Uniper UK Trustees Limited

2024 Summary Funding Statement

This is the 2024 Summary Funding Statement for the Uniper Group of the Electricity Supply Pension Scheme (ESPS) (‘the Uniper Group’).

The Trustees must complete a formal valuation (known as the Actuarial Valuation) at least every three years to assess how the cost of providing members’ benefits, also referred to as ‘liabilities,’ of the Uniper Group compared to the value of the Group’s assets on an ongoing basis. The most recent valuation was carried out as at 31 March 2022 and, under legislation, the Trustees have 15 months in which to complete it. Due to a number of factors completion was not possible within the required timescale. The Pensions Regulator agreed to a short extension and the Trustees and Company completed the valuation in August 2023.

Changes to the Uniper Group’s funding position

The information below, our summary funding statement, provides a recap of the funding position at the time of the latest Actuarial Valuation at 31 March 2022, along with the results of the 31 March 2023 and 31 March 2024 annual updates of the Group.

£	**Valuation Date 31 March 2022**	**Annual Update 31 March 2023**	**Annual Update 31 March 2024**
The value of the Group’s Assets	£573.9 million	£360.3 million	£386.2 million
The value of Group’s liabilities	£592.7 million	£420.1 million	£403.2 million
The overall position	Shortfall of £18.8 million	Shortfall of £59.8 million	Shortfall of £17 million
Funding level	96.8%	85.8%	95.8%

As part of the actuarial valuation, the Actuary must also estimate the funding position if the Uniper Group had been wound up on the valuation date. Please see the section “How secure is my pension” below for more details on this.

Contributions agreed at the 2022 Actuarial Valuation

As set out above, at 31 March 2022 there was a shortfall in the value of the assets of £18.8 million. As a result, Uniper UK Limited (the ‘Company’) and the Uniper Group Trustees agreed a ‘recovery plan,’ which provides that the Company will pay additional ‘deficit’ contributions to make good this shortfall, alongside the normal employer contributions required to pay for benefits being earned in the future.

The agreed deficit contributions are:

- A payment of £5.30 million due by 31 August 2023. This was paid to the Trustees on the 29th August 2023.

- A quarterly payment of £5.30 million payable from 1 July 2023 to 31 March 2024, payable by the last working day of the quarter.

- Quarterly Contingent Payments of £5.36 million payable by the last working day of the quarter for the period 1 April 2025 to 31 March 2026 contingent on the Group's funding position being less than 100% as assessed by the Scheme Actuary.

The Scheme Actuary advised the Trustees that it expects these contributions – together with anticipated investment returns – to eliminate the funding shortfall by September 2024.

In addition, from 1 August 2023, the Company have been paying contributions of 31.8% of members' pensionable salaries for members of the final salary categories and 22.7% of members' pensionable salaries for members of the Retirement Balance Plan (RBP) category towards the cost of building up future benefits. Finally, the Company are also paying £1 million per annum to the Trustees to meet the expenses of the Group.

These employer contributions will remain at this level until they are reviewed as part of the 2025 triennial valuation. In addition, employee contributions for both the final salary and RBP categories will remain at the same levels as currently.

Annual Update at 31 March 2024

The table above shows a significant improvement in the funding level between 31 March 2023 and 31 March 2024. This was largely due to:

1. The deficit reduction contributions received acting to increase the value of the Group assets over the year; and
2. A change in market conditions which acted to reduce the value placed on the Group liabilities by a larger amount than the fall in the value of Group assets.

The Trustees continue to monitor the funding position on a quarterly basis. The next formal actuarial valuation of the Group is as at 31 March 2025 which is due to be completed by mid-2026.

What is the Group invested in?

The Uniper Group has invested in a diversified range of assets – including equities, property, corporate bonds, government bonds and derivatives – via a Fiduciary Mandate with Van Lanschot Kempen. The Trustees regularly review the investment performance to ensure the allocation to the various asset classes is appropriate, taking into account the financial position of the Uniper Group and the risk tolerance of both the Trustees and the Company. The Trustee's investment principles are documented in a 'Statement of Investment Principles', which is available to members via the Uniper pensions website at https://ukpensions.uniper.energy/documents/statement-of-investment-principles

How is your pension paid for?

The funds required by the Trustees to pay the members' benefits come from a combination of Company contributions and, if necessary, the sale of the Uniper Group assets. The funds are held in a common fund and not in separate funds for each individual member.

How are the Group's liabilities assessed?

The Uniper Group is subject to a formal financial assessment (an Actuarial Valuation) at least once every three years. As part of the Actuarial Valuation, the Trustees and the Company agree a Statement of Funding Principles (or 'SFP'). The SFP states how the liabilities built up in the Uniper Group should be calculated. It includes the method used in the calculations and assumptions such as what future asset returns and life expectancies are expected to be. A copy of the SFP is available to members on request.

How secure is my pension?

The Trustee's long-term funding objective is for the Uniper Group to have enough assets to pay the benefits that are due, both now and in the future, without the need for further Company contributions. Until it achieves that, the Uniper Group's ability to fund benefits is dependent upon the Company continuing to make contributions to the Uniper Group. As part of the 2022 valuation the Trustees made enquiries via a formal covenant assessment that the participating employers and Uniper SE were expected to be able to meet the long-term pension obligations.

In the highly unlikely event that the Company does becomes insolvent and is unable to pay further contributions, the full amount of your accrued pension may not be paid. If this were to happen, the assets of the Uniper Group could be used to buy insurance policies to fund your future benefits. Insurers would take a more cautious view of the future than the assumptions used in the Actuarial Valuation and would also look to make a profit.

If the Group had been discontinued on 31 March 2022, it was estimated that the assets of the Uniper Group would cover 75.9% of its liabilities, which are measured on more cautious assumptions than the Group's funding basis. Should the Company become insolvent, the Uniper Group may qualify for entry into the Pension Protection Fund (PPF). The PPF pays compensation to members of defined benefit pension schemes up to a certain level. However, given the current funding position, the benefits provided by the PPF would, in almost all cases, be lower than those payable from the Uniper Group. Information about the PPF is available online at www.pensionprotectionfund.org.uk.

The Trustees continue to monitor the covenant position of both Uniper UK Limited and Uniper SE and receive a covenant update on a quarterly basis. An updated estimate of the solvency position will be provided by the Actuary as part of the 31 March 2025 actuarial valuation.

Other information

We are required to let you know that there have not been any payments made to Uniper UK Limited out of the Uniper Group's funds over the last 12 months.

We are also legally required to tell you whether the Uniper Group has had future accrual of benefits modified by The Pensions Regulator or if any directions or schedule of contributions have been imposed on the Uniper Group by The Pensions Regulator. There has not been any such involvement from The Pensions Regulator with the Uniper Group.

Uniper UK Trustees Limited

If you are thinking of leaving the Uniper Group for any reason, you should consider getting professional financial advice first. You can find your nearest Independent Financial Adviser (IFA) by visiting https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser Please note that an IFA may charge you for any advice they give.

If you change your email address or home address, please ensure that you let the Group's administrator (Railpen) know by contacting them using the details below. If you are interested in looking at any of the formal documents that relate to the Uniper Group and its funding, please contact Railpen.

Climate change governance and reporting

The Electricity Supply Pension Scheme as a whole is required to report on its compliance with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations. As part of the ESPS, the Uniper Group provides information on its compliance with those requirements, for inclusion in the report.

A copy of the report can be found on the ESPS website at https://www.espspensions.co.uk/#useful-documentation.

The formal Uniper Group documents, which are available on request, include:
• Trust Deed and Rules
• Annual Report & Accounts
• Statement of Investment Principles
• Statement of Funding Principles
• Actuarial Valuation and Actuarial Reports
• Schedule of Contributions; and
• Recovery Plan

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October 2024