

Registered number: 19002019

**NORTHERN POWERGRID GROUP OF THE
ELECTRICITY SUPPLY PENSION SCHEME**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
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Northern Powergrid Group of the Electricity Supply Pension Scheme
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Group Trustees, their advisers, investment managers and other parties associated with the Group

Group Trustees

Employer Appointed Group Trustees:

Peter McCormick* - Chair**
Jon Bird* - Deputy Chair
Steve Pickering*

Member Elected Group Trustees:

Mike Brown (EPTL Council Member)*
Bob Uttley*
Michael Leighton*
Iain Miller***
Neil Dawson*
Jim Paine*

Independent Trustee

BESTrustees Limited**, represented by Steve Balmont

Group Trustees marked * are in receipt of a pension from the Group
Group Trustees marked ** are remunerated for their appointment
Group Trustees marked *** are contributing members to the Group

Group Actuary

Philip Dennis FIA
Aon Solutions UK Limited
3 The Embankment
Sovereign Street
Leeds
LS1 4BJ

Legal Adviser

Squire Patton Boggs (UK) LLP
6 Wellington Place
Leeds
LS1 4AP

Investment Adviser

Aon Investments Limited
Colmore Gate
2 Colmore Row
Birmingham
B3 2QD

Independent Group Auditors

PricewaterhouseCoopers LLP
Savannah House
3 Ocean Way
Southampton
SO14 3TJ

Northern Powergrid Group of the Electricity Supply Pension Scheme
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Group Trustees, their advisers, investment managers and other parties associated with the Group

Administrators	Railpen Ltd (Until 30 th June 2025) Broadstone Holdco Ltd (from 1 st July 2025) N2 Rye Hill Office Park Birmingham Road Allesley Coventry CV5 9AB
Group Bankers	HSBC Bank plc 60 Queen Victoria Street London EC4N 4TR
AVC Providers	Legal & General Assurance Society Limited Building 1 City Park Hove East Sussex BN3 7PY Aviva plc PO Box 520 Norwich NR1 3WG Prudential Assurance Company Limited Laurence Pountney Hill London EC47 0HH Utmost Life and Pensions Limited Walton Street Aylesbury Bucks HP21 7YH
Group Custodian	The Bank of New York Mellon ("BNY Mellon") One Canada Square Canary Wharf London E14 5AL

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Group Trustees, their advisers, investment managers and other parties associated with the Group

Investment Managers

BlackRock Investment Management (UK) Limited ("BlackRock")
12 Throgmorton Avenue
London
EC2N 2DL

Insight Investment Management (Global) Limited ("Insight")
50 Bank Street
Canary Wharf
London
E14 5NT

Legal & General Investment Management ("LGIM")
One Coleman Street
London
EC2R 5AA

CB Richard Ellis Global Investors (UK Funds) Limited ("CBREGI")
One New Change
London
EC4M 9AF

Securis Investment Partners LLP ("Securis")
12th Floor 110 Bishopsgate
London
EC2N 4AY

Columbia Threadneedle Investments ("Threadneedle")
Cannon Place
78 Cannon Street
London
EC4N 6AG

Janus Henderson Investors ("Janus Henderson") (appointed from 16 October 2025)
201 Bishopsgate
London
EC2M 3AE

TCW Europe Limited ("TCW") (appointed from 12 November 2025)
33 Cork Street
4th Floor
London
W1S 3NQ

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Performance Measurer	The Bank of New York Mellon (“BNY Mellon”) One Canada Square Canary Wharf London E14 5AL
Principal Employer	Northern Electric plc (the “Employer”) Lloyds Court 78 Grey Street Newcastle Upon Tyne NE1 6AF
Participating Employers	CalEnergy Resources Ltd Integrated Utility Services Ltd Northern Powergrid (Northeast) plc Northern Powergrid (Yorkshire) plc Vehicle Lease and Service Ltd
Contact Address	Group Administrator and Secretary Northern Powergrid Group of the Electricity Supply Pension Scheme Lloyds Court 78 Grey Street Newcastle Upon Tyne NE1 6AF pensions@northernpowergrid.com

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Report of the Group Trustees

Message from the Chair of the Group Trustees

Introduction

This Annual Report and Financial Statements from the Northern Powergrid Group Trustees (the “Group Trustees”) reviews the operation of the Northern Powergrid Group of the Electricity Supply Pension Scheme (the “Group”) during the year ended 31 March 2026. Information relating to the Electricity Supply Pension Scheme as a whole (the “Scheme”) can be found in the Scheme’s Annual Report and Consolidated Financial Statements, copies of which can be requested from the Broadstone Administration Team. Using the contact details on page 16.

The Group’s last actuarial valuation was completed as at 31 March 2025. The result of the valuation showed that the Group has a strong funding level of 100%. The funding level has been maintained since the last valuation as at 31 March 2022, during which there has been market volatility. The Group’s investment strategy has delivered on its aim of ensuring the assets mirror movements in the liabilities. Further detail on the 31 March 2025 valuation is shown on pages 13 and 14.

The year to 31 March 2026 saw an decrease in the value of the Group’s net assets from £975.0 million as at 31 March 2025 to £967.3 million as at 31 March 2026, with the Group’s liabilities falling by a similar amount. The Group Trustees continue to regularly monitor the Group’s assets and liabilities on a quarterly basis. The assets have decreased over the year due to changes in market conditions and the benefits payments made to members.

The Group’s assets continued to perform as expected over the year, protecting the Group from the fluctuations in interest rates and inflation throughout the year to 31 March 2026. During the year, the Group Trustees have finalised their new investment strategy and started the implementation of the new strategy. TCW and Janus Henderson have been appointed to manage the Group’s allocation to Asset Backed Securities. The Group Trustees are also in the process of appointing a credit manager to manage the Group’s Credit mandate and the Group Trustees are monitoring the market for a suitable implementation plan.

The Group Trustees have continually monitored the Group’s collateral management plan, to ensure the assets function as expected and match any changes in liabilities, as markets and allocations have changed over the year. The Group Trustees have focussed on rebalancing the assets back to the strategic target allocations, so that the Group is not carrying more risk than is required to meet the funding objectives.

The Group Trustees continue to monitor the investment managers and the funds in which they invest to ensure alignment with their Responsible Investment Policy and have recently prepared their third annual report to meet the requirements of the Taskforce on the Climate related Financial Disclosure (TCFD). A copy of the most recent report is available, along with other key Group documents, on our member website - <https://www.northernpowergridgroup-esps.co.uk/public-documents/>.

The Electricity Supply Pension Scheme as a whole was in scope of the climate change governance and reporting requirements from 1 October 2021. For a copy of the ESPS 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>.

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Change in administrator

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

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

Railpen and Broadstone continue to work closely to ensure a seamless transition for each client. A carefully managed transition – with a Transitional Services Agreement in place – ensuring there will be no change to the services delivered. The transition plan includes:

- Data transfer and system migration
- Client and member on boarding
- Full-service transition

During the year the Group Trustees have worked closely with Broadstone with the aim of ensuring a smooth transition of the Group's administration service to the new Broadstone systems and processes. The Group Trustees have also engaged with Broadstone to conduct further due diligence on their ability to provide the high-level service expected from the Group Trustees.

The transition of the systems is targeted for an August 2026 implementation and the Group Trustees continue to work with Broadstone on the due diligence. The Group Trustees will update the membership with their findings in due course.

Pension Flexibilities & Scams

The Group has previously seen a significant number of active members opting out of the Group, in order to pursue a cash equivalent transfer value but the interest shown has continued to slow over the last 12 months. The Group Trustees urge members to consider carefully the implications of opting out of the Group and the advantages and disadvantages of taking a cash equivalent transfer value before taking any action, which cannot be undone.

Members should be wary of pension scams and can obtain information about what to look out for from the Broadstone Administration Team using the contact details on page 16. There is a legal requirement that each transfer request is assessed for the presence of any 'amber flags' or 'red flags', with the objective of increasing protection against pension scams. Where there is an amber flag present the member will need to provide evidence that the member has taken guidance from the Money and Pensions Service in relation to pension scams before the transfer can proceed. Where there is a red flag present, the transfer cannot proceed.

New legal requirements came into force from 1 June 2022 in relation to applications to access or transfer "flexible benefits". In relation to the Group, this affects applications to access or transfer AVCs. Members who wish to access or transfer their AVCs will be encouraged to obtain guidance about their options from Money Helper: Pension Wise and will need to confirm they have received guidance or opted out of receiving guidance before their application can be processed.

Internal Controls

The Group Trustees completed a thorough review of the Group's internal control environment following the publication of the Pensions Regulator's of Practice from 27 March 2024. The General Code sets out the Pensions Regulator's expectations for the good governance of pension schemes. The Group Trustees completed their review and updated their risk management procedures, via the Risk Committee, whose aim is to ensure the Group meets the best practice standards.

The Group Trustees completed their first Own Risk Assessment (ORA), required under the General Code, on 31 March 2026. The ORA is a structured review of the risks faced by the Group in meeting its objectives and how these are managed through our systems of governance.

The Group Trustees are keen to ensure that the controls in place continue to be appropriate and robust and that they continue to minimise (or eliminate where possible) any risk to the security of members' benefits and the Group's assets. The Group Trustees also operate a risk register focussing on key strategic risks and their controls, as part of the internal control environment, which is subject to regular review and revision, as necessary.

These controls include the arrangements and procedures to be followed in respect of the administration and management of the Group, the receipt of contributions from members and the Employer, the incurring of expenditure by the Group Trustees and ensuring appropriate management of the Group's assets.

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Pensions Dashboards

The Pensions Dashboards Programme is a government initiative designed to allow individuals to securely view all their pension information in one place online. Trustees of occupational pension schemes are required to connect to the dashboard's ecosystem by a specific staging deadline. For the Group the staging date was 30 November 2025 with a connection deadline of 30 September 2026. The Group Trustees are working closely with Broadstone and other advisers to ensure readiness ahead of the statutory deadline.

Annual General Meeting

The Group's Annual General Meeting is scheduled to be held on Tuesday 24 November 2026. The meeting will again be broadcast virtually, as well as being hosted in person.

P McCormick

Peter McCormick
Chairman of the Group Trustees

20 August 2026

**Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Report of the Group Trustees**

Introduction

The Group Trustees are pleased to present the Annual Report together with the audited Financial Statements for the year ended 31 March 2026. The Group is a defined benefit scheme, administered in accordance with its establishing Clauses and Rules, solely for the benefit of its members and other beneficiaries. All members of the Group were contracted out of the State Second Pension until 5 April 2016, when contracting-out ceased for all pension schemes to coincide with the introduction of new State Pension arrangements.

The Group is part of the Electricity Supply Pension Scheme. The Scheme currently has 22 (2025:22) actuarially independent sections (known as Groups) that are associated with companies participating in the Scheme as Principal Employers. Each Group has its own assets to fund the benefits of its members.

Each of the Groups in the Scheme is administered and managed by its own body of trustees. The Northern Powergrid Group Trustee structure provides for nine Group Trustees, three of whom are appointed by the Employer and six of whom are elected by the members. In addition to the nine Group Trustees there is an Independent Trustee, BESTrustees Limited, which has specific powers to help protect the interests of members of the Group. A list of the Group Trustees is included in the legal and administrative information on page 1.

There is also a central Scheme Trustee, Electricity Pensions Trustee Limited ("EPTL"), which is a trust corporation and consists of a Council, comprising a trustee and an employer representative from each Group and a Board of nine Directors, comprising four trustee and four employer representatives elected by the Council and an Independent Chair appointed by the Board. The Scheme Trustee is primarily responsible for ownership of the assets of the Scheme.

Information relating to the Scheme as a whole can be found in the Scheme Annual Report and Consolidated Financial Statements, a copy of which can be obtained from the Group Administrator and Secretary, whose address is shown on page 4.

Group Trustees

Appointment/Election of Group Trustees

The three Appointed Group Trustees are appointed, and can be removed, by the Employer.

The Group Trustees maintain rules for the nomination and election of Elected Group Trustees. The six Elected Group Trustees are elected by the contributing and pensioner members of the Group. Any candidate standing for election is eligible to receive a vote from any contributing or pensioner member. Deferred members are not eligible to vote in these elections. The Elected Group Trustees' terms of office vary, up to a period of 4 years, although they can stand for re-election at the end of their term of office if they are eligible to do so. In addition to the changes that take place at an election, an Elected Group Trustee ceases to be a Group Trustee if he/she resigns, ceases to be a contributing or pensioner member of the Group or is removed from office by a majority of the other Elected Trustees. A casual vacancy for an Elected Group Trustee can be filled by a person nominated by the remaining Elected Group Trustees.

Further information can be obtained from the Group Administrator and Secretary in this regard.

Having taken up office, all Group Trustees – both Elected and Appointed – have the same duties and responsibilities in relation to the Group and its members.

The Pensions Regulator also has the power to appoint and remove trustees of pension schemes.

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Independent Trustee

The role of the Independent Trustee is different to that of the Group Trustees. The Independent Trustee has no voting powers but has a right of veto on certain issues. In particular, several powers of the Employer can only be exercised either with the approval of, or after consultation with, the Independent Trustee. Although it has had no need to do so to date, the Independent Trustee would be able to call an extraordinary meeting of members in circumstances where it believes that the actions of the Employer were not in accordance with the Clauses and Rules of the Group or legislation. The fees of the Independent Trustee are met by the Employer.

Trustee Meetings

The Group Trustees met eight times during the year on the following dates:

29 April 2025
18 June 2025
30 July 2025
17 September 2025
15 October 2025
19 November 2025
16 December 2025
19 March 2026

In addition to these meetings there was also a Risk Committee comprising two Appointed and two Member Elected Trustees. During the year, the Risk Committee met five times. The dates of those meetings were:

30 April 2025
2 July 2025
27 November 2025
21 January 2026
11 March 2026

Voting at Meetings of Group Trustees

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

In the event of an equality of votes, the Chairman has the discretion to exercise an additional casting vote to resolve the issue concerned. In the year ended 31 March 2026 there was no occasion on which the Chairman used this casting vote.

Scheme Financial Statements

EPTL remains responsible for appointing the Scheme's auditors (currently PricewaterhouseCoopers LLP) and for preparing the Scheme Annual Report and Consolidated Financial Statements, after preparation by the various groups of their individual Annual Report and Financial Statements.

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Membership Statistics

Details of the membership of the Group for the year ended 31 March 2026 are given below:

	Contributors	Pensioners	Dependants	Deferred Pensioners	Total
As at 1 April 2025	363	2,845	827	656	4,691
Retirements	(27)	67	-	(40)	-
Deaths	-	(121)	(55)	-	(176)
New dependants	-	-	63	-	63
Leavers with deferred pensions	(21)	-	-	21	-
Cessation	-	-	(1)	-	(1)
Transfers out	-	-	-	(3)	(3)
As at 31 March 2026	315	2,791	834	634	4,574

The Employer introduced alternative pension arrangements for new employees appointed after 23 July 1997. After that date, unless transferring from other groups in the Scheme, new employees are generally not offered membership of the Group.

Pension Increases

The Rules of the Scheme applicable to the Group provide for all pensions in payment, children's allowances and deferred pensions to be increased on 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%, the Employer has the discretion to limit the pension increase, but to no less than 5%, subject to the consent of the Independent Trustee. The pension increase is subject to a minimum of 0%, i.e. pensions in payment are not reduced if the annual RPI change is negative.

The RPI figure was below 5% for the 12 months to 30 September 2025 and the pension increase applied from 1 April 2026 was 4.5%. A proportionate increase was applied to pensions, which came into payment between 2 April 2025 and 1 March 2026. Pension increases over the previous five years were:

1 April 2025	2.7%
1 April 2024	5.75%
1 April 2023	6.5%
1 April 2022	4.9%
1 April 2021	1.1%

A different level of increase applies to Guaranteed Minimum Pensions ("GMP") that are in payment.

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Review of the Financial Developments during the Year as Shown by the Audited Financial Statements

The Financial Statements shown on pages 27 to 41 show that the value of the Group's assets decreased by £7.7 million to £967.3 million as at 31 March 2026. The decrease was a result of a return on investments of £52.8 million and net withdrawals in regard to dealings with members of £60.5 million.

The Financial Statements have been prepared and audited in accordance with the regulations made under sections 41 (1) and (6) of the Pensions Act 1995.

Further details of the financial developments of the Group may be found in the audited financial statements on pages 27 to 41.

Group Changes

Two amendments to the Group's Clauses and Rules were made during the year to 31 March 2026.

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

The Electricity Supply Pension Scheme as a whole is in scope of the climate change governance and reporting requirements that came into effect from 1 October 2021. Although the Group does not meet the size threshold that requires TCFD reporting, it has produced a report in previous years' and will be doing so as at 31 March 2026. A copy of the most recent report is available, along with other key Group documents, on our member website - <https://www.northernpowergridgroup-esps.co.uk/public-documents/>

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>.

Northern Powergrid Group of the Electricity Supply Pension Scheme
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Report on Actuarial Liabilities

The Group's latest triennial actuarial valuation was carried out by the Group Actuary, Philip Dennis of Aon Solutions UK Limited, as at 31 March 2025. As part of this valuation the Group Trustees prepared and agreed with the Employer the current Statement of Funding Principles. The Pensions Regulator has issued a Code of Practice for the current funding regime and reviews valuations against this Code.

The actuarial valuation, as at 31 March 2025, was undertaken using the projected unit method and the main assumptions underlying the valuation calculation were:

Discount rate	The fixed interest gilt yield curve at the valuation date plus 0.3% p.a., rounded to the nearest 0.01% p.a.		
Rate of salary increases	The assumed rate of RPI plus 0.25% p.a. This rate is inclusive of promotional increases.		
Retail Price Index ("RPI") price inflation	The assumption is derived from the difference between the fixed-interest and index-linked gilt yield curves at the valuation date.		
Consumer Price Index ("CPI") price inflation	The assumption is derived from the assumed rate of RPI price inflation less Aon's best estimate of the difference between RPI and CPI price inflation. At 31 March 2025, Aon's best estimate of this differential was 0.9% p.a. to 2030 and 0.1% p.a. thereafter.		
Increases to pensions in payment and in deferment	Derived from the price inflation assumptions with appropriate adjustment for the maximum and minimum increases that apply. For the Group's main RPI linked pension increase, this adjustment will reflect the cost of hedging such increases in the market.		
Life expectancy	Normal retirement: Standard table S4PMA (males) / S4PFA (females), adjusted to allow for individual years of birth, and average scaling factors set using Aon's Demographic Horizons Model. For the 31 March 2025 valuation, an addition of 2% was made to the average scaling factors to adjust the life expectancies from the core CMI 2024 projections. The resulting average scaling factors are:		
		Males	Females
	Actives	95%	108%
	Deferred	99%	100%
	Pensioners (Normal Health)	97%	108%
	Ill-health retirement: Standard table S4IMA (males) / S4IFA (females), adjusted to allow for individual years of birth, and a scaling factor of 85% for males and 99% for females, set using Aon's Demographic Horizons Model. Future improvements are assumed to be in line with the CMI 2024 core projection, with Sk=7.0, H=1.0, A=0.5% and a long-term improvement rate of 1.5% p.a.		

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The results of the triennial actuarial valuation as at 31 March 2025 are as follows:

	Triennial actuarial valuation at 31 March 2025
Assets	£971.6 million
Liabilities	£969.3 million
Funding level	100%
Surplus	£2.3 million

As the Group was in surplus at the valuation date, no recovery plan was required.

A Schedule of Contributions was agreed by the Group Trustees and the Employer in respect of future benefit accrual.

The latest actuarial reports can be obtained on the Group's website at www.northernpowergridgroup-esps.co.uk.

Next Actuarial Valuation

The next actuarial valuation will be performed as at 31 March 2028.

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 in which 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 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 had the potential to cause significant issues in the pensions industry. However, in September 2025, the government introduced draft legislation as part of the Pension Schemes Bill 2025 to address the problems arising from the Virgin Media judgments on the need for actuarial confirmation where amendments were historically made to contracted-out salary related schemes.

These amendments are expected to help schemes to remove any uncertainty that has arisen following the Virgin Media judgments and will depend on scheme actuaries being able to provide the confirmation needed to validate relevant amendments. In January 2026, the Financial Reporting Council published actuarial guidance for actuaries to refer to if asked to provide this retrospective actuarial confirmation.

The Pension Scheme Bill was passed by Parliament on 28 April 2026 and will become an Act when it received Royal assent. The Trustee will investigate the possible implications of the above with its advisers and all official guidance notes are published but at present consider any potential impact on the Groups to be remote.

Transfers

Deferred members can normally transfer the cash equivalent of their deferred benefits to another registered pension arrangement at any time.

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pensions Scheme Act 1993.

In calculating transfer values, it is the policy of the Group Trustees to make full allowance for discretionary benefits.

The discretionary benefits relate to:

- Pension increases where RPI exceeds 5% in any year; and
- An allowance for payment of a dependant's pension where the member dies without leaving a surviving spouse.

Dispute Resolution Procedure

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

The Group Trustees maintain a Dispute Resolution Procedure. The Dispute Resolution Procedure for the Group is a two-stage process. In the first instance a complaint from a member (including a pensioner, dependant, or deferred member) or prospective member or other person with an interest in the Group must be addressed to the Pensions Manager. In normal circumstances a response will be made within four months. If dissatisfied with the response, the complainant is entitled to refer the complaint to the Chair of the Group Trustees within six months of receiving the response from the Pensions Manager. The Group Trustees will reply directly, within two months where possible. Should a matter be escalated to a Group Trustee under stage one, that same Group Trustee will then remove themselves from any involvement under stage 2. The policy has been updated to reflect the requirements of the Data (Use and Access) Act 2025 which allows members to raise a data protection complaint if there are concerns with how personal data has been used.

This procedure does not preclude any member from raising any queries regarding the Group informally at any time.

During the year, there were no complaints raised under the Dispute Resolution Procedure. The Pensions Ombudsman has contacted the Group regarding the complaint of an individual. The Trustees are responding to the Pensions Ombudsman.

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Further Information

Further information about the Group is available on request to members and prospective members, their spouses and other beneficiaries and to all recognised trade unions. In particular, the Member Guide, a copy of the latest actuarial report and accompanying documents, the annual actuarial reports and the Group Trustees' Statement of Investment Principles can be inspected on the Group's website at www.northernpowergridgroup-esps.co.uk.

Individual benefit statements are provided to active members annually and deferred members can request details of the amount of their current transfer value. Such requests are available free of charge once a year.

If members have any questions relating to their own pension position or wish to obtain further information not already available on the Group's website (www.northernpowergridgroup-esps.co.uk), they should contact the Broadstone Administration Team. Broadstone's contact details are as follows:

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

Freephone: 0800 875 8053

Email: northernpowergrid@broadstone.co.uk

Alternatively, if Broadstone is unable to provide assistance, members should contact:

Group Administrator and Secretary
Northern Powergrid Group of the Electricity Supply Pension Scheme
Lloyds Court
78 Grey Street
Newcastle Upon Tyne
NE1 6AF
pensions@northernpowergrid.com

Northern Powergrid Group of the Electricity Supply Pension Scheme
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Group Investment Report

General

Under the Clauses and Rules of the Scheme, the Group Trustees are responsible for making suitable arrangements for the investment of the assets of the Group and for monitoring the investment performance of those assets.

The Group Trustees are allowed to invest the Group's assets in Group-specific funds under the management of fund managers appointed by them and EPTL.

Investment Strategy

The investment strategy set by the Group Trustees is based on advice received from the Group's appointed investment advisers. This advice takes account of the Group's current and anticipated future pension liability profile. The Group Trustees received advice from Aon Investments Limited during the year.

The Group invests in equities, property, insurance-linked securities, asset-backed securities and listed infrastructure as well as in fixed income investments to ensure continued diversification of the investment portfolio.

The amounts held by each fund manager at 31 March 2026 in each asset class are shown below. These figures exclude the value of AVC investments held in the Group.

Investment Manager	Asset Class				Assets at 31 March 2026 £m
	Pooled investment vehicles £m	Cash deposits £m	Other investment assets £m	Other investment liabilities £m	
LGIM	64.8	-	-	(0.2)	64.6
Insight	177.2	-	-	(0.2)	177.0
CBREGI	79.0	0.1	-	-	79.1
Credit Suisse	-	0.3	-	-	0.3
BlackRock	485.1	-	-	(0.6)	484.5
Threadneedle	26.7	-	-	-	26.7
Securis	55.3	-	-	-	55.3
Janus Henderson	35.4	0.4	-	-	35.8
TCW	37.0	0.3	-	-	37.3
Total	960.5	1.1	-	(1.0)	960.6

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Report of the Group Trustees

Statement of Investment Principles

The Group Trustees have produced a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995 and an accompanying Investment Policy Implementation Document ("IPID"). In preparing these documents, the Group Trustees took professional advice from their investment advisers and consulted with the Employer. In accordance with The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 Schedule 3, 30(d)(iv) ("Disclosure Regulations") The Occupational Pension Schemes (Investment) Regulations 2005 ("Investment Regulations") Regulation 2(3)(d), from 1 October 2020 the Group Trustees have set out in their SIP their policies in relation to the following matters:

- (a) How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Group Trustees' policies mentioned in Regulation 2(3)(b) of the Investment Regulations;
- (b) How that arrangement incentivises the asset manager to make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long term;
- (c) How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Group Trustees' policies mentioned in Regulation 2(3)(b) of the Investment Regulations;
- (d) How the Group Trustees monitor portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range; and
- (e) The duration of the arrangement with the asset manager.

The SIP and IPID cover the Group Trustees' policy on the following matters:

- a) Ensuring compliance with the current investment requirements;
- b) The types of investment and the balance between different types of investment;
- c) The level of risk associated with different investment classes;
- d) Expected return of investments;
- e) The extent to which investments can be easily realised;
- f) ESG issues;
- g) How investment arrangements incentivise the fund managers to align their strategy with the Group Trustees' policies; and
- h) How costs are monitored within the portfolio, including consideration to portfolio turnover costs.

The Group Trustees are not aware of, and have not been informed by the fund managers of, any departures from the SIP during the year.

The day-to-day management of the assets has been delegated to the fund managers including decisions about:

- ESG considerations in the selection, retention and realisation of investments; and
- The exercise of rights (including voting rights) attaching to the investments.

The Group Trustees' Annual Engagement Policy Implementation Statement, which includes, amongst other things, further voting and engagement information undertaken by the Group's fund managers for the year ended 31 March 2026, is set out on pages 50 to 61, and forms part of the Group Trustees' Report.

The Group Trustees receive an annual report from their investment adviser reviewing the ESG characteristics of their fund managers.

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
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The Group Trustees have developed a Responsible Investment Policy based on their beliefs and principles relating to responsible investment practices and established the framework under which they interact with their appointed investment managers in selection exercises and ongoing monitoring.

A copy of the SIP and IPID can be found on the Group's website or alternatively obtained from the Group Administrator and Secretary, whose address appears on page 16.

Investment Targets

The Group Trustees specify the investment objectives for the Group's total invested assets. The performance targets for the pooled portfolios, where investors are aggregated for the purpose of investment, are set by the fund managers and the same target applies to all investors.

Set by the Group Trustees:

- Total Fund objective – to maintain a funding level of at least 100% on a Technical Provisions ("TP") basis and through an appropriate investment strategy, create a sufficient buffer to meet the Group's liabilities on a basis of the TP discount rate plus full RPI pension increases.

The performance targets set by the fund managers are:

- LGIM (Listed Infrastructure) – as this portfolio is managed on a passive (index tracking) basis, the objective is to perform in line with (i.e. track) the relevant benchmark indices.
- LGIM (Sterling Liquidity) – no performance target, beyond expectation that the benchmark performance will be met.
- BlackRock (Absolute Return Bonds) – to deliver absolute (more than zero) returns on a 12-month basis in any market conditions.
- BlackRock (LDI) – to perform in line with the Group's bespoke gilt-based liability benchmark.
- CBREGI (Property) – to outperform the IPD UK Pooled Property All Balanced Funds Total Return Index.
- Threadneedle (Property) – to outperform the IPD UK Pooled Property All Balanced Funds Total Return Index.
- Insight – to seek to deliver positive absolute returns (more than zero) on an annual basis.
- Securis (Insurance Linked Securities) – to produce a return 5-6% above the risk-free rate (in USD terms, net of fees) over the long term.
- TCW (Asset Backed Securities) – no official target, however the Fund aims to outperform its benchmark (Bloomberg U.S. Treasury Bills 1-3 Months Index).
- Janus Henderson (Asset Backed Securities) – to outperform SONIA by 1.5% p.a., before the deduction of charges.

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Report of the Group Trustees

Review of Investment Performance

The table below outlines the long-term performance of the Group's assets:

Manager / Fund	Last 12 months (%)*		Last 3 years (%) (annualised)*		Inception date
	Group	Benchmark	Group	Benchmark	
LGIM - Infrastructure	19.2	19.5	11.7	12.2	Apr 2013
LGIM - Sterling Liquidity	2.2	1.8	0.7	0.6	Jan 2011
BlackRock ARBF	4.6	4.1	4.9	4.7	Nov 2018
BlackRock LDI	2.4	3.1	-11.3	-11.4	Oct 2016
CBREGI	3.8	4.3	2.0	3.3	Dec 2016
Columbia Threadneedle	6.9	4.3	5.3	3.3	Jun 2017
Insight Bonds Plus	3.5	4.1	6.7	4.7	Sep 2018
Securis	11.9	4.1	12.6	4.7	Dec 2018
TCW – Global Securitised	-	-	-	-	Nov 2025
Janus Henderson – ABS	-	-	-	-	Oct 2025
Total Fund	5.8	5.3	-0.2	-1.1	

Notes:

* All returns are shown net of fees.

Employer-Related Investments

The Investment Regulations limit 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 Regulations apply separately to each Group within the Scheme, by reference to the investments of the Group Trustees and the employers participating in their Group and their associated companies and provide that such employer-related investments must not exceed 5% of the market value of the Group's assets.

Details of the Group's employer-related investments are given in note 17 to the financial statements.

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.

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

The Group Trustees are responsible for instructing BNY Mellon on the day-to-day management of the assets of their Group.

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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.

Liability Driven Investment (LDI) and Collateral

The level of collateral cover held at BlackRock is above the minimum level advised by the Pensions Regulator and the Group also has significant further liquid assets that could be transferred to the LDI portfolio to replenish collateral at relatively short notice, if required. The Group Trustees continue to monitor the collateral adequacy on an ongoing basis. The Group Trustees recognise the benefits of a LDI portfolio in reducing funding level volatility and increasing the ability of the Group to fulfil its obligations to its members.

**Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Report of the Group Trustees**

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 Northern Powergrid Group - ESPS website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Report of the Group Trustees**

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.

Approved by and signed for and on behalf of the Group Trustees:



Peter McCormick
Chairman of the Group Trustees

20 August 2026

Independent auditors' report to the Group Trustees of Northern Powergrid Group of the Electricity Supply Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, Northern Powergrid 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 2026, 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 2026;
- 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Group Trustees 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 Trustees 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 Trustees for the financial statements

As explained more fully in the statement of Group Trustees' responsibilities, the Group Trustees 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 Trustees 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 Trustees 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 Trustees 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.

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Independent Auditors' Report to the Group Trustees of Northern Powergrid Group
of the Electricity Supply Pension Scheme

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

Based on our understanding of the Group and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Group in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Group Trustees 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 Trustees to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Group Trustees 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
Southampton
20 August 2026

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Fund Account for the year ended 31 March 2026

	Note	2026 £million	2025 £million
Contributions and benefits			
Employer contributions	4	7.7	9.1
Employee contributions	4	1.1	0.9
Total contributions		<u>8.8</u>	<u>10.0</u>
Benefits paid or payable	5	(65.3)	(60.5)
Payments to and on account of leavers	6	(1.5)	(3.0)
Administrative expenses	7	(2.5)	(2.2)
		<u>(69.3)</u>	<u>(65.7)</u>
Net withdrawals from dealings with members		<u>(60.5)</u>	<u>(55.7)</u>
Returns on investments			
Investment income	8	4.5	3.4
Change in market value of investments	9	51.5	(43.0)
Investment management expenses	10	(3.2)	(3.5)
Net returns on investments		<u>52.8</u>	<u>(43.1)</u>
Net decrease in the fund		<u>(7.7)</u>	<u>(98.8)</u>
Opening net assets		975.0	1,073.8
Closing net assets		<u>967.3</u>	<u>975.0</u>

The notes on pages 29 to 41 form part of these Financial Statements.

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Statement of Net Assets Available for Benefits as at 31 March 2026

	Note	2026 £million	2025 £million
Investment assets			
Pooled investment vehicles	11	960.5	986.1
AVC investments	12	4.3	3.4
Cash	13	1.1	0.7
Other investment balances	13	-	0.1
		<u>965.9</u>	<u>990.3</u>
Investment liabilities			
Other investment balances	13	(1.0)	(16.2)
		<u>(1.0)</u>	<u>(16.2)</u>
		<u>964.9</u>	<u>974.1</u>
Total net investments			
Current assets	18	4.0	2.7
Current liabilities	19	(1.6)	(1.8)
		<u>967.3</u>	<u>975.0</u>
Total net assets available for benefits			

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 on pages 13 and 14 of the annual report, and these Financial Statements should be read in conjunction with this report.

The Notes on pages 29 to 41 form part of these Financial Statements.

These Financial Statements on pages 27 to 41 were approved by the Group Trustees and signed on their behalf by

P. McCormick

Peter McCormick
Chairman of the Group Trustees

20 August 2026

1. Basis of preparation of the financial statements

The individual financial statements of the Northern Powergrid Group of the Electricity Supply Pension Scheme (the "Group") 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 Group is established as a trust under English law. The Electricity Supply Pension Scheme (the "Scheme") is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by the Employers are normally eligible for tax relief and income and capital gains earned by the Group are generally tax exempt. The address for enquiries to the Group is Broadstone, 2 Rye Hill Office Park, Birmingham Road, Coventry, CV5 9AB. Alternatively, if Broadstone is unable to provide assistance, members should contact the Group Administrator and Secretary, Northern Powergrid, Lloyds Court, 78 Grey Street, Newcastle Upon Tyne, NE1 6AF. The address of the Scheme's principal office is C/O Capita – ESPS Team, Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH.

The Group is a defined benefit ("DB") scheme which is no longer open to new members, but existing members continue to accrue benefits.

3. Summary of material accounting policies

The material accounting policies applied in the preparation of these 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.

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Notes to the Financial Statements

Contributions

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

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

Transfers to and from the Group

Transfer values represent the capital sums either receivable in respect of members from other pension plans or payable to pension plans 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.

Bulk transfers of members, where the trustees of the other pension schemes have agreed to accept liability prior to receipt, are accounted for in accordance with the agreement between the Group Trustees and the trustees of the other pension schemes.

Benefits and payments to and on account of leavers

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

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

Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate. Refunds are accounted for when the Group Trustees are notified of the members' decisions to leave the Group.

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 is shown separately within Note 5.

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.

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

The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Group such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

Valuation and classification of investments

Investment assets and liabilities are included in the Financial Statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

Where quoted and other unit prices are not available, the Group 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:

- Pooled investment vehicles, which are traded on an active market, are included at the quoted price, which is normally the bid price; and
- The value of other 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.

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.

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Notes to the Financial Statements

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 specifically those which are classified as Level 3 investments.

4. Contributions

	2026 £million	2025 £million
Employer:		
Normal ¹	7.5	9.0
Rule 29 costs	0.2	0.1
Employees:		
Normal	0.3	0.3
AVC's	0.7	0.5
Rule 29 costs	0.1	0.1
	<u>8.8</u>	<u>10.0</u>

¹ Included within Normal Employer's contributions are SMART contributions of £0.8 million (2025: £0.9 million) that were met by the relevant employer rather than by the employee concerned under the salary sacrifice arrangement.

5. Benefits paid or payable

	2026 £million	2025 £million
Pensions	57.8	55.0
Commutations of pensions and lump sum retirement benefits	7.2	5.2
Purchase of annuities on retirement (AVCs)	0.2	0.3
Lump sum death benefits (in service)	0.1	-
	<u>65.3</u>	<u>60.5</u>

6. Payments to and on account of leavers

	2026 £million	2025 £million
Transfer values paid to other pension arrangements:		
Individual transfers	1.4	2.9
Individual transfers - AVCs	0.1	0.1
	<u>1.5</u>	<u>3.0</u>

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Notes to the Financial Statements

7. Administrative expenses

	2026 £million	2025 £million
External providers and professional fees	0.8	1.0
Actuarial fees	1.4	1.0
Legal fees	0.2	0.1
Group Pension Team and other costs	0.1	0.1
	<u>2.5</u>	<u>2.2</u>

All administrative expenses of the Group not directly related to the investment management of the securities and property portfolios were charged against Group assets.

8. Investment income

	2026 £million	2025 £million
Income from pooled investment vehicles	4.1	3.2
Other	0.4	0.2
	<u>4.5</u>	<u>3.4</u>

9. Reconciliation of net investments

	Value at 01/04/2025 £million	Purchases £million	Sales proceeds £million	Change in market value £million	Value at 31/03/2026 £million
Pooled investment vehicles	986.1	176.8	(253.5)	51.1	960.5
AVC investments	3.4	0.7	(0.2)	0.4	4.3
	<u>989.5</u>	<u>177.5</u>	<u>(253.7)</u>	<u>51.5</u>	<u>964.8</u>
Cash	0.7				1.1
Other investment balances	(16.1)				(1.0)
Total net investments	<u>974.1</u>				<u>964.9</u>

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Investment transaction costs

Transaction costs of £8,672 were incurred during the year (2025: £4,856). Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. It has not been possible for the Group Trustees to quantify such indirect transaction costs.

10. Investment management expenses

	2026 £million	2025 £million
Administration and management fees	3.1	3.4
Other advisory fees	0.1	0.1
	<u>3.2</u>	<u>3.5</u>

11. Pooled investment vehicles

	2026 £million	2025 £million
Equities	35.4	74.1
Bonds	366.8	340.7
Property	105.7	104.6
Infrastructure funds	53.9	50.5
Liability driven investments*	332.5	325.8
Cash and other liquid assets	66.2	90.4
	<u>960.5</u>	<u>986.1</u>

*At 31 March 2026 and 31 March 2025 the Group held a bespoke Liability Driven Investment (LDI) portfolio. The portfolio has been included above and is specifically tailored for the Group's individual requirements and there are no other investors.

The LDI portfolio had the following investments:

	2026 £million	2025 £million
Bonds	699.1	673.3
Swaps (net)	(4.4)	(11.7)
Repurchase and reverse repurchase agreements – net	(382.8)	(361.6)
Cash and other liquid assets	20.6	25.8
	<u>332.5</u>	<u>325.8</u>

Direct transaction costs of £8,672 (2025: £4,856) were incurred during the year on the sole investor arrangement.

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12. AVC investments

The number of AVC accounts (including "frozen" accounts) as at 31 March 2026 was 106 (2025: 102). In some cases, members have two or more accounts.

The aggregate amount of AVC investments held in pooled investment vehicles is as follows:

	2026 £million	2025 £million
Prudential	0.1	0.1
Legal & General Assurance Society Limited	4.2	3.3
	<u>4.3</u>	<u>3.4</u>

13. Cash and other net investment balances

	2026 £million	2025 £million
Cash – sterling	0.8	0.4
Cash – foreign currency	0.3	0.3
Total cash	<u>1.1</u>	<u>0.7</u>
Other debtors	-	0.1
Amounts due to LGIM for advance on purchase of investments	-	(15.3)
Other creditors	<u>(1.0)</u>	<u>(0.9)</u>
	<u>0.1</u>	<u>(15.4)</u>

14. 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 Group 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 that 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.

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The value of 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. No such adjustments have been made to the valuations as at 31 March 2026 or 31 March 2025.

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

	Level 1 £million	Level 2 £million	Level 3 £million	2026 Total £million
Investment assets				
Pooled investment vehicles	-	799.5	161.0	960.5
Cash	0.8	0.3	-	1.1
AVC investments	-	4.3	-	4.3
Other investment balances	-	-	-	-
Investment liabilities				
Other investment balances	(1.0)	-	-	(1.0)
	(0.2)	804.1	161.0	964.9

Analysis for the prior year end is as follows:

	Level 1 £million	Level 2 £million	Level 3 £million	2025 Total £million
Investment assets				
Pooled investment vehicles	-	811.8	174.3	986.1
Cash	0.6	0.1	-	0.7
AVC investments	-	3.4	-	3.4
Other investment balances	0.1	-	-	0.1
Investment liabilities				
Other investment balances	(16.2)	-	-	(16.2)
	(15.5)	815.3	174.3	974.1

15. Investment risks

Financial Reporting Standard ("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 comprises currency risk, interest rate risk and other price risk as follows:
 - **Currency risk:** this is the 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

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- **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 their investment strategy after taking advice from a professional investment adviser. The Group has exposure to the risks listed above because of the investments it makes in following the investment strategy agreed by the Group Trustees and the Employer. The Group Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are taking into account the Group's strategic investment objectives. These investment objectives and risk limits are implemented through the investment agreements in place with the Group's investment managers and monitored by the Group Trustees by regular reviews of the investment portfolio.

The following table summarises the extent to which the various classes of investments are affected by financial risk:

	Credit risk	Market risk			2026	2025
		Currency	Interest rate	Other price	£million	£million
Pooled investment vehicles	●	◐	◐	◐	960.5	986.1
AVC investments	●	○	○	●	4.3	3.4
Cash and other net investment balances	●	◐	◐	○	0.1	(15.4)
Total					964.9	974.1

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

Further information on the Group Trustees' approach to risk management, credit and market risk is set out below. This does not include the AVC investments, cash and other investment as these are not considered significant in relation to the overall investments of the Group.

Investment strategy

The investment objective of the Group is 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.

The Group Trustees set the investment strategy 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 is set out in the Group's Statement of Investment Principles ("SIP").

At the end of the year under review, the strategy was to hold:

- 77.5% of the Group's assets in investments which aim to match a proportion of the future liabilities of the Group. The assets held comprise the LDI portfolio, the Absolute Return Bond funds, Investment Grade Credit and cash. The LDI portfolio comprises primarily leveraged UK government bonds and interest rate and inflation swaps, the purpose of which is to hedge against the impact of changes in market expectations for interest rates and inflation on the Group's liabilities, whilst the Absolute Return Bond funds are used to supplement the LDI portfolio and achieve returns above cash.
- 22.5% in return seeking investments comprising asset-backed securities, property, insurance linked securities and listed infrastructure.

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As at 31 March 2026, the Group Trustees have partially implemented the strategic investment allocation outlined above. In Q4 2025, the Group's global equities were fully redeemed and initial investments were made in two new asset-backed securities funds. Implementation of Investment Grade Credit is expected to be completed later in 2026.

Credit risk

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

Cash is held within financial institutions which hold at least investment grade credit ratings.

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 amongst a number of pooled arrangements. 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 the pooled manager on an ongoing basis.

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

Type of arrangement	2026 £m	2025 £m
Unit-linked insurance contracts	64.8	145.3
Open-ended investment companies	536.5	488.8
Other*	359.2	352.0
Total	960.5	986.1

* The Threadneedle and BlackRock LDI funds have been stated as 'other' because the funds are both authorised unit trusts in Ireland and Jersey respectively - they are not authorised in the UK. Figures may not sum due to rounding.

Indirect credit risk arises in relation to underlying investments held in the fixed income pooled investment vehicles. This risk is mitigated by investing in funds which hold mainly investments with an investment grade credit rating, with a limit on the proportion of investments that are below investment grade.

Currency risk

The Group is subject to currency risk because some of the Group's investments are held in overseas markets via pooled investment vehicles (indirect exposure). The Group has indirect exposure to currencies of listed infrastructure and overseas corporate and government bonds. The listed infrastructure fund is fully hedged against currency movements and the currency risk of overseas corporate and government bonds is actively managed. These currency hedges operate within the pooled investment vehicles.

Interest rate risk

The Group is subject to interest rate risk because some of the Group's investments are held in cash and the Group has exposure to bonds through the LDI portfolio and other pooled investment vehicles. If interest rates fall, the value of the bond investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the bond investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. At 31 March 2026 the Group's allocation to liability matching assets represented 70.1% of the total investment portfolio (31 March 2025: 69.7%).

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Other price risk

Other price risk arises principally in relation to the Group's return seeking portfolio which includes insurance linked securities, property, asset-backed securities and listed infrastructure held in pooled vehicles. Other price risk also arises in relation to the Group's investment in Absolute Return Bond Funds. For the year under review, the Group set a target asset allocation of 22.5% of investments being held in return seeking investments. At 31 March 2026 the return seeking portfolio represented 29.9% of the total investment portfolio (31 March 2025: 30.3%).

The Group manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

16. Concentration of investments

Investments accounting for more than 5% of the net assets of the Group as at 31 March 2026 and 31 March 2025 were:

	2026 £million	2026 %	2025 £million	2025 %
BlackRock LDI Portfolio	332.5	34.4	325.8	33.4
Insight Bonds Plus Fund	177.2	18.3	170.6	17.5
BlackRock Absolute Return Bond Fund	152.6	15.8	170.0	17.4
CBREGI UK Property PAIF	79.0	8.2	78.3	8.0
Securis Class c2 Distributing Shares Series 41-341165	55.2	5.7	-	-
LGIM Infrastructure Equity	53.9	5.6	50.5	5.2
Securis Non Life Fund Class C2 Master Series	-	-	69.7	7.1

17. Employer-related investments

As at 31 March 2026, the Group had none of its assets (2025: £nil) invested either directly, or indirectly through pooled investment vehicles, in the Principal Employer or in any of the Participating Employers of the Group. The Group's investments, therefore, comply with legislative requirements. The Participating Employers of the Group are CalEnergy Resources Ltd, Integrated Utility Services Ltd, Northern Powergrid (Northeast) plc, Northern Powergrid (Yorkshire) plc and Vehicle Lease and Service Ltd.

18. Current assets

	2026 £million	2025 £million
Contributions due in respect of:		
Employer's Contributions	0.4	-
Administrative expenses debtors and VAT recoverable	0.7	0.9
Cash balances	2.9	1.8
	<u>4.0</u>	<u>2.7</u>

All contributions due to the Group as at 31 March 2026 relate to March 2026 and were subsequently paid in full to the Group in accordance with the Schedule of Contributions.

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Notes to the Financial Statements

19. Current liabilities

	2026 £million	2025 £million
Benefits payable	1.2	1.0
Administrative expenses payable	0.4	0.8
	<u>1.6</u>	<u>1.8</u>

20. Related party transactions

Related party transactions and balances comprise:

Contributions and contributions receivable in respect of one Group Trustees (2025: *one*) and pensions paid in respect of eight Group Trustees (2025: *eight*) that were paid in accordance with the Group's rules.

Independent Trustee fees of £66,144 (2024: £45,950) were paid in the year by the Employer. In addition, the Chair of the Group Trustees received a fee of £23,730 for the year (2024: £26,250) which was paid directly by the Employer on a monthly basis.

Employers and other related parties

Administrative services of £nil (2025: £nil) provided by the Employer and recharged to the Group are accounted for within administrative expenses.

21. Guaranteed Minimum Pension ("GMP") equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. A further High Court case in November 2020 has ruled that schemes are now required to equalise transfer values paid to a member prior to October 2018 to take account of GMP equalisation where applicable. The implication of these rulings on the Scheme and the equalisation of guaranteed minimum pensions between men and women, in the context of the rules of the Scheme and the value of any liability, is estimated not to be material to the figures presented in these financial statements.

Recent events

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

This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court. The case had the potential to cause significant issues in the pensions industry. However, in September 2025, the government introduced draft legislation as part of the Pension Schemes Bill 2025 to address the problems arising from the Virgin Media judgments on the need for actuarial confirmation where amendments were historically made to contracted-out salary related schemes.

These amendments are expected to help schemes to remove any uncertainty that has arisen following the Virgin Media judgments and will depend on scheme actuaries being able to provide the confirmation needed to validate relevant amendments. In January 2026, the Financial Reporting Council published actuarial guidance for actuaries to refer to if asked to provide this retrospective actuarial confirmation.

The Pension Scheme Bill was passed by Parliament on 28 April 2026 and will become an Act when it received Royal assent. The Group Trustee will investigate the possible implications of the above with its advisers when all official guidance notes are published but at present consider any potential impact on the Group to be remote.

22. Contingent liabilities

In the opinion of the Group Trustees, the Group had no (2025: *none*) contingent liabilities entered into which are not provided for in these Financial Statements.

23. Subsequent events

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

Independent auditors' statement about contributions to the Group Trustees of Northern Powergrid Group of the Electricity Supply Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions required under the schedules of contributions for the Group year ended 31 March 2026 as reported in Northern Powergrid 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 16 June 2023 and 16 December 2025.

We have examined Northern Powergrid Group of the Electricity Supply Pension Scheme's summary of contributions for the Group year ended 31 March 2026 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Group Trustees in respect of contributions

As explained more fully in the statement of Group Trustees' responsibilities, the Group's Group Trustees 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.

**Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Independent Auditors' Statement about Contributions**

Use of this report

This report, including the opinion, has been prepared for and only for the Group Trustees 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
Southampton
20 August 2026

**Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Summary of Contributions**

Group Trustees' Summary of Contributions required under the schedules in respect of the Group year ended 31 March 2026

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Group Trustees.

It sets out the Employer and Employee contributions required under the Schedules of Contributions certified by the Actuary on 16 December 2025 in respect of the Group year ended 31 March 2026. The Group Auditors' Statement about contributions is on pages 42 and 43.

Contributions required under the Schedules in respect of the year ended 31 March 2026:

	2026 £million
Employers' Contributions	7.5
Normal	
Employees' Contributions	0.3
Normal	<u>7.8</u>
Total as reported on by the Group's auditors	

Reconciliation of contributions required under the Schedules to contributions reported in the financial statements in respect of the year ended 31 March 2026:

	2026 £million
Contributions required under the schedules (as above)	7.8
Employer Rule 29 contributions	0.2
Employee Rule 29 contributions	0.1
Employee additional voluntary contributions	<u>0.7</u>
Total	<u><u>8.8</u></u>

Approved by and signed for and on behalf of the Group Trustees:



Peter McCormick
Chairman of the Group Trustees

20 August 2026

**Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Certification of Schedule of Contributions**

Certification of schedule of contributions

Northern Powergrid Group of the Electricity Supply Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2025 to continue to be met for 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 16 December 2025.

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

Signature: *Philip Dennis*

Date: 16 December 2025

Name: Philip Dennis

Qualification: Fellow of the Institute and
Faculty of Actuaries

Address: 3 The Embankment
Sovereign Street
Leeds
LS1 4BJ

Name of employer: Aon Solutions UK Limited

The Money and Pension Service

The Money and Pensions Service is available at any time to help members and beneficiaries with pension's 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 Pension Service can be contacted at 128 Cauldwell Street, Bedford, MK42 9AB.

Telephone: 01159 659570

Website for online contact: 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, London, E14 4PU.

Telephone: 0800 917 4487

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

E-mail: enquiries@pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator has statutory objectives to protect members' benefits, to reduce the risk of calls on the Pension Protection Fund (PPF), to promote good administration of pension schemes, to maximise employers' compliance with their 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 may intervene in the running of schemes where trustees, managers, employers or professional advisers have failed in their duties.

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

Website: 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 0175

From outside the UK: +44 (0)191 218 7777

Website: www.gov.uk/find-pension-contact-details

Group information

The Member Guide, the actuarial valuation and accompanying documents, the annual actuarial reports and Statement of Investment Principles are available for inspection on the Group's website:

www.northernpowergridgroup-esps.co.uk

Any information relating to a member's own pension position, including estimates of transfer values, should be requested from the Broadstone Administration Team using the contact details on page 16.

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Glossary of Terms

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

Pension glossary

Commutation	The exchange of expected pension benefits for a cash lump sum.
Deficit funding	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.
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	The State Graduated Pension Scheme, which commenced on 3 April 1961 and terminated on 5 April 1975 being replaced by SERPS.
Technical Provisions	The value placed on the liabilities of a scheme for the purposes of the actuarial valuation.
Transfer Values	Transfers of monies to or from another pension scheme, so that a member can augment their pension benefits.

Investment glossary

Hedging	A strategy designed to reduce investment risk using call options, put options, short-selling, or futures contracts. A hedge can help lock in profits. Its purpose is to reduce the volatility of a portfolio by reducing the risk of loss.
Side	A side pocket is a type of account utilised to differentiate illiquid assets from more liquid investments. Once an investment enters a side pocket account, only the current participants in the fund are entitled to a share of it. Future investors will not receive a share of the proceeds when/if the asset's returns become realised.
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.

Northern Powergrid Group of the Electricity Supply Pension Scheme
Annual Report and Financial Statements for the year ended 31 March 2026
Glossary of Terms

Below is a list of abbreviations and acronyms used within the Report and Financial Statements:

BlackRock	BlackRock Investment Management (UK) Limited
BNY Mellon	The Bank of New York Mellon
CBREGI	CB Richard Ellis Global Investors (UK Funds) Limited
CPI	Consumer Price Index
Credit Suisse	Credit Suisse Asset Management
DB	Defined Benefit
Employer	Northern Electric plc
EPTL	Electricity Pensions Trustee Limited
ESG	Environmental, Social and Governance
FRS 102	Financial Reporting Standard applicable in the UK and Republic of Ireland
GMP	Guaranteed Minimum Pensions
Group	Northern Powergrid Group of the Electricity Supply Pension Scheme
Group Trustees	Northern Powergrid Group Trustees
Insight	Insight Investment Management (Global) Limited
IPID	Investment Policy Implementation Document
ISAs (UK)	International Standards on Auditing (UK)
Janus Henderson	Janus Henderson Group plc
LGIM	Legal & General Investment Management
RPI	Retail Prices Index
Scheme	Electricity Supply Pension Scheme
Securis	Securis Investment Partners LLP
SIP	Statement of Investment Principles
SORP	Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised June 2018)
TCFD	Task Force on Climate-Related Financial Disclosures ("TCFD")
TCW	TCW Europe Limited
Threadneedle	Columbia Threadneedle Investments
TP	Technical Provisions

Engagement Policy Implementation Statement (“EPIS”)

Northern Powergrid Group of the Electricity Supply Pension Scheme (the “Group”)

Group Year End – 31 March 2026

The purpose of the EPIS is for us, the Group Trustees of the Northern Powergrid Group of the Electricity Supply Pension Scheme, to explain what we have done during the year ending 31 March 2026 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Group’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Group’s investment managers were able to disclose adequate evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship priorities and our voting policy has been implemented effectively in practice.

Some managers as outlined later in the report, did not provide all of the requested engagement information. We will work with our investment adviser, Aon Investments Limited (“Aon”) and continue to engage with these investment managers to encourage improvements in their reporting and assess their stewardship activities at manager review meetings.

How voting and engagement policies have been followed

The Group is invested entirely in pooled funds and is, therefore, not a direct owner of the underlying assets. Consequently, we are limited to the extent to which we are able to influence voting and engagement directly. The Group Trustees, therefore, delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the relevant Investment Managers.

We reviewed the stewardship activity of the investment managers (ignoring those with immaterial holdings) carried out over the year to 31 March 2026 and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Group's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Group's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon. We received quarterly Environment Social and Governance ("ESG") ratings from Aon for the applicable 'buy-rated' funds in which the Group is invested.

During the year, we completed the Group's third report in response to the Task Force on Climate-related Financial Disclosures (TCFD) and reviewed our Responsible Investment ("RI") policy. We reviewed the Group's RI-360i dashboard, which provides insights into the RI activities undertaken by the Group's underlying managers and have identified potential areas for further consideration and training.

The Group Trustees receive an annual update from their investment adviser regarding the engagement approaches and active ownership practices of its appointed investment managers, along with receiving quarterly updates from the Group's appointed equity manager regarding the use of voting rights. We engage with our investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of our own policies are being actioned.

The Group's stewardship policy can be found in the SIP:
<https://www.northernpowergridgroup-esps.co.uk/public-documents/>

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

Our 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. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Group's investments is an important factor in deciding whether a manager remains the right choice for the Group.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Group's equity-owning investment managers to responsibly exercise their voting rights.

Over the year to 31 March 2026, the Group Trustees transitioned towards the Group's newly agreed strategic allocation. As part of this, in Q4 2025, the Group Trustees fully redeemed from the Group's equity holdings with Legal and General (L&G) and invested the proceeds in two new Asset-Backed Securities (ABS) mandates with Janus Henderson and TCW.

Voting statistics

The table below shows the voting statistics for each of the Group's material funds with voting rights for the year to 31 March 2026. The L&G equity funds have been classified as material funds for the year to 31 March 2026 as the Group was invested for the majority of the reporting year.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Legal & General Asset Management ("L&G") - Asia Pacific (ex Japan) Developed Equity Index Fund (Hedged and Unhedged)	3,524	100.0%	18.8%	0.0%
L&G - World Emerging Markets Equity Index Fund	40,066	99.9%	20.5%	2.5%
L&G - Europe (ex UK) Equity Index Fund (Hedged and Unhedged)	8,783	100.0%	15.8%	0.5%
L&G - Japan Equity Index Fund (Hedged and Unhedged)	5,885	100.0%	7.6%	0.0%
L&G - North America Equity Index Fund (Hedged and Unhedged)	7,610	99.9%	41.4%	0.5%
L&G - UK Equity Index Fund	10,081	100.0%	6.1%	0.0%
L&G - World (ex UK) Developed Equity Index Fund (Hedged and Unhedged)	33,637	100.0%	20.5%	0.3%
L&G - Infrastructure Equity MFG Fund	1,202	100.0%	23.1%	0.3%

Source: Investment manager. 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.

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

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 below describes how the Group's equity manager, L&G, uses proxy voting advisers.

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.

Manager	Description of use of proxy voting adviser (in the manager's own words)
L&G	Votes are cast according to our instructions, guided by our voting policies and effected through an electronic voting platform called 'ProxyExchange', which is managed by Institutional Shareholder Services (ISS). We have developed a granular custom voting policy with specific voting instructions driven by our expectations. In parallel to applying our custom voting policy, we use the voting information services of ISS and receive research reports for all companies in our equity portfolios. We undertake quarterly performance management reviews with ISS in which we discuss issues such as timeliness, the quality of their research and the application of our voting policy. During these meetings, we receive delivery statistics and discuss changes to team resources. We deliberate on specific instances where our expectations have not been met and review possible solutions to avoid future repetition. We escalate issues to senior individuals at ISS where necessary. We also have regular meetings with ISS to discuss the implementation and evolution of our policies, as part of our process to ensure that our voting decisions remain aligned to market best practices and evolving regulations.

Source: Investment manager

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Group's investment manager, L&G to provide a selection of what it considers to be the most significant votes in relation to the Group's funds. A sample of these significant votes can be found in the appendix.

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Our 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 material managers. The 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	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
L&G - Asia Pacific (ex Japan) Developed Equity Index Fund (Hedged and Unhedged)	149	3,762	Environment - Climate Change; Natural Resource Use/Impact Social – Human and Labour rights; Human Capital management Governance - Remuneration; Board effectiveness – Other; Strategy, Financial and Reporting Other - Capital Management; Environmental Opportunities; Future World Protection List
L&G - Emerging Markets Equity Index	570	3,762	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance – Strategy; Financial and Reporting Other - Capital Management; Future World Protection List
L&G - Europe (ex UK) Equity Index Fund (Hedged and Unhedged)	218	3,762	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights; Human Capital management Governance - Remuneration; Strategy, Financial and Reporting Other - Capital Management; Environmental Opportunities
L&G - Japan Equity Index Fund (Hedged and Unhedged)	140	3,762	Environment - Climate Change; Natural Resource Use/Impact Social – Inequality, Human Capital management Governance - Strategy, Financial and Reporting; Board effectiveness – Other Other – Activism; Lobbying and Political Donations; Regulation
L&G - North America Equity Index Fund (Hedged and Unhedged)	343	3,762	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights; Human Capital management Governance - Remuneration; Board effectiveness – Other Other – Activism; Capital Management
L&G - UK Equity Index Fund	336	3,762	Environment - Climate Change; Natural Resource Use/Impact Social – Inequality; Human Capital management Governance - Remuneration; Strategy, Financial and Reporting; Other - Acquisitions/Takeovers/Mergers; Animal Welfare
L&G - World (ex UK) Developed Equity Index Fund (Hedged and Unhedged)	1,060	3,762	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights; Human Capital management

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			Governance - Remuneration; Board effectiveness – Other Other – Activism; Capital Management
L&G - Infrastructure Equity MFG Fund	63	3,762	Environment - Climate Change Social - Inequality Governance - Remuneration; Board effectiveness – Other Other - Environmental Opportunities
BlackRock - Absolute Return Bond Fund	91	2,373	Environment - Climate Risk Management; Biodiversity, Water Social – Health and Safety; Talent and Culture, Community Relations Governance - Corporate Strategy; Business Oversight; Compensation & Remuneration
Insight - Bonds Plus Fund	58	954	Environment - Climate Change; Natural resource use; Pollution, Waste Social – Human and Labour rights; Human Capital management Strategy, Financial and Reporting - Strategy/purpose, Reporting; Financial performance Governance – Shareholder rights and Remuneration
TCW - Global Securitised Fund	111	185	Environment - Climate Change; Natural Resource Use/Impact Social - Conduct, culture and ethics; Human and labour rights Governance - Board effectiveness – Diversity; Remuneration
Janus Henderson - ABS	37	540	Environment - Climate Change Social – Human and Labour rights; Human Capital management Strategy; Financial and Reporting – Risk management Other - ESG Governance - ESG Strategy and Environment - Climate Risk Analysis - UNGC Principals
Securis - Non-Life Fund*	Not provided	13	Environment - Climate Change Social - Inequality; Human Capital Management; Conduct, Culture and Ethics Governance - Board effectiveness – Other; Strategy, Financial and Reporting
CBRE - Global Investors UK Property PAIF*	Not provided		Environment - Climate change
Threadneedle Property Unit Trust*	Not provided	1,069	Environment - Climate Change; Natural Resource Use/Impact Social - Human Capital Management; Human and Labour Rights Governance - Leadership - Chair/CEO; Remuneration; Board effectiveness – Other Strategy, Financial and Reporting – Financial performance; Strategy/purpose Other - Product sustainability; Disclosure and transparency; Environmental finance.

Source: Investment managers. *Securis, CBRE & Threadneedle did not provide fund level themes; themes provided are at a firm-level.

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Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- BlackRock provided fund-level engagement information but have provided this in their own format, rather than the industry standard Investment Consultants Sustainability Working Group ("ICSWG") template. Aon engage with BlackRock on this matter on a periodic basis, but note that the scale of BlackRock's operations mean BlackRock are likely to continue to use their in-house mechanisms for reporting and so this has not been a priority focus.
- The engagement information we received from CBRE was limited. The manager noted that the firm and its property managers, on its behalf, are in regular communication with the tenants of directly owned real estate assets, rather than single engagement events.
- Columbia Threadneedle did not provide fund-level information. The manager stated that due to the fund being directly invested in real estate, engagements at the fund level are not tracked and it is unable to complete the industry-standard template.

The Group Trustees ensure that all managers provide specific information on engagement and wider ESG actions/themes at annual review meetings. From these and the data received, we are comfortable that our Stewardship policy is both appropriate and adhered to.

This report does not include commentary on the Group's investments in liability driven investment, gilts and cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Group's equity manager, L&G. We 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, some of which are outlined in the examples below in the investment manager's own words:

L&G - Asia Pacific (ex-Japan) Developed Equity Index Fund (Hedged and Unhedged)	Company name	Dyno Nobel Limited
	Date of vote	17 December 2025
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.2
	Summary of the resolution	Resolution 7: Approve Progress on Climate Change Transition
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: We recognise the progress that the company has made in its transition plan, including improved disclosure of its operational GHG transition pathway and the introduction of scope 3 targets. However, L&G Asset Management requires short-, medium- and long-term targets aligned to a 1.5C trajectory and covering all scopes of emissions. Dyno Nobel does not currently meet this criterion. Nor does it disclose capex linked to its climate transition plan. As a result, we will be voting against this resolution.
	Outcome of the vote	Pass

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	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Thematic - Climate: L&G is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, L&G deem such votes to be significant, particularly when L&G votes against the transition plan.
L&G - World Emerging Markets Equity Index Fund	Company name	China Shenhua Energy Company Limited
	Date of vote	20 June 2025
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.2
	Summary of the resolution	Resolution 1: Approve Report of the Board of Directors
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G's Asset Management business publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management as set out in L&G's public Climate Impact Pledge ratings. Future World Protection List: A vote against is applied as the company meets the exclusion criteria for L&G's Future World Protection List. Companies are incorporated into the exclusion list if they fail to meet minimum standards of globally accepted business practices. This includes: companies involved in the manufacture and production of controversial weapons; perennial violators of the United Nations Global Compact (UNGC); and companies involved in thermal coal and oil sands.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G's Asset Management business will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Thematic - Climate: L&G's Asset Management business considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors.
L&G - Europe (ex UK) Equity Index Fund (Hedged and Unhedged)	Company name	Barry Callebaut AG
	Date of vote	10 December 2025
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1
	Summary of the resolution	Resolution 4.3: Re-elect Patrick De Maeseneire as Board Chair
	How you voted?	Votes against resolution
	Where you voted against management, did you	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our

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	communicate your intent to the company ahead of the vote?	investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting Decision	Diversity: A vote against is applied as L&G expects a company to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Thematic - Diversity: L&G views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
L&G - Japan Equity Index Fund (Hedged and Unhedged)	Company name	Fast Retailing Co., Ltd.
	Date of vote	27 November 2025
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.2
	Summary of the resolution	Resolution 2.1: Elect Director Yanai, Tadashi
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Diversity: A vote against is applied due to the lack of meaningful diversity on the board.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Thematic - Diversity: L&G views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
L&G - North America Equity Index Fund (Hedged and Unhedged)	Company name	The Toronto-Dominion Bank
	Date of vote	10 April 2025
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.2
	Summary of the resolution	Resolution 4: SP 1: Annual Energy Supply Ratio Disclosure
	How you voted?	Votes for resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G's Asset Management business publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour of this proposal is applied. We believe that banks and financial institutions have a significant role to play in shifting financing away from brown to funding the transition to green. L&G expects the company to be

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undertaking appropriate analysis and reporting on climate change matters, as we consider this issue to be a material risk to companies.

Outcome of the vote	Fail
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G's Asset Management business will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received. Pre-declaration: This shareholder resolution is considered significant due to the relatively high level of support received. L&G's Asset Management business believes that banks and financial institutions have a significant role to play in shifting financing away from brown to funding the transition to green opportunities. We expect companies to be undertaking appropriate analysis and reporting on climate change matters, as we consider this issue to be a material risk to companies long-term profitability and value. These resolutions replicate similar proposals at banks in 2024 and focus on the commercial opportunities arising from the transition. A number of North American banks have since agreed to provide such information, and we believe that the remainder would benefit from making similar disclosures.
Company name	Shell Plc
Date of vote	20 May 2025
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	6.0
Summary of the resolution	Resolution 22: Request Company Disclose Whether and How Its: Demand Forecast For liquefied natural gas ("LNG"); LNG Production And Sales Targets; And New Capital Expenditure In Natural Gas Assets; Are Consistent With Climate Commitments, Including Target To Reach Net Zero Emissions By 2025
How you voted?	Votes against resolution
Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G's Asset Management business publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Shareholder resolution - Climate change: While we recognise the intent behind Resolution 22, we have decided to vote against it following careful consideration. This decision follows a series of constructive engagements with Shell's leadership, during which the company committed to improving disclosures on stranded asset risks and financial resilience related to its LNG operations. We acknowledge meaningful progress in Shell's reporting, which now provides a clearer basis for assessing climate-related risks. In light of these developments, we believe the resolution's key objectives are being addressed through ongoing company actions.
Outcome of the vote	Fail
Implications of the outcome e.g.	L&G's Asset Management business will continue to engage with our investee companies, publicly advocate

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	were there any lessons learned and what likely future steps will you take in response to the outcome? On which criteria have you assessed this vote to be most significant?	our position on this issue and monitor company and market-level progress. Pre-declaration: This shareholder resolution is considered significant. We recognise the underlying merit of this resolution, after careful consideration, we have made the decision to vote against. This decision is underpinned by a series of direct and constructive engagements with Shell's leadership. Through these discussions, we received clear commitments that the company will enhance its reporting in line with L&G's expectations" specifically, providing detailed disclosures on stranded asset risks and financial resilience related to Shell's growing exposure to LNG. These gaps were key reasons we were unable to support the company's climate transition strategy at its 2024 AGM. Following a detailed analysis of the company's disclosures, we believe Shell's current reporting provides a basis for investors to consider alignment with various climate outcomes, contributing to the broader objectives of the resolution.
L&G - World (ex UK) Developed Equity Index Fund (Hedged and Unhedged)	Company name	Analog Devices, Inc.
	Date of vote	11 March 2026
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4
	Summary of the resolution	Resolution 6: Provide Right to Call a Special Meeting at a 10 Percent Ownership Threshold
	How you voted?	Votes for resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Shareholder rights: A vote in favour is applied as the company has a provision in place for shareholders to call a special meeting but the threshold is set at a level which L&G considers to be excessive.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
L&G - Infrastructure Equity MFG Fund	Company name	NiSource Inc.
	Date of vote	12 May 2025
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.7
	Summary of the resolution	Resolution 4: Reduce Ownership Threshold for Shareholders to Call Special Meeting
	How you voted?	Votes supporting resolution
	Where you voted against management, did you	L&G's Asset Management business publicly communicates its vote instructions on its website with

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communicate your intent to the company ahead of the vote?	the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Shareholder Resolution - Shareholder rights: A vote in favour is applied as the current threshold necessary to call a special meeting is high and this resolution is seeking to reduce the threshold.
Outcome of the vote	Fail
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G's Asset Management business will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria have you assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Source: Investment Manager