefits and commutations	9.2	-	0.3	-	<b>9.5</b>
Purchase of annuities on retirement (AVCs)	1.5	-	-	-	<b>1.5</b>
Lump sum death benefits (in service)	0.5	-	-	-	<b>0.5</b>
Taxation where lifetime or annual allowance exceeded	1.0	0.1	-	-	<b>1.1</b>
	<b>129.6</b>	<b>1.2</b>	<b>1.6</b>	<b>0.3</b>	<b>132.7</b>

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Group in exchange for the Group settling their tax liability.



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**8. Payments to and on account of leavers**

	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	<b>Total 2025 £ million</b>
Transfer values paid to other pension schemes:					
- Individual transfers	2.1	-	-	-	<b>2.1</b>
- Individual transfers - AVCs	0.5	-	-	-	<b>0.5</b>
	<u>2.6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>2.6</b></u>

	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	<b>Total 2024 £ million</b>
Transfer values paid to other pension schemes:					
- Individual transfers	1.6	-	-	-	<b>1.6</b>
- Individual transfers - AVCs	0.7	-	-	-	<b>0.7</b>
	<u>2.3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>2.3</b></u>

**9. Administrative expenses**

	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	<b>Total 2025 £ million</b>
Other professional fees	<u>1.1</u>	<u>-</u>	<u>0.1</u>	<u>-</u>	<u><b>1.2</b></u>

	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	<b>Total 2024 £ million</b>
Other professional fees	<u>0.4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>0.4</b></u>

All other administrative expenses are borne by the employers.

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**10. Investment income**

	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	<b>Total 2025 £ million</b>
Income from bonds	6.2	-	-	-	<b>6.2</b>
Income from property loan assets	4.9	-	-	-	<b>4.9</b>
Income from pooled investment vehicles	66.8	-	0.6	-	<b>67.4</b>
Income from insurance policies	-	-	1.3	-	<b>1.3</b>
Interest on cash deposits	1.0	-	-	-	<b>1.0</b>
Other investment income	-	-	-	-	<b>-</b>
Net interest on swaps	(1.9)	-	-	-	<b>(1.9)</b>
	<u>77.0</u>	<u>-</u>	<u>1.9</u>	<u>-</u>	<u><b>78.9</b></u>

	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	<b>Total 2024 £ million</b>
Income from bonds	6.3	-	-	-	<b>6.3</b>
Income from property loan assets	5.5	-	-	-	<b>5.5</b>
Income from pooled investment vehicles	71.0	-	0.5	-	<b>71.5</b>
Income from insurance policies	-	-	1.2	-	<b>1.2</b>
Interest on cash deposits	0.9	-	-	-	<b>0.9</b>
Other investment income	0.4	-	-	-	<b>0.4</b>
Net interest on swaps	18.4	-	-	-	<b>18.4</b>
	<u>102.5</u>	<u>-</u>	<u>1.7</u>	<u>-</u>	<u><b>104.2</b></u>

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**11. Reconciliation of net investments**

**Investment movements – SLC Section**

	Value at 01.04.2024 £ million	Purchases at cost and derivative payments £ million	Sales proceeds and derivative receipts £ million	Change in market Value £ million	Value at 31.03.2025 £ million
Bonds	152.7	1.7	(7.8)	(1.4)	145.2
Property loan assets	114.1	24.1	(36.7)	(10.8)	90.7
Pooled investment vehicles	2,030.9	182.0	(199.9)	(174.3)	1,838.7
Derivatives – net	(13.1)	10.7	(13.2)	0.6	(15.0)
AVC investments	14.6	1.3	(2.1)	0.8	14.6
	<u>2,299.2</u>	<u>219.8</u>	<u>(259.7)</u>	<u>(185.1)</u>	<u>2,074.2</u>
Cash deposits	21.7				23.3
Other investment balances	2.3				1.8
<b>Net investment assets</b>	<u>2,323.2</u>				<u>2,099.3</u>

**Change in market value – SLC Section**

	2025 £ million	2024 £ million
Change in market value shown above	(185.1)	(199.5)
Exchange (losses) / gains	(0.8)	1.3
Change in market value per fund account	<u>(185.9)</u>	<u>(198.2)</u>

Derivative investments include instruments often with a short duration that are traded regularly, principally forward currency exchange contracts. As a result the purchases and sales figures are large because they reflect the turnover of such transactions during the course of the year.

**Investment transaction costs**

Transaction costs incurred during the year amounted to £nil (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 Trustees to quantify such indirect transaction costs.

The funds in which the Group invests have different trading dates and some have notice periods which would have prevented the Group from realising these assets at the year-end date. Where the Group invests in limited partnerships it is not possible to 'trade' the holdings during the lifetime of the fund. However, the Group Trustees may transfer the interest to another party with the approval of the general partner. The transfer would typically be arranged via a competitive auction process with the interest being transferred to the investor(s) with the highest bid. Although there have been precedent competitive auctions for infrastructure assets where a sale price close to or even above the current valuation has been achieved, there is no guarantee that the Group will be able transfer its limited partner interests or achieve an attractive sale price at auction.

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**Investment movements – Cavendish Nuclear Section**

	Value at 01.04.2024 £ million	Purchases at cost £ million	Sales proceeds £ million	Change in market value £ million	Value at 31.03.2025 £ million
Pooled investment vehicles	52.7	6.2	(7.1)	(4.0)	47.8
AVC investments	0.6	-	-	0.1	0.7
	<u>53.3</u>	<u>6.2</u>	<u>(7.1)</u>	<u>(3.9)</u>	<u>48.5</u>
Cash deposits	-				0.3
<b>Net investment assets</b>	<u>53.3</u>				<u>48.8</u>

**Investment transaction costs**

Transaction costs incurred during the year amounted to £nil (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 Trustees to quantify such indirect transaction costs.

**Investment movements – Atkins Section**

	Value at 01.04.2024 £ million	Purchases at cost £ million	Sales proceeds £ million	Change in market value £ million	Value at 31.03.2025 £ million
Pooled investment vehicles	19.6	1.0	(0.5)	(1.7)	18.4
Insurance policies	29.1	-	-	(3.1)	26.0
AVC investments	0.1	-	-	0.1	0.2
<b>Net investment assets</b>	<u>48.8</u>	<u>1.0</u>	<u>(0.5)</u>	<u>(4.7)</u>	<u>44.6</u>

**Investment transaction costs**

Transaction costs incurred during the year amounted to £nil (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 Trustees to quantify such indirect transaction costs.

**Investment movements – NNL Section**

	Value at 01.04.2024 £ million	Purchases at cost £ million	Sales proceeds £ million	Change in market value £ million	Value at 31.03.2025 £ million
Pooled investment vehicles	8.6	0.4	(0.5)	(0.6)	7.9

**Investment transaction costs**

Transaction costs incurred during the year amounted to £nil (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 Trustees to quantify such indirect transaction costs.

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**12. Investment management expenses**

Investment management expenses for Group-specific funds, performance measurement services and investment-related fees of Group advisers, are the responsibility of the Group Trustees. The Scheme Trustee negotiates the custody fees which apply to all portfolios. Investment management and custody fees for Group-specific funds are shown below.

	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	<b>Total 2025 £ million</b>
Administration and management fees	0.3	-	-	-	<b>0.3</b>
Other advisory fees	1.1	-	-	-	<b>1.1</b>
	<u>1.4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>1.4</b></u>

	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	<b>Total 2024 £ million</b>
Administration and management fees	0.3	-	-	-	<b>0.3</b>
Other advisory fees	1.4	-	-	-	<b>1.4</b>
	<u>1.7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>1.7</b></u>

**13. Taxation**

The ESPS is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

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#### 14. Pooled investment vehicles

The **SLC Section's** investment in pooled investment vehicles at the year-end comprised:

	<b>2025</b>	<i>2024</i>
	<b>£ million</b>	<i>£ million</i>
Bonds	<b>275.0</b>	<i>273.8</i>
Property	<b>338.8</b>	<i>344.3</i>
Hedge funds	<b>1.5</b>	<i>1.5</i>
Private equity	<b>81.6</b>	<i>124.3</i>
Infrastructure funds	<b>339.5</b>	<i>343.6</i>
Liability Driven Investments	<b>762.9</b>	<i>927.8</i>
Cash and other liquid assets	<b>39.4</b>	<i>15.6</i>
	<b><u>1,838.7</u></b>	<i><u>2,030.9</u></i>

At 31 March 2025 and 31 March 2024 the Section held a bespoke Liability Driven Investment (LDI) portfolio. The portfolio has been included above in pooled investment vehicles and is specifically tailored for the Section's individual requirements and there are no other investors.

The LDI portfolio has the following investments:

	<b>2025</b>	<i>2024</i>
	<b>£ million</b>	<i>£ million</i>
Pooled investment vehicles	<b>21.3</b>	<i>-</i>
Bonds	<b>1,242.5</b>	<i>1,251.6</i>
Swaps – net	<b>(223.0)</b>	<i>(215.7)</i>
Repurchase agreements - net	<b>(508.4)</b>	<i>(364.7)</i>
Cash and other liquid assets	<b>230.5</b>	<i>256.6</i>
	<b><u>762.9</u></b>	<i><u>927.8</u></i>

No direct transaction costs (2024: *£nil*) were incurred during the year on the sole investor arrangement.

The **Cavendish Nuclear Section's** investment in pooled investment vehicles at the year-end comprised:

	<b>2025</b>	<i>2024</i>
	<b>£ million</b>	<i>£ million</i>
Equities	<b>-</b>	<i>4.6</i>
Bonds	<b>10.0</b>	<i>5.5</i>
Hedge funds	<b>10.1</b>	<i>9.5</i>
Diversified growth funds	<b>4.8</b>	<i>5.1</i>
Liability Driven Investments	<b>22.6</b>	<i>28.0</i>
Cash and other liquid assets	<b>0.3</b>	<i>-</i>
	<b><u>47.8</u></b>	<i><u>52.7</u></i>

The **Atkins Section's** investment in pooled investment vehicles at the year-end comprised:

	<b>2025</b>	<i>2024</i>
	<b>£ million</b>	<i>£ million</i>
Liability Driven Investments	<b>16.1</b>	<i>17.3</i>
Cash and other liquid assets	<b>2.3</b>	<i>2.3</i>
	<b><u>18.4</u></b>	<i><u>19.6</u></i>

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The **NNL Section's** investment in pooled investment vehicles at the year-end comprised:

	<b>2025</b>	<i>2024</i>
	<b>£ million</b>	<i>£ million</i>
Diversified growth funds	<b>2.7</b>	2.5
Liability Driven Investments	<b>4.8</b>	5.6
Cash and other liquid assets	<b>0.4</b>	0.5
	<b><u>7.9</u></b>	<u>8.6</u>

## 15. Derivatives

### Objectives and Policies

The Group Trustees have authorised the use of derivative financial instruments by their investment managers as part of their investment strategy as follows:

For the **SLC Section**, outstanding derivative financial instruments at 31 March 2025 and 31 March 2024 are summarised as follows:

	<b>2025</b>	<b>2025</b>	<b>2025</b>	<i>2024</i>	<i>2024</i>	<i>2024</i>
	<b>Assets</b>	<b>Liabilities</b>	<b>Total</b>	<i>Assets</i>	<i>Liabilities</i>	<i>Total</i>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<i>£ million</i>	<i>£ million</i>	<i>£ million</i>
<b>Over-the-counter contracts</b>						
Futures	<b>0.1</b>	<b>(0.1)</b>	-	0.1	(0.1)	-
Forward foreign currency	<b>0.1</b>	<b>(0.1)</b>	-	-	(0.6)	(0.6)
Swaps	<b>5.1</b>	<b>(20.1)</b>	<b>(15.0)</b>	7.4	(19.9)	(12.5)
	<b><u>5.3</u></b>	<b><u>(20.3)</u></b>	<b><u>(15.0)</u></b>	<u>7.5</u>	<u>(20.6)</u>	<u>(13.1)</u>

Further analysis of the holdings at 31 March 2025 and 31 March 2024 is as follows:

### Futures

<b>Type of future</b>	<b>Expiration</b>	<b>Economic exposure at year end £million</b>	<b>2025 Assets £million</b>	<b>2025 Liabilities £million</b>
<b>Assets</b>				
UK Exchange Traded	1-3 months	6.7	-	(0.1)
Overseas Exchange Traded	1-3 months	3.1	0.1	-
			<u>0.1</u>	<u>(0.1)</u>

<b>Type of future</b>	<b>Expiration</b>	<b>Economic exposure at year end £million</b>	<b>2024 Assets £million</b>	<b>2024 Liabilities £million</b>
<b>Assets</b>				
UK Exchange Traded	1-3 months	5.0	0.1	-
Overseas Exchange Traded	1-3 months	3.2	-	(0.1)
			<u>0.1</u>	<u>(0.1)</u>

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**Forward foreign currency contracts – SLC Section**

Type of contract	Currency	Currency Bought £ million	Currency	Currency Sold £ million	2025 Assets £ million	2025 Liabilities £ million
OTC traded – less than 1 month	GBP	27.6	EUR	(27.5)	0.1	-
OTC traded – less than 1 month	USD	0.2	GBP	(0.2)	-	-
OTC traded – less than 1 month	GBP	65.9	USD	(66.0)	-	(0.1)
		<u>93.7</u>		<u>(93.7)</u>	<u>0.1</u>	<u>(0.1)</u>

Type of contract	Currency	Currency Bought £ million	Currency	Currency Sold £ million	2024 Assets £ million	2024 Liabilities £ million
OTC traded – less than 1 month	GBP	28.6	EUR	(28.6)	-	-
OTC traded – less than 1 month	USD	2.5	GBP	(2.5)	-	-
OTC traded – less than 1 month	GBP	71.0	USD	(71.6)	-	(0.6)
		<u>102.1</u>		<u>(102.7)</u>	<u>-</u>	<u>(0.6)</u>

**Swaps – SLC Section**

Type of contract	Duration Years	Nominal amount £million	2025 Assets £ million	2025 Liabilities £ million
Interest Rate Swap	<1 year	21.0	-	(0.4)
Interest Rate Swap	1-5 years	62.1	0.6	(3.9)
Interest Rate Swap	6-15 years	115.9	3.5	(7.4)
Interest Rate Swap	>15 years	32.0	1.0	(8.4)
			<u>5.1</u>	<u>(20.1)</u>

Type of contract	Duration Years	Nominal amount £million	2024 Assets £ million	2024 Liabilities £ million
Interest Rate Swap	<1 year	16.0	0.5	-
Interest Rate Swap	1-5 years	59.1	1.3	(2.2)
Interest Rate Swap	6-15 years	139.9	4.8	(10.4)
Interest Rate Swap	>15 years	32.0	0.8	(7.3)
			<u>7.4</u>	<u>(19.9)</u>

Collateral of £15.2million is held (2024: £13.5 million held) for the unrealised gain on swaps and is included in the Section's assets.



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## **16. Insurance policies**

The Group Trustees hold an insurance policy with Canada Life in relation to specified beneficiaries of the Atkins Section. This policy is an asset of the Group Trustees 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 £26.0 million (2024: £29.1 million).

The significant actuarial assumptions underlying the current valuation calculation are in line with those set out in the Report on Actuarial Liabilities on pages 24 to 26 based on market conditions as at 31 March 2025.

## **17. AVC investments**

The number of AVC accounts (including "frozen" accounts) for the **SLC Section** as at 31 March 2025 was 372 (2024: 383). In some cases members may have two or more accounts.

The aggregate values of AVC investments held in pooled investment vehicles are as follows:

	<b>2025</b>	<i>2024</i>
	<b>£ million</b>	<i>£ million</i>
Aegon	<b>14.3</b>	<i>14.0</i>
Prudential Assurance Society	<b>0.3</b>	<i>0.6</i>
	<b>14.6</b>	<i>14.6</i>

The number of AVC accounts (including "frozen" accounts) for the **Cavendish Nuclear Section** as at 31 March 2025 was 9 (2024: 8). In some cases members may have two or more accounts.

The aggregate values of AVC investments held in pooled investment vehicles are as follows:

	<b>2025</b>	<i>2024</i>
	<b>£ million</b>	<i>£ million</i>
Aegon	<b>0.6</b>	<i>-</i>
Prudential Assurance Society	<b>0.1</b>	<i>0.6</i>
	<b>0.7</b>	<i>0.6</i>

The number of AVC accounts (including "frozen" accounts) for the **Atkins Section** as at 31 March 2025 was 2 (2024: 2). In some cases members may have two or more accounts.

The aggregate values of AVC investments held in pooled investment vehicles are as follows:

	<b>2025</b>	<i>2024</i>
	<b>£ million</b>	<i>£ million</i>
Prudential Assurance Society	<b>0.2</b>	<i>0.1</i>

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**18. Cash and other investment balances**

	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	Total 2025 £ million
Cash – sterling	23.1	0.3	-	-	23.4
Cash – foreign currency	0.2	-	-	-	0.2
Accrued interest and dividends	1.8	-	-	-	1.8
Amounts receivable from sale of investments	-	-	-	-	-
	<u>25.1</u>	<u>0.3</u>	<u>-</u>	<u>-</u>	<u>25.4</u>

	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	Total 2024 £ million
Cash – sterling	21.4	-	-	-	21.4
Cash – foreign currency	0.3	-	-	-	0.3
Accrued interest and dividends	2.2	-	-	-	2.2
Amounts receivable from sale of investments	0.1	-	-	-	0.1
	<u>24.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24.0</u>

**19. Fair value of investments**

The fair value of investments has been determined using the following hierarchy:

- Level 1: Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.
- Level 2: Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
- Level 3: Inputs are unobservable.

Where multiple inputs are involved in determining the fair value of an instrument, the categorisation is based on the lowest level input (i.e. highest number) that is significant.

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 Trustees after taking advice from their advisers. 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. Valuations of the Innisfree PFI Continuation Fund and the Innisfree PFI Secondary Fund 2 LP as at 31 March 2025 were not available at the time of the production of these financial statements. The Group's investment adviser Aon Solutions UK Limited have assisted the Group Trustees in estimating the valuation at the accounting date based on relevant factors and cash flows. No other such adjustments have been made to the valuations at 31 March 2025 or 31 March 2024.

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Due to the nature of the SLC Section's investments with GAM International Management Limited (Renshaw Bay LLP), Longbow Real Estate Capital LLP, DRC Capital LLP and Invesco Real Estate Finance Fund (GBP) SLP, these assets have been classified as property loan assets in these financial statements, rather than pooled investment vehicles.

The **SLC Section'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
<b>Investment assets</b>				
Bonds	-	145.2	-	145.2
Property loan assets	-	-	90.7	90.7
Pooled investment vehicles	-	802.3	1,036.4	1,838.7
Derivatives	-	5.3	-	5.3
AVC investments	-	14.6	-	14.6
Cash	23.3	-	-	23.3
Other investment balances	1.8	-	-	1.8
<b>Investment liabilities</b>				
Derivatives	-	(20.3)	-	(20.3)
	25.1	947.1	1,127.1	2,099.3

Analysis for the prior year end is as follows:

	Level 1 £ million	Level 2 £ million	Level 3 £ million	2024 Total £ million
<b>Investment assets</b>				
Bonds	-	152.7	-	152.7
Property loan assets	-	-	114.1	114.1
Pooled investment vehicles	-	943.5	1,087.4	2,030.9
Derivatives	-	7.5	-	7.5
AVC investments	-	14.6	-	14.6
Cash	21.7	-	-	21.7
Other investment balances	2.3	-	-	2.3
<b>Investment liabilities</b>				
Derivatives	-	(20.6)	-	(20.6)
	24.0	1,097.7	1,201.5	2,323.2

The **Cavendish Nuclear Section'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
<b>Investment assets</b>				
Pooled investment vehicles	-	37.7	10.1	47.8
AVC investments	-	0.7	-	0.7
Cash	0.3	-	-	0.3
	0.3	38.4	10.1	48.8

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Analysis for the prior year end is as follows:

	<i>Level 1</i> <i>£ million</i>	<i>Level 2</i> <i>£ million</i>	<i>Level 3</i> <i>£ million</i>	<b>2024 Total</b> <b>£ million</b>
<b>Investment assets</b>				
Pooled investment vehicles	-	43.2	9.5	<b>52.7</b>
AVC investments	-	0.6	-	<b>0.6</b>
Cash	-	-	-	-
	-	43.8	9.5	<b>53.3</b>

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

	<i>Level 1</i> <i>£ million</i>	<i>Level 2</i> <i>£ million</i>	<i>Level 3</i> <i>£ million</i>	<b>2025 Total</b> <b>£ million</b>
<b>Investment assets</b>				
Pooled investment vehicles	-	18.4	-	<b>18.4</b>
Insurance policies	-	-	26.0	<b>26.0</b>
AVC investments	-	0.2	-	<b>0.2</b>
	-	18.6	26.0	<b>44.6</b>

Analysis for the prior year end is as follows:

	<i>Level 1</i> <i>£ million</i>	<i>Level 2</i> <i>£ million</i>	<i>Level 3</i> <i>£ million</i>	<b>2024 Total</b> <b>£ million</b>
<b>Investment assets</b>				
Pooled investment vehicles	-	19.6	-	<b>19.6</b>
Insurance policies	-	-	29.1	<b>29.1</b>
AVC investments	-	0.1	-	<b>0.1</b>
	-	19.7	29.1	<b>48.8</b>

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

	<i>Level 1</i> <i>£ million</i>	<i>Level 2</i> <i>£ million</i>	<i>Level 3</i> <i>£ million</i>	<b>2025 Total</b> <b>£ million</b>
<b>Investment assets</b>				
Pooled investment vehicles	-	7.9	-	<b>7.9</b>

Analysis for the prior year end is as follows:

	<i>Level 1</i> <i>£ million</i>	<i>Level 2</i> <i>£ million</i>	<i>Level 3</i> <i>£ million</i>	<b>2024 Total</b> <b>£ million</b>
<b>Investment assets</b>				
Pooled investment vehicles	-	8.6	-	<b>8.6</b>

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## 20. Investment risks

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

- Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk: this is the risk that the fair value of future cashflows of a financial investment will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk as follows:
  - Currency risk: this is risk that fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates;
  - Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates; and
  - Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group Trustees determine the investment strategy of each Section after taking advice from a professional investment adviser. The Group has exposure to these risks because of the investments it makes in following the investment strategies set out in this note. The Group Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which take into account each of the Sections' strategic investment objectives. The investment objectives and risk limits of each Section are implemented through the investment agreements in place with the investment managers and monitored by the Group Trustees by regular reviews of the investment portfolio.

Further information on the Group Trustees' approach to risk management, credit and market risk is later in this section of the Financial Statements. This section of the Financial Statements does not include the AVC investments as these are not considered significant to the overall investments of the Group, or the insurance policies.

The following table summarises the extent to which the Group's various classes of investments are affected by financial risk (based on 31 March 2025 asset position):

	Credit risk	Currency	Market risk Interest rate	Other price	2025 £million	2024 £million
Bonds	●	◐	●	◐	145.2	152.7
Pooled investment vehicles	●	◐	●	●	1,912.8	2,111.8
Property loan assets	●	○	◐	●	90.7	114.1
Other investment balances	●	◐	●	○	10.4	10.9
<b>Total</b>					<b>2,159.1</b>	<b>2,389.5</b>

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

### Investment Strategies

The Group Trustees aim to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits payable under the Trust Deed and Rules as they fall due.

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The Group Trustees set Section specific investment strategies taking into account considerations such as the strength of the Employer covenant, the long-term liabilities and the funding agreed with the Employer. The investment strategy of each Section is set out in a Statement of Investment Principles (SIP).

A broad summary of the investment strategy of each Section as at 31 March 2025 is below:

**SLC Section**

The strategy aims to protect against certain levels of risk and still provide additional returns to reduce the overall cost of pension provision. The target hedge ratios are 80% of liability interest rate risk and 80% of liability inflation risk (on a gilts +0.5% basis). The Section holds sufficient investments that move in line with the long-term liabilities to maintain the target hedge ratios. These investments include buy & maintain corporate bonds as well as LDI comprising: UK government bonds, interest rate swaps, inflation swaps, repurchase agreements and cash, the purpose of which is to hedge against the impact interest rates and inflation have on the movement of the liabilities.

The remainder of the assets are invested to provide an expected return above the liabilities over the long term. As at 31 March 2025 these assets accounted for 54% (2024: 52%) of the overall portfolio.

**Cavendish Nuclear Section**

The strategy aims to protect against certain levels of risk and still provide additional returns to reduce the overall cost of pension provision. The target hedge ratios are 90% of funded liability interest rate risk and 90% of funded liability inflation risk (on a gilts +0% basis). The Section holds sufficient investments that move in line with the long-term liabilities to maintain these target hedge ratios. The investments are referred to as LDI and comprise UK government, repurchase agreements and cash, the purpose of which is to hedge against the impact interest rates and inflation have on the movement of the liabilities.

The remainder of the assets are invested to provide an expected return above the liabilities over the long term. As at 31 March 2025 these assets accounted for 42% (2024: 47%) of the overall portfolio.

**Atkins Section**

The assets are entirely held in investments that move in line with the long-term liabilities of the Section. The annuity with Canada Life provides a perfect match to the liabilities of the members it insures, and the liabilities of the non-insured members are matched using LDI via UK government bonds and cash. The purpose of the LDI investments is to hedge against the impact interest rates and inflation have on the movement of the non-insured liabilities. The target hedge ratios are 100% of non-insured liability interest rate risk and 100% of non-insured liability inflation risk (on a gilts +0% basis).

**National Nuclear Laboratory Section**

The strategy aims to protect against certain levels of risk and still provide additional returns to reduce the overall cost of pension provision. The target hedge ratios are 90% of funded liability interest rate risk and 90% of funded liability inflation risk (on a Technical Provisions basis). The Section holds sufficient investments that move in line with the long-term liabilities to maintain these target hedge ratios. The investments are referred to as LDI and comprise UK government bonds, repurchase agreements and cash, the purpose of which is to hedge against the impact interest rates and inflation have on the movement of the liabilities.

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The remainder of the assets are invested to provide an expected return above the liabilities over the long term. As at 31 March 2025 these assets accounted for 34% (2024: 30%) of the overall portfolio.

### Credit Risk

The Group is subject to credit risk because the Group directly invests in bonds and has cash balances. The Group also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled investment vehicles. The Group is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

Credit risk arising on bonds held directly is mitigated in liability matching portfolios by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. The Group Trustees consider financial instruments or counterparties to be of investment grade if they are rated BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

Credit risk arising from derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Group is subject to risk of failure of the counterparty. This risk is mitigated by the arrangements both the Group and its counterparties have in place where collateral is posted to reduce the impact of any counterparty defaulting on their obligations under the derivative contracts held. The Group's LDI manager, CTI, has an explicit mandate outlining the permitted instruments and maximum exposure to any single counterparty. Furthermore, CTI only trades with counterparties that have been approved by its Counterparty Credit Committee.

Cash is held within financial institutions which are at least investment grade credit rated.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of the investments across a number of pooled arrangements. With the help of their investment adviser, the Group Trustees carry out due diligence checks on the appointment of new pooled investment managers and monitor any changes to the operating environment of existing pooled investment managers. A summary of pooled investment vehicles by type of arrangement is as follows:

Type of arrangement	2025 £ million	Restated* 2024 £ million
Authorised unit trusts	7.5	7.6
Open-ended investment companies	325.5	304.8
Shares of limited liability partnerships	687.5	749.9
Irish Common Contractual Fund	176.6	184.8
Luxembourg domiciled mutual investment umbrella fund	806.4	978.8
<b>Total</b>	<b>2,003.5</b>	<b>2,225.9</b>

\* The 2024 figures above have been restated to ensure consistency across the type of vehicle classifications for both years.

Indirect credit risk arises in relation to underlying investments held in pooled investment vehicles such as credit, derivatives and repos. The Group Trustees mainly invest in government and investment grade credit but the Group's mandates with, Arcmont, Barings, BentallGreenOak, Chorus, DRC, Hayfin, Invesco, Longbow, PIMCO, Robeco and Schroders enable sub-investment grade or unrated exposure. These risks are mitigated by the Group through having explicit mandates with investment managers and investing across a diverse range of managers, asset classes, regions and sectors.

### **Currency Risk**

The Group is subject to currency risk because some of the Group's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure).

The Group Trustees consider currency risk as part of the overall determination of the investment strategy, therefore no further mitigation is deemed necessary.

### **Interest Rate Risk**

The Group is subject to interest rate risk because some of the Group's investments are held in bonds (some of which are funded through repurchase agreements) and interest rate swaps (either as segregated investments or through pooled investment vehicles), and cash. The Group Trustees have set specific target benchmarks for each Section in relation to the total investment in bonds and interest rate swaps in order to mitigate the interest rate risk relative to the liabilities. For each Section the target benchmark is defined as part of its LDI investment strategy in terms of the amount of liability interest rate and inflation risk being hedged.

Under an LDI strategy, if gilt yields fall, the value of the LDI investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if gilt yields rise, the LDI investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The LDI assets as at 31 March 2025 targeted the same exposure to interest rates as:

- SLC Section: 80% of the liabilities (measured on a gilts +0.5% p.a. basis)
- Cavendish Nuclear Section: 90% of the funded liabilities (measured on a gilts +0% p.a. basis)
- Atkins Section: 100% of the liabilities (measured on a gilts +0% p.a. basis)
- NNL Section: 90% of the funded liabilities (measured on a Technical Provisions basis)

The LDI portfolios of the SLC and Cavendish Nuclear Sections target these exposures while allowing for the exposure provided through the corporate bond mandates managed by Robeco.

### **Other Price Risk**

Other price risk arises principally in relation to supply and demand in the market place and risks specific to each particular asset class (such as changes in level of inflation for LDI). The Group Trustees manage this exposure to overall price risk for each Section by constructing a diverse portfolio of investments across various markets. The Group has target asset allocations for each Section in accordance with the investment strategies outlined earlier in the report.



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## 21. Concentration of investments

Investments exceeding 5% of the value of the **SLC Section's** net assets as at 31 March 2025 or 31 March 2024

are detailed below:

Investment	2025		2024	
	£ million	%	£ million	%
Columbia Threadneedle LDI Private Sub Fund	762.9	36.1	927.8	39.9
M&G Inflation Opportunities III Fund	176.6	8.4	184.8	7.9
Innisfree PFI Secondary Fund 2 LP	131.0	6.2	138.8	6.0
IFM Global Infrastructure	116.9	5.5	111.6	4.8
CBRE UK Property PAIF	109.1	5.2	107.3	4.6

Note: Percentages calculated using full values rather than rounded amounts

Investments exceeding 5% of the value of the **Cavendish Nuclear Section's** net assets as at 31 March 2025 or 31 March 2024 are detailed below:

Investment	2025		2024	
	£ million	%	£ million	%
Columbia Threadneedle Regular Profile Leveraged Real Gilt Fund	13.5	27.5	17.9	33.2
PIMCO Tactical Opportunities Offshore Fund	10.1	20.6	9.5	17.7
Columbia Threadneedle Sterling Liquidity Fund	6.1	12.4	6.2	11.6
PIMCO Global Libor Plus Fund	5.5	11.2	5.5	10.3
Schroder Life Diversified Growth Fund	4.7	9.7	5.0	9.4
Robeco Global Credits Fund	4.5	9.2	-	-
CF Lindsell Train UK Equity	-	-	4.6	8.5

Note: Percentages calculated using full values rather than rounded amounts

Investments exceeding 5% of the value of the **Atkins Section's** net assets as at 31 March 2025 or 31 March 2024 are detailed below:

Investment	2025		2024	
	£ million	%	£ million	%
Canada Life Insurance policy	26.0	58.2	29.1	59.6
Columbia Threadneedle Regular Profile Unleveraged Real Gilt Fund	11.7	26.3	13.0	26.7
Columbia Threadneedle Sterling Liquidity Fund	2.7	6.1	2.2	4.5
BlackRock ICS Sterling Liquidity Fund	2.3	5.1	2.3	4.7

Note: Percentages calculated using full values rather than rounded amounts

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Investments exceeding 5% of the value of the **NNL Section's** net assets as at 31 March 2025 or 31 March 2024 are detailed below:

Investment	2025 £ million	%	2024 £ million	%
Schroder Life Diversified Growth Fund	2.6	33.1	2.5	29.1
Columbia Threadneedle Sterling Liquidity Fund	1.7	21.3	1.8	21.0
Columbia Threadneedle Credit-linked Real DLDI Fund	1.3	16.0	1.7	19.1
Columbia Threadneedle Equity-linked Real DLDI Fund	0.8	10.6	1.0	11.2
Columbia Threadneedle Short Profile Leveraged Real Gilt Fund	0.7	8.1	0.7	8.2
BlackRock ICS Sterling Liquidity Fund	0.4	5.3	0.5	5.5

Note: Percentages calculated using full values rather than rounded amounts

## 22. Employer related investments

The Investment Regulations limits employer related investments by occupational pension schemes. These investments include shares, loan stocks, debentures and other securities issued by the employers participating in the scheme and their associated companies, together with loans made to the employers, and any properties or land owned by the scheme and occupied by the employers.

The Group's assets had no direct exposure to the employers participating in the Group and their associated companies as at 31 March 2025 (*31 March 2024: nil*). The Group Trustees recognise that indirect investment in such companies is possible through holdings in pooled investment vehicles. However, the Group Trustees believe that the diversification across the Group's assets by asset class, manager and fund means that any indirect exposure through pooled funds is likely to be negligible at year end, and these investments therefore comply with legislative requirements.

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**23. Current assets**

	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	<b>Total 2025 £ million</b>
Contributions due in respect of:					
Employers	1.7	-	-	-	<b>1.7</b>
Cash balances	1.5	0.2	0.1	0.1	<b>1.9</b>
	<u>3.2</u>	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>	<u><b>3.6</b></u>

	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	<b>Total 2024 £ million</b>
Contributions due in respect of:					
Employers	1.7	0.1	-	-	<b>1.8</b>
Cash balances	2.5	0.4	-	0.1	<b>3.0</b>
	<u>4.2</u>	<u>0.5</u>	<u>-</u>	<u>0.1</u>	<u><b>4.8</b></u>

All contributions due to the Group at 31 March 2025 and 31 March 2024 relate to March 2025 and March 2024 respectively and were subsequently paid in full to the Group in accordance with the Schedules of Contributions.

**24. Current liabilities**

	SLC Section 2025 £ million	CN Section 2025 £ million	Atkins Section 2025 £ million	NNL Section 2025 £ million	<b>Total 2025 £ million</b>
Benefits payable	(0.9)	-	-	-	<b>(0.9)</b>
Administration & investment expenses payable	(0.4)	-	(0.1)	-	<b>(0.5)</b>
	<u>(1.3)</u>	<u>-</u>	<u>(0.1)</u>	<u>-</u>	<u><b>(1.4)</b></u>

	SLC Section 2024 £ million	CN Section 2024 £ million	Atkins Section 2024 £ million	NNL Section 2024 £ million	<b>Total 2024 £ million</b>
Benefits payable	(1.9)	-	-	-	<b>(1.9)</b>
Administration & investment expenses payable	(0.2)	-	-	-	<b>(0.2)</b>
	<u>(2.1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>(2.1)</b></u>

## **25. Related party transactions**

Related party transactions and balances comprise:

### **Key management personnel**

Contributions and contributions receivable in respect of two (2024: *three*) of the Group Trustees and pensions paid in respect of six (2024: *four*) of the Group Trustees.

Fees of £164,899 (2024: £125,788) were paid to certain Group Trustees in the year by the Employers.

### **Employer and other related parties**

Investment management expenses for Group-specific funds, performance measurement services and investment-related fees of Group advisers, are the responsibility of the Group Trustees. With the exception of those shown in note 9, all administrative expenses of the Group incurred during the years to 31 March 2025 and 31 March 2024 were paid by the Employers.

## **26. Guaranteed Minimum Pension ("GMP") Equalisation**

The Group has undertaken a process of assessing the overall impact of the October 2018 and November 2020 rulings regarding GMP Equalisation and based on an initial assessment by the actuary the Group Trustees have not included a liability in respect of these matters in these Financial Statements as the amount is not considered to be material. They will be accounted for in the year they are determined.

## **27. Contingencies and commitments**

The Group has £375.0 million (2024: £435.0 million) of funds committed to five (2024: *six*) investment managers - BentallGreenOak Real Estate Advisors LLP, DRC Capital LLP, Invesco Asset Management, BlueBay Asset Management LLP and Hayfin Capital Management LLP. As at 31 March 2025, approximately £128.9 million (2024: £117.5 million) is yet to be drawn down and represents a capital commitment at that date.

In the opinion of the Group Trustees, other than the matters detailed above, the Group had no contingent liabilities or contractual commitments entered into which are not provided for in these Financial Statements.

## **28. Subsequent events**

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

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**Appendix 1 – Analysis of Membership Statistics by Section**

**Site Licence Company Section**

	Contributors	Pensioners	Dependants	Deferred pensioners	Total
<b>At 1 April 2024</b>	<b>834</b>	<b>5,250</b>	<b>1,447</b>	<b>919</b>	<b>8,450</b>
<b>Adjustments</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>At 1 April 2024 (revised)</b>	<b>835</b>	<b>5,250</b>	<b>1,447</b>	<b>919</b>	<b>8,450</b>
<b>Increases</b>					
Contributors/pensioners/dependants/deferred pensioners	-	116	103	10	230
Pensions sharing orders and new EPB pensioners in payment	-	3	-	9	12
<b>Sub Total</b>	<b>-</b>	<b>119</b>	<b>103</b>	<b>19</b>	<b>242</b>
<b>Reductions</b>					
Contributors / deferred pensioners retiring	(63)	-	-	(53)	(116)
Deaths	(1)	(184)	(113)	(1)	(299)
Leavers with deferred pensions	(10)	-	-	-	(10)
Leavers with refunds of contributions/transfers to other schemes/cessation of child allowances	-	-	-	(3)	(3)
<b>Sub Total</b>	<b>(74)</b>	<b>(184)</b>	<b>(113)</b>	<b>(57)</b>	<b>(428)</b>
<b>At 31 March 2025</b>	<b>761</b>	<b>5,185</b>	<b>1,437</b>	<b>881</b>	<b>8,264</b>

**Cavendish Nuclear Section**

	Contributors	Pensioners	Dependants	Deferred pensioners	Total
<b>At 1 April 2024</b>	<b>41</b>	<b>40</b>	<b>3</b>	<b>45</b>	<b>129</b>
<b>Increases</b>					
Contributors/pensioners/dependants/deferred pensioners	-	6	1	-	7
<b>Sub Total</b>	<b>-</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>7</b>
<b>Reductions</b>					
Contributors / deferred pensioners retiring	(3)	-	-	(3)	(6)
Deaths	(1)	(1)	-	-	(2)
<b>Sub Total</b>	<b>(4)</b>	<b>(1)</b>	<b>-</b>	<b>(3)</b>	<b>(8)</b>
<b>At 31 March 2025</b>	<b>37</b>	<b>45</b>	<b>4</b>	<b>42</b>	<b>128</b>

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**Atkins Section**

	Contributors	Pensioners	Dependants	Deferred pensioners	Total
<b>At 1 April 2024</b>	<b>1</b>	<b>27</b>	<b>1</b>	<b>13</b>	<b>42</b>
<b>At 31 March 2025</b>	<b>1</b>	<b>27</b>	<b>1</b>	<b>13</b>	<b>42</b>

**National Nuclear Laboratories Section**

	Contributors	Pensioners	Dependants	Deferred pensioners	Total
<b>At 1 April 2024</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>-</b>	<b>13</b>
<b>Increases</b>					
Contributors/pensioners/dependants/deferred pensioners	-	-	1	-	1
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Reductions</b>					
Deaths	-	(1)	-	-	(1)
<b>Sub Total</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
<b>At 31 March 2025</b>	<b>4</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>13</b>

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## **Appendix 2 – Glossary of Terms**

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

<b>Pension glossary</b>	
Bulk transfers	The transfer of a number of members from one occupational pension scheme to another or from one Group of the ESPS to another. Generally this will occur if there has been a merger, sale or purchase of a business and the new Employer wishes to amalgamate pension arrangements.
Commutation	The exchange of expected pension benefits for a cash lump sum.
Deficit repair payments	A single payment or a series of payments made by the Employer in order to make good the actuarial shortfall caused by projected pension liabilities being in excess of assets.
Discontinuance funding ratio	This shows the Actuary's estimate of the proportion which the value of the Group's assets represent of the costs of buying out the accrued benefits with an insurance company.
Money Purchase basis	The calculation of an individual member's benefits by reference to the value of the contributions paid into a pension scheme in respect of that member.
Rule 32 Payment	The payment of special contributions (whether in relation to benefits, contributions or otherwise) by the [Principal] Employer, without limitation, in respect of Back Service Credits and/or Added Years to or in respect of one or more individuals (excluding Enhanced Protection Members).
State Second Pension	Additional pension benefits purchased through National Insurance Contributions to enhance the Basic State Pension by those people not "Contracted Out" through membership of a private or company pension scheme. This was formerly known as the State Earnings Related Pension Scheme (SERPS) and was re-named from 6 April 2002.
State Graduated Pension Scheme	The State Graduated Pension Scheme which commenced on 3 April 1961 and terminated on 5 April 1975 being replaced by SERPS.
Supplementary pensions funding	Contributions made by Employers or members to provide additional or "top-up" pension benefits.
Transfer Values received	Transfers of monies from another pension scheme, so that a member can augment their pension benefits from the ESPS.

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Investment glossary	
Derivative	<p>A derivative is a financial contract between two parties whose value is derived from an underlying asset's price or an index based on asset prices. Underlying assets are typically equities, bonds, interest rates, exchange rates and stock market indices. The main types of derivatives used by pension schemes are:</p> <ul style="list-style-type: none"> <li>- futures contracts</li> <li>- forward foreign exchange contracts</li> <li>- options</li> <li>- swaps</li> </ul> <p>A derivative can be exchange traded or traded over the counter ("OTC").</p>
Exchange traded	<p>An exchange traded security is purchased or sold through a registered exchange (e.g. a stock exchange) which provides trading facilities.</p>
Forward foreign currency contract (FFX)	<p>A forward foreign exchange contract is an over the counter transaction whereby two parties agree to exchange two different currencies at an agreed rate of exchange on a specific date in the future.</p>
Futures Contract	<p>A contract which legally binds two parties to complete a sale or purchase of an asset at a specified future date and at a price which is fixed at the time the contract is agreed.</p>
Initial Margin	<p>Before entering into a futures contract, a deposit is required which is referred to as the initial margin. This deposit may be in the form of cash or other assets, such as securities. The margin is required to protect parties against possible losses arising from the futures contract.</p>
IPD	<p>Investment Property Databank is an independent organisation that collates and publishes information about performance of the commercial property sector. The IPD provides a benchmark against which the performance of property assets can be monitored.</p>
Liability Driven Investment (LDI)	<p>An investment strategy focused on gaining enough assets to cover all current and future liabilities</p>
LIBID	<p>London Inter-Bank Bid Rate. This is the rate of interest at which banks are willing to pay to borrow from each other for a specified period – normally one day. The rate fluctuates dependent on the supply and demand of funds.</p>
Managed Funds	<p>A managed fund is an investment contract which offers participation in one or more funds operated on similar lines to unit trusts. The range of managed funds available includes gilts, index-linked securities, equities, cash deposits, property and mixed funds. Typically managed funds relate only to a unitised fund under a policy of assurance from a life assurance company.</p>



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Options	An option is a contract which give the purchaser the right, but not the obligation, to buy (call option) or sell (put option) a standard specified nominal amount of an asset at a specific date or range of dates in the future at a specified price. Options may be exchange traded or OTC.
Over the counter (OTC)	An over the counter (OTC) security is traded between two individual counterparties rather than on an exchange. There is no standardisation of contract specifications so the size of the contact, the settlement date and price are all negotiable.
Pooled investment vehicles	A fund in which several investors participate. The assets are not held directly in the name of individual clients but form part of a “pool”. Unit trusts are a common example of a pooled investment vehicle. Investors hold units in the pooled fund. The value of individual units is determined by the value of the underlying assets of the fund.
Segregated Funds	In the ESPS, investment portfolios which are specific to a particular Group and may be comprised of individual securities or take the form of a pooled investment vehicle.
Stock lending	The temporary transfer of securities by a lender to a borrower, with an agreement that the borrower will return equivalent securities to the lender either on a pre-agreed future date or on demand. In return the lender receives a fee for making the securities available to the borrower.
Swaps	A swap is an OTC transaction whereby the parties to the contract agree to exchange cash flows according to the terms agreed at the outset of the swap. The amount of the cash flows is generally determined by reference to an underlying asset, index, instrument or notional amount.
Unitised Fund	The Unitised Fund is a pooled investment vehicle that is only available to Groups within the ESPS and comprises three Sectors: UK Property, UK Forestry and Cash.
Variation Margin	Amounts payable under futures contracts - to ensure that deposits/(margins) are maintained at contractually agreed levels as the value of the underlying asset changes.

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**Appendix 3 – Advisers and Service Providers**

**Group Actuary**

Damien Kelson FIA  
of Aon Solutions UK Limited

Carries out valuations and other funding updates of the Group as required by the Scheme Rules and Statute, provides all tables and factors for the application of Scheme Rules and options, and advises on all matters relating to pension funding.

**Independent Group Auditors**

PricewaterhouseCoopers LLP

Reports on the audit of the Group Financial Statements.

**Scheme Custodian**

The Bank of New York Mellon

Maintains safe custody of the Scheme's assets.

**Investment Adviser**

Ruth Williams  
of Aon Solutions UK Limited

Advises the Group Trustees on all investment matters including the Statement of Investment Principles.

**Legal Adviser**

Eleanor Daplyn  
of Sacker and Partners LLP

Advises on legislative requirements and application of the provisions of the Group in particular circumstances.

**Performance Measurer**

Ruth Williams  
of Aon Solutions UK Limited

Provides the Group Trustees with a measurement service for their investments relative to the strategic benchmark and on the performance of the investment managers.

**Benefits Administration and Accounting**

Railpen (up to 30 June 2025)

Broadstone (with effect from 1 July 2025)  
2 Rye Hill Office Park  
Birmingham Road  
Allesley  
Coventry  
CV5 9AB

Tel: 02476 472582

**Group Administrator**

Kelly Capdeville  
Head of Pensions  
Nuclear Restoration Services Ltd  
Oldbury Naite  
South Gloucestershire  
BS35 1RQ

**Group Appointed Fund Managers**

Arcmont Asset Management Ltd ("Arcmont")  
Barings Global Investment Funds plc ("Barings")  
BlackRock Investment Management (UK) Limited ("BlackRock")  
CBRE Global Investors (UK) Limited ("CBRE")  
Chorus Capital Management Ltd ("Chorus")  
Columbia Threadneedle Investments ("CTI")  
DRC Capital LLP ("DRC")  
BentallGreenOak Real Estate Advisors LLP ("BentallGreenOak")  
Hayfin Capital Management LLP ("Hayfin")  
Industry Funds Management ("IFM")  
Infrared Capital Partners  
Innisfree Ltd  
Insight Investment Management Limited ("Insight")  
Invesco Asset Management ("Invesco")  
JP Morgan Asset Management Ltd  
Legal & General Investment Management Limited ("L&G")  
Lindsell Train Ltd  
Longbow Real Estate Capital LLP ("Longbow")  
M&G Asset Management ("M&G")  
PIMCO Europe Ltd ("PIMCO")  
Robeco Institutional Asset Management B.V. ("Robeco")  
Schroder Investment Management Limited ("Schroders")

**Additional Voluntary Contributions (AVCs) Providers**

The Prudential Assurance Company Limited  
Scottish Equitable Public Limited Company ("Aegon")

#### **Appendix 4 – Names and Addresses of External Bodies**

##### **The Money and Pensions Service**

The Money and Pensions Service is available at any time to help members and beneficiaries with pensions questions and any difficulties they may have encountered and which they have failed to resolve with the trustees or administrators of schemes.

The Money and Pensions Service can be contacted at Borough Hall, Cauldwell Street, Bedford, MK42 9AB.

Telephone: 01159 659570

E-mail: [contact@maps.org.uk](mailto:contact@maps.org.uk)

Website for online contact: [www.maps.org.uk](http://www.maps.org.uk)

##### **Pensions Ombudsman**

The Pensions Ombudsman can investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The Pensions Ombudsman may be contacted either while a complaint is being reviewed under the dispute resolution procedure or if the complainant is not satisfied with the response received from the Group Trustees under the second stage of the procedure.

The Pensions Ombudsman can be contacted at 10 South Colonnade, Canary Wharf, E14 4PU.

Telephone: 0800 917 4487

E-mail: [helpline@pensions-ombudsman.org.uk](mailto:helpline@pensions-ombudsman.org.uk) (early resolution)

E-mail: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

##### **The Pensions Regulator**

The Pensions Regulator has statutory objectives to protect members' benefits, to reduce risk of calls on the Pension Protection fund (PPF), to promote good administration, to maximise employers' compliance with their new duties in relation to automatic enrolment and to minimise any adverse impact on sustainable growth of an employer when exercising its functions under the Scheme Funding Legislation.

The Pensions Regulator can be contacted at Telecom House, 125-135 Preston Road, Brighton BN1 6AF.

Telephone: 0345 600 0707

E-mail: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

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

The purpose of the DWP's Pension Tracing Service is to provide a tracing service for ex-members of schemes and their dependants with pension entitlements who have lost touch with earlier employers and their schemes. The ESPS is registered with the DWP under Scheme reference number 10200656.

The Pension Tracing Service can be contacted at The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

Telephone: 0800 731 0193

From outside the UK: +44 (0)191 215 4491

Website: [www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

#### **Appendix 5 – Address for Enquiries**

Further information about the Group and enquiries relating to specific benefit entitlements should be addressed to:

Broadstone  
2 Rye Hill Office Park  
Birmingham Road  
Allesley  
Coventry  
CV5 9AB

Telephone: 02476 472 582  
E-mail: [enquiries@railpen.com](mailto:enquiries@railpen.com)

## Appendix 6 – Engagement Policy Implementation Statement

# Engagement Policy Implementation Statement (“EPIS”)

Magnox Electric Group of the Electric Supply Pension Scheme  
(the “Group”)

Magnox Electric Group Trustee Company Limited  
(the “Group Trustee”)

Group Year End – 31 March 2025

This statement summarises the voting and engagement activities of the Group Trustee in managing the Group’s investments during the year ending 31 March 2025. It includes:

1. How the Group Trustee’s voting and engagement policies have been followed during the year; and
2. How voting rights have been exercised or how these rights have been exercised on behalf of the Group Trustee, including the use of any proxy voting advisory services and an overview of the ‘most significant’ votes cast during the year.

### Our conclusion

**Based on the activity carried out over the year by the Group Trustee, its investment advisers, and its investment managers, the Group Trustee believes that its voting and engagement policies have been followed during the year.**

The Group Trustee notes that:

- The Group’s investment managers were able to disclose adequate evidence of voting and/or engagement activity; and
- The activities disclosed by investment managers were aligned with its voting and engagement policies.

The Group Trustee will continue to use its influence to drive positive behaviour and change across the investment managers that it has invested with and other third parties that the Group Trustee relies on such as its investment adviser. The Group Trustee will monitor, assess and ultimately hold them to account to ensure that its policies are appropriately carried out.

## How voting and engagement policies have been followed

The Group Trustee last reviewed the policies set out in the Statement of Investment Principles (SIP) for each Section in 2023. The policies in relation to voting and engagement are identical for each Section within the Group.

No changes were made to the SIPs over the reporting year and the latest policies can be found on the Group's website.

<https://my-magnox-pension.com/library/scheme-documents>

The Group is invested in mostly pooled funds, and so the responsibility for voting and engagement is delegated to the Group's investment managers. The Group has a single segregated mandate which is managed by Robeco. This mandate is comprised of corporate bonds and cash, which have no voting rights attached.

In addition to preparing this statement, the following stewardship activities have been completed over the reporting year:

### Ongoing monitoring

Investment monitoring takes place on a quarterly basis with monitoring reports being provided to the Group Trustee by its investment adviser. The Group Trustee expects its investment adviser to proactively highlight any areas of concern and provide clear advice where action is required – this includes, but is not limited to, matters in relation to the effective stewardship of assets (including voting and engagement).

The Group Trustee regularly invites its investment managers to provide updates at its meetings. These updates will include, among other things, information on performance, stewardship and Environmental, Social and Governance ("ESG") factors.

The ongoing monitoring has not identified any material voting and engagement issues during the reporting year.

### Climate risk management

The Group Trustee continues to meet the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

The Group Trustee will continue to publish a report annually within seven months of the Group year end. The Group's most recent report is available on the Group's website (see link above).

## Conclusion

The Group Trustee has reviewed the voting and engagement activity of the Group's investment managers over the reporting year. The Group Trustee believes its investment managers have been able to disclose adequate evidence of activity and is comfortable that the activities undertaken were aligned with its voting and engagement policies.

### What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

*Source: UN PRI*



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More information on the voting and engagement activity carried out by the Group's investment managers can be found in the following sections of this report.

## Managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. The Group Trustee believes that good stewardship is in the members' best interests. This means promoting best practice, encouraging investee companies to access opportunities, managing risk appropriately, and protecting shareholders' interests. Understanding and monitoring the stewardship that investment managers practice is an important factor in deciding whether an investment manager remains the right choice for the Group.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. The Group Trustee expects its equity-owning investment managers to responsibly exercise their voting rights.

## Voting statistics

The table below shows the voting statistics for the Group's only fund with voting rights for the year to 31 March 2025.

<b>Fund</b>	<b>Number of resolutions eligible to vote on</b>	<b>% of resolutions voted</b>	<b>% of votes against management</b>	<b>% of votes abstained from</b>
Schroder Investment Management ("Schroders") - Diversified Growth Fund	16,606	96.4%	10.5%	0.1%

*Source: Schroders. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.*

Schroders votes against management proposals were typically due to reasons such as excessive auditor tenure and concerns in relation to board diversity as well as to encourage better performance-based targets. While Schroders attempted to vote on all resolutions, it was not always able to due to share blocking (trading of shares around meeting dates) and issues with power of attorney / other paperwork.

## Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table on the following page describes how Schroders uses proxy voting advisers.

### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

*Source: UN PRI*

### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

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Manager	Description of use of proxy voting adviser (in the managers' own words)
Schroders	Glass Lewis ("GL") act as our one service provider for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Viewpoint. Schroders receives recommendations from GL in line with our own bespoke guidelines, in addition, we receive GL's Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers

Source: Schroders

### Significant voting examples

The Group Trustee asked Schroders to provide a selection of significant votes cast. The significant votes provided were in relation to remuneration policies, climate reporting, human rights risks and the assessment of AI used in targeted advertising.

An example of one of these significant votes has been included in the appendix.

### Managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Group's investment managers. The investment managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Group.

Funds	Group Exposure (% of assets at 31 March 2025)	Number of engagements*		Themes engaged on at a fund/firm level
		Fund Level	Firm Level	
<b>Chorus - Capital Credit Fund IV</b>	4.5	17	17	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Conduct, Culture and Ethics; Human and Labour Rights; Human capital management Governance – Board effectiveness, leadership – Chair/CEO and independence and oversight
<b>Invesco - Real Estate UK Residential Fund</b>	3.3	Not provided	134	Environment - Climate Change; Natural resource use/impact; Pollution, Waste Social - Human and Labour Rights; Conduct, culture and ethics; Human capital management; Public health Governance - Remuneration; Board effectiveness – Diversity; Shareholder rights; Strategy, Financial & Reporting
<b>L&amp;G - UK Build to Rent Fund</b>	3.6	30	4,399	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Human and Labour Rights; Human capital management Governance - Leadership - Chair/CEO Strategy, Financial and Reporting - Capital allocation; Reporting; Financial performance; Strategy/purpose
<b>M&amp;G - Inflation Opportunities Fund</b>	8.2	Not provided	406	Environment - Climate Change; Natural Resource Use/Impact; Social - Human and Labour Rights; Human capital management Governance* - Leadership - Chair/CEO; Board effectiveness – Diversity Strategy, Financial and Reporting* - Capital allocation; Financial performance; Strategy/purpose

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Funds	Group Exposure (% of assets at 31 March 2025)	Number of engagements*		Themes engaged on at a fund/firm level
		Fund Level	Firm Level	
Robeco - Global Credits	7.5	33	324	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights; Human capital management Governance - Shareholder Rights Oher - Sustainable Development Goals (“SDG”) Engagement
Schroders - Diversified Growth Fund	0.3	1,550	4,713	Environment - Climate alignment (decarbonising and minimising emissions), Climate risk and oversight, Nature-related risk and management Social - Customers and consumers Governance - Executive remuneration , Boards and management Strategy, Financial & Reporting - Purpose, strategy and capital allocation
Arcmont - European Direct Lending Fund III	2.1	5	30	Environment - Climate change Social - Human capital management Strategy, Financial and Reporting - Reporting; Risk management
CBRE - Global Investors UK Property	5.1	Not provided		CBRE does not collate statistics on the number of individual engagements undertaken. However, CBRE has provided some engagement case studies, mostly in relation to ESG and climate change risks.
CBRE - Long Income Investment Fund	3.7	Not provided		
IFM - Global Infrastructure Fund	5.4	Not provided		IFM does not collate statistics on the number of individual engagements undertaken. However, IFM has provided some engagement case studies, mostly in relation to climate change and improved safety performance.
InfraRed – Infrastructure Yield Fund	2.1	Not provided		InfraRed does not collate statistics on the number of individual engagements undertaken. However, InfraRed has engaged with the entire portfolio on key environmental themes like climate risk, sustainability governance, decarbonisation etc over the course of the period.
Innisfree - PFI Secondary Fund	6.1	Not provided		Environment - Climate change; Social - Conduct, culture and ethics; Human Capital Management Governance - Strategy, Financial and Reporting.
Innisfree - PFI Continuation Fund	2.1	Not provided		Environment - Climate change; Social - Conduct, culture and ethics; Human Capital Management Governance - Strategy, Financial and Reporting.

Source: Managers.

\*As defined by the respective investment manager.

## Data limitations

The Group Trustee has concentrated on summarising the stewardship activities of material holdings where there is meaningful scope for engagement. With this in mind, the EPIS does not disclose stewardship information in relation to:

- Funds representing less than 2% of the Group's total assets and any AVC investments held at 31 March 2025 on the grounds of materiality, except for the investments held with Schroders given the investment manager has allocations to listed equities; and

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- The Group's LDI holdings with CTI (c.37% of total Group assets), annuity held with Canada Life (c.1% of total Group assets) and cash held with BlackRock (<2% of total Group assets) as the Group Trustee deems the scope for engagement to be very limited.

At the time of writing, Invesco, M&G, CBRE, IFM, InfraRed and Innisfree did not provide all the information requested in the required format. However, all investment managers written to did provide adequate evidence of engagement activity.


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## Appendix – Significant Voting Examples

In the table below is a significant vote example provided by the Group's manager with equity exposure. The Group Trustee consider a significant vote to be one which the manager considers significant. Investment managers use a wide variety of criteria to determine what they consider a significant vote, an example of one of Schroders' significant votes is outlined below:

<b>Schroders - Diversified Growth Fund</b>	<b>Company name</b>	Berkshire Hathaway Inc.
	<b>Date of vote</b>	4 May 2024
	<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	<i>Not provided</i>
	<b>Summary of the resolution</b>	Shareholder Proposal Regarding Climate Report
	<b>How you voted?</b>	Votes For Resolution
	<b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>	We may tell the company of our intention to vote against the recommendations of the board before voting, in particular if we are large shareholders or if we have an active engagement on the issue. We always inform companies after voting against any of the board's recommendations.
	<b>Rationale for the voting decision</b>	We are keen to see the company develop their emission reduction targets and publish a climate transition action plan to help shareholders better understand their progress towards a net zero transition. We believe how we have voted is in the best financial interests of our clients' investments.
	<b>Outcome of the vote</b>	Failed
	<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	We monitor voting outcomes particularly if we are large shareholders or if we have an active engagement on the issue. If we think that the company is not sufficiently responsive to a vote or our other engagement work, we may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity, we may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.
	<b>On which criteria have you assessed this vote to be most significant?</b>	Shareholder Proposal Regarding Report/Action on Climate Change.

Source: Schroders

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