Registered number: 19002028

Schneider Group of the Electricity Supply Pension Scheme

Annual Report and Financial Statements

for the year ended

31 March 2023

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Introduction

There was no safe harbour from choppy market cross currents during the second quarter of 2022. Equities and fixed-interest asset classes alike capsized around the globe, and even commodity prices ran aground as the likelihood of recession increased. Emerging-market equities fell by double digits during the quarter, although they still fared better than their developed- market counterparts, buoyed by a rebound in China. UK shares posted significant losses, but they were not as steep as those of Japanese or European equities. US shares, meanwhile, had the sharpest drop among major markets as the US dollar appreciated by 6.49% versus a trade-weighted basket of foreign currencies. Value-oriented equities tended to fall by less than growth-oriented equities across both large- and small-cap markets, although the performance spread was much wider within larger companies. No sectors were spared from losses, but energy and consumer staples had the mildest declines, while information technology and consumer discretionary had the steepest. Government-bond rates climbed throughout the second quarter as prices fell. UK gilt and Eurozone government-bonds rates rose across the yield curve, with longer-term rates increasing by more than shorter-term rates. US Treasury yields also increased across the curve, but shorter-term rates outpaced longer-term rates for the full quarter. Fixed-interest performance ran the gamut of losses, moving from relatively modest declines for government bonds to more severe losses for emerging-market and high-yield bonds. The European Union (EU) imposed a partial ban on Russian crude oil and petroleum products in early June, blocking seaborne oil shipments but allowing Hungary, Slovakia and the Czech Republic to continue pipeline imports for domestic consumption. In a farther-reaching move, EU companies were banned from providing shipping insurance to transporters of Russian petroleum products—regardless of the destination country—depriving shippers of a critical market for insurers.

A line chart of global equity market performance during the third quarter of 2022 looks remarkably like a mirror image: climbing higher toward mid-quarter, then tumbling downward thereafter. The relationship between signs of softening economic activity in late spring and the presumption that it would enable central banks to increase rates by less than feared spurred a rally across equity and fixed-interest markets from June to August. US Federal Reserve (Fed) Chair Jerome Powell shattered this complacency by explaining that lower growth and softer labour markets will likely be the unfortunate costs of hiking rates to fight inflation, and that expectations for a premature pivot to looser policy will probably be disappointed. His remarks sent markets reeling through the end of the quarter. Developed-market equities fell by less than emerging markets during the third quarter, although the relatively small decline posted by the US masked steeper declines by Europe and the UK. Latin American shares had the only positive regional performance for the period, while Hong Kong had the steepest decline. Government-bond rates climbed in the UK, Eurozone and US for the full third quarter—declining during July in the UK and Eurozone while the US yield curve flattened as short-term rates rose and long-term rates fell; rates then climbed through August and September across all three jurisdictions. The UK and US yield curves grew more inverted (that is, when shorter-term rates are higher than longer-term rates) as the quarter progressed. Fixed-interest performance produced a range of losses during the quarter as yields increased around the globe (yields and prices have an inverse relationship). Global government bonds had the deepest losses, while US high-yield bonds had a comparably modest decline.

Most equity markets finished in positive territory during the fourth quarter of 2022, trimming their losses for the full calendar year. Developed-market stocks marginally outperformed their emerging-market counterparts. Regionally, emerging markets in Europe generated the world's strongest equity gains over the quarter, while developed markets in Europe and the Asia-Pacific region also performed well. Conversely, the North American market lagged as US stocks posted relatively smaller gains. Despite the upturn in the fourth quarter, both fixed-income and equity markets chalked up big losses for the full 2022 calendar year—almost regardless of region or style. US long-duration bonds, as represented by the Bloomberg Long US Government/Credit Index, endured a stunning decline of 27%, exceeding the sharp losses sustained by US and international equities. While emerging-market equities and bonds fared relatively better, the only asset class to post a positive absolute return for the year was commodities. Yields on US Treasury securities rose in the short and long parts of the curve over the quarter and declined modestly in the intermediate segment (yields and prices have an inverse relationship).

Short-term yields increased by a larger margin than long-term yields. Consequently, the 2-to-10-year yield curve inverted further (short-term yields exceeded long-term yields), widening by 0.14% to 0.53%. UK gilt yields decreased across the curve during the reporting period. Eurozone government bond yields increased for all maturities, particularly at the short end of the curve. US fixed-income asset classes garnered positive returns in the fourth quarter as intermediate-term bond yields declined. High-yield bonds led the rally, while investment-grade corporate bonds also performed well. Liz Truss resigned as UK prime minister in late October after the disastrous reception of her fiscal program sent gilt and sterling markets reeling, collapsing her support within the Conservative Party. Her departure cleared the way for Rishi Sunak to ascend as Conservative leader and prime minister. Sunak was forced to deal with his first domestic crisis as prime minister just weeks after succeeding Truss, when members of trade unions representing National Health Service (NHS) nurses, ambulance workers and rail and Border Force employees staged targeted strikes over compensation and working conditions. Negotiations with the unions have proven especially challenging given that UK Chancellor Jeremy Hunt is seeking to reduce the government's £55 billion deficit through tax increases and drastic spending cuts. Under the government's current deficit-reduction plan, a gross domestic product (GDP) growth rate of 2% would result in savings of approximately £23 billion for the UK government by the 2027-to-2028 fiscal year.

Global equity markets finished in positive territory for the first quarter of 2023, amid numerous periods of volatility in reaction to the latest monetary policy actions and public comments from central banks. Additionally, late in the period, turbulence in the banking sectors in the U.S. and Europe led to a selloff in equity markets globally before stocks rallied towards the end of the quarter. In early March, California-based Silvergate Capital, a major lender to the highly speculative cryptocurrency industry, announced that it was entering a voluntary liquidation due to significant losses following massive withdrawals of funds by depositors. Soon thereafter, two U.S.-based regional banks–Silicon Valley Bank (SVB) and Signature Bank–failed after depositors withdrew funds on fears regarding the valuation of the institutions' bond portfolios.

The Federal Deposit Insurance Corporation (FDIC), an independent agency that insures deposits, and examines and supervises financial institutions, was appointed as receiver to SVB on March 12 after the California Department of Financial Protection and Innovation closed the bank. Occurring on the heels of the collapse of Silvergate Capital, SVB's failure prompted investors to reconsider the safety of their positions across the banking industry. Signature Bank, which was shut down by New York state regulators on March 12, also was closely aligned with the cryptocurrency industry. In a separate matter, 11 of the largest U.S. banks deposited $30 billion with First Republic Bank, another troubled lender. The bank troubles were not limited to the U.S. Swiss lender Credit Suisse also came under pressure after suffering significant investment losses in 2021 and 2022. Credit Suisse reported that clients had withdrawn 110 billion francs (US$119 billion) of funds in the fourth quarter of 2022. The Swiss National Bank, Switzerland's central bank, announced that it would provide the embattled bank with 50 billion francs (US$54 billion) in financial support. Soon thereafter, Swiss bank UBS took control of rival lender Credit Suisse in an emergency 3 billion franc (US$3.2 billion) deal negotiated by Swiss government regulators. While this development was not directly related to the failures of the U.S. regional banks, the timing resulted in significant declines in the share prices of other banks worldwide. Developed markets garnered positive returns over the quarter and outperformed emerging markets. Europe was the top-performing region among developed markets for the quarter due primarily to strength in Ireland and the Netherlands. North America also performed well. The Far East region generated the largest gains in emerging markets, buoyed by robust performance in Taiwan and Korea. U.S. fixed-income assets ended the quarter in positive territory as Treasury yields declined for all maturities of one year or greater (yields and prices have an inverse relationship).

High-yield bonds (below-investment-grade fixed-income securities) were the top performers for the period, followed by corporate bonds and U.S. Treasuries. Mortgage-backed securities (MBS) saw relatively more modest gains. The yields on two-, three-, five-, and ten-year Treasury notes decreased 0.35%, 0.41%, 0.39%, and 0.40%, respectively, over the quarter. The spread between ten- and two-year notes widened 0.05% to -0.58% during the period, further inverting the yield curve. Global commodities markets generally lost ground over the quarter. In the U.S., all eyes (and ears) were on the Federal Reserve (Fed) over the quarter. During a speech in early February, soon after the Federal Open Market Committee (FOMC) had implemented a 0.25% increase in the federal-funds rate, Fed Chair Jerome Powell commented that the central bank's efforts to cool inflation are "likely to take quite a bit of time. It's not going to be smooth. So we think we're going to have to do further [rate] increases, and we think we'll have to hold policy at a restrictive level for some time." The subsequent banking crisis in March may have tempered the Fed's aggressive rate-hiking policy. At a news conference following the announcement of a 0.25% increase in the federal-funds rate to a range of 4.75%-5.00%, a reporter inquired about the possibility of interest-rate cuts later this year. Powell responded, "That's not our baseline expectation." He acknowledged that the FOMC members had considered a pause in the rate-hiking cycle, given the recent turmoil in the banking sector. He also noted that prior to the onset of the banking crisis, the Fed had discussed the possibility of a more hawkish 0.50% rate increase as U.S. economic data remained relatively strong.

The assets of the Group were transitioned to SEI in January 2023. The first quarter of the year was marked by persistent inflation, rising interest rates and a degree of market volatility brought on by the failure of several banks. The Group's assets are well-diversified across asset classes and managers, and the Group hedges 100% of the interest rate and inflation risk inherent in the funded liabilities. As a consequence, the Groups' funding level has been relatively stable since this point.

The latest formal actuarial valuation of the Group has been carried out as at 31 March 2021 and the last annual update carried out as at 31 March 2022.

For the Group year ended 31 March 2023, the financial statements 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").

Original signed by

DocuSigned by:
Trevor Lambeth
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Chair of the Schneider Group Trustee
August 2023

Summary of the Year

What came in	**£000**
Employer contributions	522
Employee contributions	2
Total	**524**

What went out	**£000**
Benefits	764
Transfers to other plans	3,086
Net loss on investments	9,640
Total	**13,490**

Value of Group assets over the last five years as at 31 March	**£000**
2023	18,186
2022	31,152
2021	30,254
2020	25,259
2019	28,102

Summary of membership statistics as at 31 March 2023	
Pensioners	50
Dependants	5
Deferred Pensioners	25
Total	**80**

Statement of Group assets spread by category of investment **Asset type**	**% of Group assets**
Equities held within pooled investment vehicles	66.3
Bonds held within pooled investment vehicles	27.0
Cash/Other	6.7
Total	**100.0**

Introduction

This Group's Annual Report & Financial Statements is produced by the Group Trustee of the Schneider Group (the "Group") of the Electricity Supply Pension Scheme ("ESPS") (the "Scheme"). The Scheme is an industry-wide pension scheme in which the Participating Employers are companies formed upon the privatisation of the electricity industry in 1990 or their successors.

The Scheme has 23 *(2022:24)* separate actuarially independent sections (known as "Groups") in respect of the companies participating in the Scheme as Principal Employers and each Group has its own assets to fund the benefits of its members. The Schneider Group of the ESPS is one of these. Information relating to the Scheme as a whole can be found in the Scheme Annual Report & Financial Statements.

The Scheme is established under irrevocable trusts and its provisions are set out in the Clauses and Rules contained in the Scheme document. Membership of the Group has been closed to new employees since 2004 for which alternative arrangements have been put in place. The Scheme is a registered pension scheme under the Finance Act 2004 and was primarily contracted out of the State Second Pension until 5 April 2016.

In the case of Schneider Group, only Defined Benefits arrangements apply.

The Principal Employer is Schneider Electric Limited.

The Group Financial Statements on pages 23 to 34 have been prepared and audited so as to comply with Regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

Trustee structure

With effect from 1 June 2023, the Trustee became a corporate body, Schneider Trustees (ESPS) Limited "STEL" know as a Group Trustee, consisting of three Appointed Group Directors

There is also a central Scheme Trustee, Electricity Pensions Trustee Limited ("EPTL") which is a trust corporation and consists of a Council and a smaller Board of Directors.

Group Trustee Directors

Mandi Nicol (resigned 2023)	Employer Appointed Group Trustee and Chair
Trevor Lambeth	Appointed Group Director and Chair
David Hoskins [1]	Appointed Group Director
Rodney Turtle	Appointed Group Director

Note:
1. In receipt of pension from the Group

Appointment/Election of Group Directors

The three Appointed Group Directors are appointed by, and can be removed by, Schneider Electric Limited.

Group constituencies

The Group does not use constituencies (i.e. sections, divisions or classes of member within the Group) in electing trustees; any candidate standing for election is eligible to receive a vote from any member.

Once having taken up office, all Group Directors act on behalf of and are accountable to all members of the Group.

Meetings of the Group Trustee during the year

During the year to 31 March 2023 the Group Trustee held meetings on the following dates:

13 April 2022
28 September 2022
23 November 2022

Business of meetings of Group Trustee

At their meetings the Group Directors dealt with matters relating to members' benefits, an actuarial update at 31 March 2022 and the investment of the Group assets. They also received periodic reports from their investment consultant. The Group Directors communicate with members by way of a newsletter which is issued to all members.

Voting at meetings of the Group Trustee

In the event of an issue being put to a vote at a meeting, each Group Director has one vote.

In the event of an equality of votes the Chair or other director charging the meeting has the casting vote to resolve the issue concerned. In the year under review there was no occasion on which the Chair used this casting vote.

Investment Governance Group principles

The Group Trustee has reviewed their procedure against the best practice principles set by the Investment Governance Group ("IGG"). The IGG is a joint government-industry group sponsored by the HM Treasury and the Department for Work and Pensions and consists of a group of senior figures representing all parts of the private workplace pension environment. The IGG was set up to encourage industry ownership and promotion of the Myners' Principles.

The primary purpose of the IGG Principles is to ensure that the trustee has the right skill set and decision-making structures and also that they have clear objectives and an appropriate and well-documented strategy in place for achieving these objectives.

The Group Trustee regularly review their training needs and skills to ensure effective decision-making. Where appropriate, they take independent expert advice.

Group Trustee statement on investments

Under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, Group Trustee must provide a statement of the Group Trustee policy (if any) in relation to investments and the extent to which social, environmental and ethical considerations are taken into account in the selection, retention and realisation of investments.

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

For pooled investment portfolios, the selection of investments is dependent entirely upon the constituents of the relevant indices.

In accordance with the Disclosure Regulations Schedule 3, 30(d) (IV) Investment Regulations 2(3) (d), from 1 October 2020 the Group Trustee has set out in their SIP their policies in relation to the following matters:

- how the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Group Trustee's policies mentioned in sub paragraph b of the Investment Regulations;
- 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;
- 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 Trustee's policies mentioned in sub paragraph b of the Investment Regulations;
- how the Group Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range; and
- the duration of the arrangement with the asset manager.

The Group Trustee's Implementation Statement, which sets out further voting and engagement information undertaken by the Group's investment managers for the year ended 31 March 2023, is set out on pages 42 to 61, and forms part of the Group Trustee's Report.

Statement of Group Trustees' Responsibilities

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 Trustee. Pension scheme regulations require, and the Group Trustee 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 Trustee 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 Trustee are also responsible for making available certain other information about the Group in the form of an annual report.

The Group Trustee 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.

Group Trustees' responsibilities in respect of contributions

The Group Trustee 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 Trustee 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 Trustee are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

The structure of the Scheme means that certain matters are dealt with by Group Trustee and certain matters are dealt with by the Scheme Trustee.

The main additional responsibilities of the Group Trustee are:

- to determine an investment strategy for Group assets;
- to ensure appropriate management of the Group assets;
- to arrange for regular actuarial valuations of the Group to be carried out in accordance with the funding principles agreed with the Employers;
- to prepare and agree with the Employers a Statement of Funding Principles which includes the actuarial assumptions used to assess the Group's liabilities;
- to prepare and agree a recovery plan with the Employers for making good any shortfall in assets against liabilities identified in periodic actuarial valuations; and
- to make available annual funding updates on the financial position of the Group available to members.
- to ensure benefits from the Group are paid when they fall due.

The main responsibilities of EPTL are:

- to ensure the safe custody and administrative control of assets;
- to produce the Scheme Report & Financial Statements on an annual basis; and
- to ensure proper investment management of Group assets invested in the Unitised Fund.

Scheme Arrangements for appointing the Board of Directors

Under the Scheme constitution, each Group currently appoints two individuals to be Councillors of the EPTL Council; one Councillor is chosen by the Elected Group Trustee, and one by the Principal Employer.

As at 31 March 2023 David Hoskins was the Elected Councillor from Schneider Group but the Principal Employer had not appointed a Councillor.

The Council is responsible for the appointment of a smaller Board of eight Directors, selected from their number under the following criteria:

(a) Four Directors must be Councillors chosen by Elected Group Trustee; and
(b) Four Directors must be Councillors chosen by Principal Employers.

The Board also has an Independent Chair, Zedra Governance Ltd represented by Melanie Cusack.

The Council has also chosen a panel of four Reserves who may attend Board meetings as observers but they do not have any voting rights at these meetings. Two are chosen by the Elected Group Trustee and two by the Principal Employers.

As at 31 March 2023 there were no Schneider Group Councillors on the Board or acting as a Reserve.

Advisers

The following appointments were in place during the financial year:

Group Actuaries Shelley Jeffery FIS of XPS Pensions	Carries out valuations and other funding updates of the Group as required by the Scheme Rules and Statute, provides all tables and factors for the application of Scheme Rules and options, and advises on all matters relating to pension funding.
Independent Group Auditors PricewaterhouseCoopers LLP	Reports on the audit of the Group Financial Statements.
Scheme Custodian The Bank of New York Mellon	Maintains safe custody of the Scheme's assets.
Investment Consultant (engagement ended March 2023) XPS Pensions Group	Advises the Group Trustee on all investment matters including the Statement of Investment Principles (SIP).
Fiduciary Investment Manager (appointed January 2023) SEI	
Administrator Railpen	Maintain member records and ensures that the Group operates effectively.
Legal Adviser FieldFisher LLP	Advises on legislative requirements and application of the provisions of the Group in particular circumstances.
Group Appointed Fund Managers Legal & General Assurance (Pensions Management) Limited (up to 30th January) SEI (from 31st January)	Manages the Schneider Group investments in accordance with the SIP.
Additional Voluntary Contributions (AVC) Provider Prudential Assurance Society Limited	
Banker HSBC Bank plc	

Membership statistics

	Contributors	Pensioners	Dependants	Deferred Pensioners	Total
As at 1 April 2022	**1**	**51**	**5**	**27**	**84**
Adjustments	-	(1)	-	1	-
As at 1 April 2022 (revised)	**1**	**50**	**5**	**28**	**84**
New deferred	(1)	-	-	1	-
Leavers	-	-	-	(4)	(4)
As at 31 March 2023	**-**	**50**	**5**	**25**	**80**

Pension increases

The Rules of the Scheme applicable to the Group provide for all pensions in payment, children's allowances/pensions 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 or 31 December (dependent on the category of membership). If the RPI increase is greater than 5% then Schneider Electric Limited has the discretion to limit the pension increase to a lower figure subject to a minimum of 5%.

For members within the Manweb and Norweb categories the September 2022 RPI figure was 12.6%. For Scottish Power members the December 2022 RPI figure was 13.4%. The company confirms that deferred pension revaluations and increases to pensions in payment (on pensions in excess of GMP) during 2023 are to be capped at 5%. The Company confirms that pension increases for Scottish Power members will also be capped at 5%. A proportionate increase was applied to pensions which came into payment between 2 April 2022 and 1 March 2023.

Pension increases over the previous five years were:

	Manweb/Norweb	Scottish Power
1 April 2022	4.9%	5.0%
1 April 2021	1.1%	1.2%
1 April 2020	2.4%	2.2%
1 April 2019	3.3%	2.7%
1 April 2018	3.9%	4.1%
1 April 2017	2.0%	2.5%

Transfer values

Cash equivalents paid during the Group year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

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 from 1 October 2021, however, the Group does not meet the size threshold that requires TCFD reporting and as such has been advised that no regulatory disclosures are required for this period.

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

Investment report

The Group Trustee is responsible for making suitable arrangements for the investment of the assets of the Group and for monitoring the investment performance of those assets.

The investment strategy set by the Group Trustee takes account of the Group's current and anticipated future pension liability profile.

The Group Trustee specify the investment objectives for the Group's assets, including performance objectives. Investment reports are received at quarterly intervals and the Trustee's investment advisors attend each meeting of the Group Trustee to discuss investment strategy and the funds in which the Group invests.

During the reporting year, the Group Trustee agreed to transfer to a fiduciary management arrangement with SEI. The Scheme's assets that were previously invested with Legal and General Investment Management, were disinvested over January 2023

The Group Trustee appointed SEI as Fiduciary Manager of the Group's assets in November 2022. In this capacity, SEI provides advice to the Group Trustee on the long term investment strategy of the Group and in addition is responsible for managing the Group's assets according to the agreed investment policy.

Statement of Investment Principles ("SIP")

The Group Trustee have produced a Statement of Investment Principles (SIP) in accordance with Section 35 of the Pensions Act 1995 (as subsequently amended by the Pensions Act 2004, the Occupational Pension Schemes (Investment) Regulations 2005, the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018). The latest SIP was signed on 17 May 2023. In preparing this SIP, the Group Trustee took professional advice from their Fiduciary Manager SEI, and consulted with the Company.

The Group Trustee periodically review their investment managers' policies with regard to the exercising of voting rights attached to investments. The Trustee may request the investment managers to exercise these rights in a certain manner, subject to the Trustee acting in the best financial interest of the Group's beneficiaries. Where the Group's assets are held in pooled investments, the Group Trustee accept that it is the manager of the pooled investments who exercises the voting rights attached to the underlying investments on behalf of all participants in the pooled funds.

The Group Trustee may make their views known to their investment managers on social, environmental and ethical factors and may ask them not to hold certain investments but any request will have regard to the Trustee duty to act in the best financial interest of the Group's beneficiaries. The Group Trustee accept that the policy on social, environmental and ethical factors is set by the fund manager in respect of the pooled investments held.

The SIP also addresses how the Group takes account of financially material considerations, including (but not limited to) those arising from environmental, social and governance (ESG) considerations, including climate change.

The SIP covers the Group Trustee policy on the following matters:

(a) compliance with regulatory requirements;
(b) division of responsibilities;
(c) investment policy and objectives;
(d) risk and diversification;
(e) investment restrictions;
(f) investment manager selection, fees and monitoring
(g) voting rights;
(h) portfolio turnover;
(i) social, environmental and ethical investment considerations;
(j) fiduciary manager fee structure; and
(k) information on AVC facilities

The Group Trustee is not aware of and have not been informed by the fund managers of any departures from the SIP during the year. A copy of the SIP can be obtained by writing to the Group Administrator, whose address and telephone number appears on page 19. A copy is also available on the website - https://www.pensions.schneider-electric.co.uk/documents/

Investment performance

The Group Trustee determine the broad investment policy to be adopted by the Schneider Group. The Group Trustee's objective is to endeavour to target a funding position such that they can meet their obligations to the beneficiaries both in the short and long term. In addition the Group Trustee will wish to maintain a stable contribution rate and maintain the Company's support of the Group.

The SEI portfolio performance over the period from inception (31 January 2023) to 31 March 2023 was -0.14%. The performance was primarily weighed down by the Return Enhancement section of the portfolio. The investment performance of different parts of the portfolio is shown in the table below:

	Balance (£)	Allocation (%)	Cumulative (%) 1 Month	Annualized (%) Since Inception
Total Portfolio Return	**18,354,666**	**100.0**	**4.70**	**-0.14**
Total Portfolio Index			**4.47**	**-0.10**
Risk Management	**11,214,487**	**61.1**	**-**	**0.73**
Risk Management Fixed Income	**11,214,487**	**61.1**	**8.11**	**0.38**
LDI Strategy	11,214,486	61.1	8.11	0.38
Cash - GBP	1	0.0	-	-
Return Enhancement	**7,140,179**	**38.9**	**-0.24**	**-1.29**
Return Enhancement Equity	**4,301,394**	**23.4**	**-0.36**	**-1.42**
Global Managed Volatility Fund	1,374,960	7.5	-0.33	-1.30
Factor Allocation Global Equity Fund	860,722	4.7	-0.43	-0.67
Global Select Equity Fund	852,735	4.6	-1.62	-1.66
Dynamic Asset Allocation Fund	696,423	3.8	0.52	-0.54
Emerging Markets Equity Fund	516,555	2.8	0.62	-3.77
Return Enhancement Fixed Income	**1,946,705**	**10.6**	**0.98**	**-0.82**
High Yield Fixed Income Fund (Hedged)	706,670	3.9	0.14	-0.95
Emerging Markets Debt Fund (Hedged)	705,327	3.8	1.31	-1.03
Global Opportunistic Fixed Income Fund (Hedged)	534,708	2.9	1.67	-0.35
Return Enhancement Alternatives	**892,080**	**4.9**	**-2.26**	**-1.67**
Liquid Alternative Fund (Hedged)	892,080	4.9	-2.26	-1.67

AVC investments

Although the Group Trustee hold assets invested as Additional Voluntary Contribution (AVC) investments, during the year no AVCs were paid by any of the Group's members. AVCs paid by members in previous years were within overall limits set by HM Revenue & Customs (HMRC) and are invested on a money purchase basis to provide additional pension benefits for the members concerned.

The Group Trustee hold the AVC investments separately from the main fund in the form of individual building society accounts and insurance policies. Each member who holds AVC investments receives an annual statement at the year-end confirming the amount held in their account and the movements in the value of the AVC investment over the year.

Custody

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

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

The Group Trustee is responsible for instructing BNY Mellon on the day to day management of the assets of their Group.

For Group-specific funds, money at call and short notice is placed in accordance with the provisions of Investment Management Agreements negotiated between the Group Trustee and Group-specific 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 bank accounts 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.

Employer Related Investments

Investment Regulations limit employer-related investments by occupational pension schemes. These investments include equities, loan stocks, debentures and other securities issued by the employers participating in the pension 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 Trustee in 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. Arising from regulations that took effect on 30 September 2010, holdings in the Group's Participating Employers and their associated companies through pooled investment vehicles must be included within this disclosure.

There were no direct employer-related investments as at 31 March 2023. The Group Trustee recognises that indirect investment in the Company is possible through holdings in pooled investment vehicles. It has been confirmed that there is no indirect exposure to shares in the Company as at 31 March 2023.

As at 31 March 2023 the Group had no *(2022: £nil)* employer related investments. There were no assets invested in Schneider Electric Limited or its associated companies *(2022: none).*

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to at the valuation date. This is assessed using the assumptions agreed between the Group Trustee and the Employers and set out in the Statement of Funding Principles, which is available to Group members on request.

Under the current statutory funding regime each Group of the Electricity Supply Pension Scheme is treated as a pension scheme in its own right. Under this regime an actuarial valuation of the Schneider Group of the Electricity Supply Pension Scheme was carried out by the Group Actuary, Shelley Jeffery of XPS Pensions Group as at 31 March 2021. As part of this valuation the Group Trustee prepared and agreed with the Employer their current Statement of Funding Principles. The Pensions Regulator has issued a Code of Practice for the funding regime and reviews valuations against this Code.

The results of the full actuarial valuation as at 31 March 2021 and the annual update as at 31 March 2022 are set out below:

	31 March 2021	**31 March 2022**
Value of technical provisions	**£34.07m**	**£33.1m**
Value of assets available to meet technical provisions	**£30.25m**	**£31.2m**
Funding Level	**89%**	**94%**

The main assumptions underlying the valuation calculation, which has been undertaken using the Projected Unit Method as at 31 March 2021, were:

Funding Assumptions as at:	**31 March 2021**
Pre-retirement discount rate	BoE gilt yield curve plus 1.75% p.a.
Post-retirement discount rate	BoE gilt yield curve plus 0.25% p.a.
Pay increases	In line with RPI
Retail Price Index inflation	BoE gilt RPI curve less 0.4% p.a.
Consumer Price Index inflation	1.65%
Rate of increases to pensions in payment in excess of GMPs	2.65%
Rate of increases to post-88 GMPs in payment	1.60%
Rate of revaluation of deferred pensions	2.65%
Mortality before and after retirement	SAPS S3PA CMI 2018 with a 1.5% long term trend

As the 31 March 2021 the updated valuation disclosed a shortfall of £3.82 million between the Group's assets and liabilities the Group Trustee agreed with the Employer a Recovery Plan for eliminating the shortfall. Details of the agreed contributions are reflected in a Schedule of Contributions. A copy of the current Schedule of Contributions is included on pages 38 to 41. The Recovery Plan aims to remove the deficit by 30 June 2025 (i.e. 6 years 3 months after the valuation date) by continuing to pay £520,000 per annum in equal monthly instalments. A copy of the Recovery plan is included on page 41.

Changes in Scheme Provisions

Scheme wide amendments by the Scheme Co-ordinator, Electricity Pensions Limited (EPL)

EPL may amend the provisions of the Scheme with the unanimous consent of all of the participating Principal Employers. During the year ended 31 March 2023 the following Scheme-wide amendment was made:

- Deed of Amendment dated 26 August 2021 which updated the Deemed Consent Process for EPL and adopted the Consolidated Scheme Document.
- Deed of Amendment dated 9 June 2022 enabling partial and full solvent buy-outs and bulk transfer without consent.
- Deed of Amendment dated 22 February 2023 for the appointment of a Sole Professional Trustee; make two minor clarificatory changes to the Scheme Rules; and clarify the Scheme's Amendment Power and notice provisions.

Group amendments by the Company

The Principal Employer, Schneider Electric Limited, may make amendments to the provisions of the Scheme as they apply to the Group. The Company did not make any amendments during the year.

Review of the operation of the ESPS

- The Drax Power Group exited from the Scheme.
- The Scheme's AGM took place on 22 November 2022 and was held virtually by video conferencing. The 2023 Scheme AGM will take place on 21 November 2023.
- The Board continued to monitor risks through its Risk Register which is considered at each main meeting.
- The new Capita contract was monitored.
- TCFD (Task force on Climate-related Financial Disclosure) and the impact of the Pensions Regulator (TPR) Single Code of Practice were considered. The first Scheme TCFD was produced and is available on the ESPS website (espspensions.co.uk).
- Liaising with TPR on the implications for the Scheme in respect of Pensions Dashboards.
- Various governance matters were progressed.

Dispute resolution procedure

Pension legislation requires pension schemes to have procedures for the trustee to resolve disputes arising from the running of their scheme.

The Dispute Resolution Procedure for the Group is a two-stage process. In the first instance a complaint from a member (including a pensioner, dependant, and deferred member) or prospective member must be addressed to the Group Administrator. In normal circumstances a response will be made within two months. If dissatisfied with the response, the complainant is entitled to refer the complaint to the Group Trustee within six months of receiving the response from the Group Administrator. The Group Trustee will reply directly, again where possible within two months.

This procedure has been introduced to comply with legislative requirements and does not preclude any member from raising any queries regarding the Group informally at any time.

The details for contacting the Group Administrator are shown on page 19.

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. This is known as "GMP Equalisation". Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP Equalisation and provide interest on the backdated amounts.

Following on from the original judgment, a further High Court ruling on 20 November 2020 has provided clarification on the obligations for the trustee. This judgement focused on the GMP treatment of historic transfers out of members' benefits, an issue which had not been addressed in the 2018 GMP ruling. Under this ruling, the trustee is required to review historic transfer values paid from May 1990 to assess if any top up payment is required to be paid to the receiving scheme, to reflect members' rights to equalised GMP benefits.

The Group has undertaken a process of assessing the overall impact of GMP Equalisation, and plans to adjust members' benefits to reflect the correct position and communicate this to members. The Group Trustee has obtained an initial estimate of the backdated benefits and interest which relate to equalisation of Group benefits for the period between May 1990 and April 1997. Based on an initial assessment of the likely backdated amounts and related interest the Group Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

Addresses for enquiries

The Group Administrator is Miss S Rayworth, who can be contacted at the address and telephone number given below:

Miss S Rayworth
ESPS Group Administrator
C/o XPS Pensions Group
11 Strand
London
WC2N 5HR

Telephone: 020 3905 4968
Email: sophia.rayworth@xpsgroup.com

If members wish to make enquiries about their personal situation, obtain a Nomination of Beneficiary form, advise the Administrator as to a change in their circumstances or enquire as to their entitlement to benefits, pensions statements or pension payments, they should, in the first instance, contact Railpen who are based at:

Railpen
Unit 2 Rye Hill Office Park
Birmingham Road
Coventry
CV5 9AB

Telephone: 02476 422 842
Email: enquiries@railpen.com

Approved by the Group Trustee and signed on their behalf on ....

Signature

DocuSigned by:
Trevor Lambeth
4C65100477BC4B5...

Chair of the Schneider Group Trustee

Independent auditors' report to the Group Trustee of Schneider Group of the Electricity Supply Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, Schneider 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 2023, 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 in the Annual Report and Financial Statements, which comprise: the Statement of Net Assets Available for Benefits as at 31 March 2023; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Group Trustee' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Group Trustee with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all the information in the Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Group Trustee are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Group Trustee for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Group in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Group Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. 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.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Group Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

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

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

Use of this report

This report, including the opinion, has been prepared for and only for the Group Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
4 August 2023

Fund Account for the year ended 31 March 2023

	Note	2023 £000	*2022 £000*
Contributions and benefits			
Employer contributions	4	522	*651*
Employee contributions	4	2	*8*
		524	*659*
Benefits paid or payable	5	(764)	*(800)*
Payments to and on account of leavers	6	(3,086)	*(519)*
		(3,850)	*(1,319)*
Net withdrawals from dealings with members		(3,326)	*(660)*
Returns on investments			
Investment income		3	*-*
Change in market value of investments	7	(9,596)	*1,575*
Investment management expenses	8	(47)	*(17)*
Net returns on investments		(9,640)	*1,558*
Net (decrease)/increase in the fund		(12,966)	*898*
Opening net assets		31,152	*30,254*
Closing net assets		18,186	*31,152*

The notes on pages 25 to 34 form part of these Financial Statements.

Statement of Net Assets Available for Benefits as at 31 March 2023

	Note	2023 £000	*2022* *£000*
Investment assets			
Pooled investment vehicles	**9**	**18,024**	*31,106*
AVC investments	**10**	**1**	*1*
Cash	**11**	**331**	*-*
Total net investments		**18,356**	*31,107*
Current assets	**15**	**133**	*45*
Current Liabilities	**16**	**(303)**	*-*
Total net assets available for benefits		**18,186**	*31,152*

The Financial Statements summarise the transactions of the Group and deal with the net assets available for benefits at the disposal of the Group Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Group year. The actuarial position of the Group, which takes into account of such obligations, is dealt with in the report on Actuarial Liabilities on page 16 of this Annual Report and these Financial Statements should be read in conjunction with this report.

The Notes on pages 25 to 34 form part of these Financial Statements.

These Financial Statements were approved by the Group Trustee and signed on their behalf on ....

Signature

DocuSigned by:
Trevor Lambeth
4C65100477BC4B5...

Chair of the Schneider Group Trustee

1. Basis of preparation of the financial statements

The individual financial statements of Schneider Group of the Electricity Supply Pension Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

2. Identification of the financial statements

The Schneider Group of the Electricity Supply Pension Scheme is established as a trust under English law. The ESPS 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 the Group Administrator is Miss S Rayworth, ESPS Group Administrator, c/o XPS Pensions Group , 11 Strand, London, WC2N 5HR. If members wish to make enquiries about their personal situation, obtain a Nomination of Beneficiary form, advise the Administrator as to a change in their circumstances or enquire as to their entitlement to benefits, pensions statements or pension payments, they should, in the first instance, contact Railpen who are based at Railpen, 2 Rye Hill Office Park, Birmingham Road, Coventry, CV5 9AB.

3. Summary of significant accounting policies

The principal 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.

Contributions

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

Employers' deficit funding contributions are accounted for on the due dates set out in the Schedule of Contributions, or on receipt if earlier, with the agreement of the Employer and Group Trustee.

Transfers to and from the Group

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

Benefits and payments to and on account of leavers

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

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

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

Administrative and other expenses

Administrative expenses are accounted for on an accruals basis.

Investment income and expenditure

Income from pooled investment vehicles is 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.

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

- Unitised pooled investment vehicles, which are not traded on an active market, but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end;
- The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Group Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made.

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 Trustee has not had to make any critical judgements in applying the accounting policies.

Key accounting estimates and assumptions

The Group Trustee 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 Trustee 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. Explanation of the key assumptions underpinning the valuation of investments are included within notes 12 and 13.

4. Contributions

	2023	2022
	£000	£000
Employers:		
Normal	2	58
Deficit funding	520	520
GMP Equalisation	-	70
Other contributions:		
Rule 29	-	3
Employees:		
Normal	2	8
	524	659

Deficit funding contributions of £43,333 per month were payable by the Employer to the Group in accordance with the schedules of contribution certified by the Group Actuary on 22 December 2021, and will continue to be paid until 30 June 2025 under the schedule of contributions certified by the Group Actuary on 22 December 2021.

5. Benefits paid or payable

	2023 £000	2022 £000
Pensions	764	713
Commutations of pensions and lump sum retirement benefits	-	87
	764	800

6. Payments to and on account of leavers

	2023 £000	2022 £000
Individual transfer values paid to other pension schemes	3,086	519

7. Reconciliation of net investments

	Value at 1 April 2022 £000	Purchases £000	Sales proceeds £000	Change in market value £000	Value at 31 March 2023 £000
Pooled investment vehicles	31,106	29,152	(32,638)	(9,596)	18,024
AVC investments	1	-	-	-	1
	31,107	29,152	(32,638)	(9,596)	18,025
Cash	-				331
Total net investments	31,107				18,356

8. Investment management expenses

	2023 £000	2022 £000
Administration and management fees	47	17

9. Pooled investment vehicles

	2023 £000	2022 £000
Equities	12,170	17,325
Bonds	4,962	11,251
Other	892	-
LDI	-	2,530
	18,024	31,106

10. AVC investments

The number of AVC accounts (including "frozen" accounts) as at 31 March 2023 was 1 (*2022: 1*).

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

	2023 **£000**	*2022* *£000*
Prudential Assurance Society	**1**	*1*

11. Cash

	2023 **£000**	*2022* *£000*
Cash - sterling	**331**	*-*

12. Fair value of investments

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

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

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

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the vehicles are included in level 3 as appropriate.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Group Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 31 March 2023 or 31 March 2022.

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

	Level 1 £000	Level 2 £000	Level 3 £000	**2023 Total £000**
Investment assets				
Pooled investment vehicles	-	18,024	-	**18,024**
AVC investments	-	1	-	**1**
Cash deposits	331	-	-	**331**
	331	18,025	-	**18,356**

Analysis for the prior year end is as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	**2022 Total £000**
Investment assets				
Pooled investment vehicles	-	31,106	-	**31,106**
AVC investments	-	1	-	**1**
Cash deposits	-	-	-	**-**
	-	31,107	-	**31,107**

13. Investment risks

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

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

Fund	Credit Risk	Currency Risk	Interest Rate Risk	Inflation Risk	Other Price Risk
SEI GLOBAL MASTER EMG MKT DEBT	✓	✓	✓		
SGIF GLOBAL SELECT EQUITY FUND GBP		✓			✓
SGMF EMERGING MARKETS EQUITY GBP		✓			✓
SGMF FACTOR ALL GBL EQTY FND		✓			✓
SGMF GLB OPP FI GBP HDG INST	✓		✓		
SGMF GLOBAL MANAGED VOLATILITY		✓			✓
SGMF HIGH YIELD INCOME GBP HDG	✓		✓		
SGMF LIQUID ALTERNATIVE FND GBP	✓				✓
SGMF UK LONG DUR CREDIT FUND	✓	✓	✓		
SGMF UK CREDIT FIXED INCOME GBP	✓		✓		
SGMF DYNAMIC ASSET ALLOCATION FND					✓
SGMF UK GILTS FI GBP INST			✓	✓	
UK ULT DUR GLT FND STER INST			✓		
UK ULT DUR INDX LNK STERL INST			✓	✓	

The Group Trustee determines their investment strategy after taking advice from a professional investment adviser. The Group has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Group Trustee manages the investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Group's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Group's fiduciary manager and monitored by the Group Trustee by regular reviews of the investment portfolio.

Credit risk

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

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 investments amongst a number of pooled funds. The Group Trustee review the prospectus of funds on offer and carry out due diligence checks on the Fiduciary Manager who in turn monitors the credit risk within the pooled funds on behalf of the Group Trustee.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicle. The Group Trustee recognises that this risk may lead to volatility in the short term and is mitigated by limiting allocation to such assets.

The information about exposures to and mitigation of credit risk above applied at both the current and previous year end.

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

Type of arrangement	31 March 2023 £000	31 March 2022 £000
Unit-linked insurance contracts	**-**	**31,106**
Open-ended investment companies	**10,155**	**-**
Others	**7,869**	**-**
Total	**18,024**	**31,106**

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). There is no direct exposure (segregated accounts) within the Group.

Interest rate risk

The Group is subject to interest rate risk because some of the Group's investments are held in bonds and interest rate swaps (either as segregated investments or through pooled vehicles), and cash.
Under this strategy, if interest rates fall, the value of risk management 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 risk management investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Other price risks

Other price risk arises principally in relation to the Group's return seeking portfolio which includes directly held equities, equities held in pooled vehicles, alternative investments such as hedge funds and real estate.
The Group manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

14. Concentration of investments

Investments accounting for more than 5% of the net assets of the Group at 31 March 2023 or 31 March 2022 were:

	2023 £000	**2023 %**	*2022 £000*	*2022 %*
SEI GLOBAL MASTER EMG MKT DEBT	**1,375**	**8**	-	-
UK ULT DUR GLT FND STER INST	**7,115**	**39**	-	-
SGMF UK LONG DUR CREDIT FUND	**1,165**	**6**	-	-
SGMF UK GILTS FI GBP INST	**1,201**	**7**	-	-

15. Current assets

	2023 £000	*2022 £000*
Contributions due from Employers in respect of:		
Employers	**43**	*45*
Cash balances	**90**	*-*
	133	*45*

16. Current liabilities

	2023	*2022*
	£000	*£000*
Contributions due to the Members new pension scheme in respect of:		
Employers	**(9)**	-
Employees	**(1)**	
Transfers to other schemes	**(293)**	-
Current Liabilities	**(303)**	-

17. Employer related investment

As at 31 March 2023 the Group had no *(2022: £nil)* employer related investments. There were no assets invested in Schneider Electric Limited or its associated companies *(2022: none).*

18. Related party transactions

Related party transactions and balances comprise:

Key management personnel

No Contributions were received in respect of the Group Trustee during the year (2022: one). Pensions were paid in respect of the Group Trustee.

In the year to 31 March 2023 remuneration of £5,840 was paid to the Group Trustee by the Employer.

Employer and other related parties

Administrative services are provided by the Employer without recharge to the Group.

All administrative expenses of the Group incurred during the years to 31 March 2023 and 31 March 2022, and not directly related to the management of the investment portfolios, were met by the Employer.

19. Contingent Liabilities

In the opinion of the Group Trustee the Group had no (*2022: none*) contingent liabilities entered into which are not provided for in these Financial Statements. The Group Trustee has not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking group pension schemes. This follows from the original judgement in October 2018. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Group has historical transfers which may be subject to adjustment as a result of this second ruling. The Group Trustee[s] will be considering this at a future meeting and decisions will be made as to the next steps. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these financial statements, it is not possible to estimate the value of any such adjustments at this time.

The Virgin Media Limited / NTL Pension Trustees II decision, handed down by the High Court in June 2023, considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out scheme cannot be altered 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. It is not known, at this stage, whether the case will be appealed but, as matters currently stand, the case has the potential to cause significant issues in the pensions industry. The Group Trustee will investigate the possible implications of the above with its advisers but, it is not possible, at present, to estimate the potential impact, if any, on the Group.

20. Subsequent events

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

Independent auditors' statement about contributions to the Group Trustee of Schneider Group of the Electricity Supply Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions required by the Schedule of Contributions for the Group year ended 31 March 2023 as reported in Schneider Group of the Electricity Supply Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the Group actuary on 17 December 2021.

We have examined Schneider Group of the Electricity Supply Pension Scheme's summary of contributions for the Group year ended 31 March 2023 which is set out on the following page.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Group Trustee in respect of contributions

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

Use of this report

This report, including the opinion, has been prepared for and only for the Group Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
4 August 2023

Summary of contributions

During the year, the contributions required by the Schedule of Contributions to be paid to the Group by the Employer were as follows:

Contribution Type	Employer £000	Employee £000	Total £000
Required by the Schedule of Contributions as reported on by the Group auditors:			
Normal	2	2	4
Deficit funding	520	-	520
Total as reported on by the Group auditors	**522**	**2**	**524**
Total as per Fund Account	**522**	**2**	**524**

Approved by the Group Trustee and signed on their behalf on ....

Signature

DocuSigned by:
Trevor Lambeth
4C65100477BC4B5...

Chair of the Schneider Group Trustee

Schedule of contributions

Schneider Group of the Electricity Supply Pension Scheme ("the Group")

This schedule of contributions has been prepared by the Trustees of the Group following agreement with Schneider Electric Limited ("the Employer") and after obtaining the advice of the Scheme Actuary, currently Shelley Jeffery of XPS Pensions Consulting Limited. It sets out the contributions the Employer and the active members of the Group must pay and the dates these contributions must be paid to the Trustees, and has been agreed by the Employer.

This schedule covers contributions payable in the period from April 2021 to December 2026.

Contributions by active members

Former MANWEB and United Utilities members	6% of Salaries per annum

These contributions are deducted from members' earnings each month by the Employer and paid to the Group on or before the 19th of the calendar month following deduction.

These contributions exclude any Additional Voluntary Contributions payable by members.

Contributions by Employer

Future accrual

The Employer will pay contributions to the Group in respect of future accrual for active members and death in service lump sums at the following rates:

In respect of former MANWEB and United Utilities members	46.4% of Salaries per annum

These contributions should be paid to the Group on or before the 19th of the calendar month following deduction.

Shortfall in funding

The Employer will pay contributions to the Group in respect of the shortfall in funding in accordance with the Recovery Plan dated December 2021 as follows:

Schneider Electric Limited	£520,000 per annum

These contributions are payable in equal monthly instalments until 30 June 2025 and will not increase in payment. These contributions should be paid to the Group on or before the 19th of the calendar month following the relevant month.

Expenses

The cost of the Pension Protection Fund levy and all other ongoing expenses incurred in the running of the Group are payable by the Employer in addition to the contributions shown above.

In addition, the Employer meets the additional funding strain associated with the augmentation benefits i.e. early retirement pensions on redundancy. The costs of these augmentations should be actuarially assessed as and when they occur and will require lump sum contributions from the Employer. These contributions should be paid to the Group within 60 days of the augmentation being granted.

Notes

The Trustees and Employer will regularly monitor the funding position of the Group. If the funding deficit of the Group (as calculated on the Technical Provisions basis, updated for market movements) moves substantially, then the Trustees and the Employer will review the level of contributions.

Nothing in this Schedule shall prevent the Employer paying contributions in addition to those payable in accordance with this schedule. In particular, contributions payable in respect of individual augmentations or general benefit improvements are to be paid in addition to those set out in this Schedule.

The Group provisions cover other Employer contributions when members leave service or retire which are not determined at periodic actuarial valuations. Details of these and the above contributions are appended to this Schedule. The Employer will ensure that the Group Trustees receive these other contributions in accordance with the time limits appropriate to each contribution type as set out in the Appendix.

Signed on behalf of the Trustees	Date
DocuSigned by: Maudi Nicol	17-Dec-2021

Signed on behalf of Schneider Electric Limited	Date
DocuSigned by: Trevor Lambeth	17-Dec-2021

Appendix

Contribution		
Normal	Clause 13(1)(a)	Twice members' contributions (12.0% of Salaries)
Deficit (Past Service)	Clause 13(1)(i)	£43,333 per month from 1 April 2021 to 30 June 2025.
Additional (Future Service)	Clause 13(1)(g)	34.4% of Salaries
Early retirement	Clause 13(1)(e) (arising from Rule 16 and Rule 17)	The cost of early retirements (assessed using actuarial factors provided by the Actuary) will be met by a lump sum payment during the month following that in which the early retirement occurs or such later date as may be agreed by the Employer with the Group Trustees.
Supplemental pensions	Clause 13(1)(f) (arising from Rule 44)	The cost of supplementary pensions (assessed using actuarial factors provided by the Actuary) will be met by a lump sum payment during the month following that in which the pension is granted or such later date as may be agreed by the Employer with the Group Trustees.
Special terms	Clause 13(1)(f) (arising from Rule 32)	As required under the provisions of Rule 32.
Employer's matching contribution to reduction in benefits under Rule 29(1)(b)	Clause 13(1)(b)	As required under the provisions of Clause 13(1)(b).
Employer's matching contribution to reduction in lump sum benefits under Rule 14(3), Rule 20(5) and Part II of Appendix B	Clause 13(1)(c)	As required under the provisions of Clause 13(1)(c).
Expenses of administration	Clause 13(1)(h)	Contributions required to match the Pension Protection Fund levy.
Other	Clause 13(1)(d)	As required under the provisions of Clause 13(1)(d).

Appendix

Subject to the note below, the Employer will ensure that the Group Trustees receive in such a manner (or manners) as notified to the Group Trustees in writing:

> Normal, Deficit Additional (Future Service), and Other contributions by the 19th day of the month following the month to which the contributions relate.

> Early retirement contributions and Supplementary pensions contributions by the 19th day of the month in which the payment falls due under the relevant arrangements described in the table.

> Special terms contributions by the 19th day of the month following the month in which the grant of special terms is made or the increase in Benefit is made under Rule 32, as applicable.

> Clause 13(1)(b) and Clause 13(1)(c) contributions by the 19th day of the month following the month in which the relevant reduction in benefits is made.

The date of receipt by the Group Trustees will be taken as the date on which the contributions are credited for value to an ESPS account designated to the Group.

Note: Benefits paid from Contributions

Benefits payments are currently made direct to members by the Employer on behalf of the Group Trustees and are offset (as far as possible) against the Employer contributions described above. The Employer will pay those benefits before the Employer contributions are due to be received by the Group Trustees within the respective contribution time limits set out above.

The Employer will ensure that any balance of the Employer contributions not applied to pay benefits will be received by the Group Trustees within the respective contribution time limits set out above.

Actuary's certification of schedule of contributions

Schneider Group of the Electricity Supply Pension Scheme ("the Group")

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 2021 to be met by the end of the period specified in the recovery plan dated December 2021.

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 December 2021.

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 SJeffery	**Date** 22 December 2021
Name Shelley Jeffery	**Qualification** Fellow of the Institute and Faculty of Actuaries
Address Phoenix House 1 Station Hill Reading Berkshire RG1 1NB	**Employer** XPS Pensions Consulting Limited

Schneider Group of the Electricity Supply Pension Scheme Implementation Statement for the period 31 March 2022 to 31 December 2022

Purpose

This Implementation Statement provides information on how, and the extent to which, the Group Trustee of the Schneider Group of the Electricity Supply Pension Scheme ("the Group") have followed their policy in relation to the exercising of rights (including voting rights) attached to the Group's investments, and engagement activities during the period from 31 March 2022 to 31 December 2022 ("the reporting period"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting period.

Background

In Q2 2020, the Group Trustee received training on Environmental, Social and Governance ("ESG") issues from their Investment Adviser, XPS Investment ("XPS") and discussed their beliefs around those issues. This enabled the Group Trustee to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers' own equivalent policies. The Group Trustee's new policy was documented in the latest Statement of Investment Principles dated September 2020.

The Group Trustee's policy

The Group Trustee's believe that there can be financially material risks relating to ESG issues. The Group Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Group's investment managers. The Group Trustee require the Group's investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Group Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Group's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Group Trustee seeks advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting period, the Group Trustee agreed to transfer to a fiduciary management arrangement with SEI. The Group's assets that were previously invested with Legal and General Investment Management were disinvested over January 2023.

Ongoing governance

The Group Trustee, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Group Trustee's requirements as set out in this statement. Further, the Group Trustee has set XPS the objective of ensuring that any selected managers reflect the Group Trustee's views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Group Trustee believes that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Group Trustee has not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the manager.

Adherence to the Statement of Investment Principles

During the reporting period the Group Trustee is satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Group has specific allocations to public equities. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below. Based on this summary, the Group Trustee concludes that the investment managers have exercised their delegated voting rights on behalf of the Group Trustee in a way that aligns with the Group Trustee's relevant policies in this regard.

The Group disinvested its assets that were held with Legal and General Investment Management over January 2023 as the Group moved to its fiduciary management arrangement with SEI. Therefore, we have only provided the voting information that took place while the Group was invested in the below funds.

***Disclaimer**: All voting information is provided for the 12-month period to 31st March 2023, as provided by the investment manager. The top 5 significant votes have been selected from the 9-month period to 31st December 2022. Neither XPS Investment Limited nor the Group Trustee has vetted these votes. These summaries have been provided by the investment manager and any reference to "our", "we" etc. is from the investment manager's perspective.*

Voting Information
Legal and General Investment Management
Investment Manager Client Consultation Policy on Voting
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.
Investment Manager Process to determine how to Vote
All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.
How does this manager determine what constitutes a 'Significant' Vote?
As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account. For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information. In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to: • High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny; • Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote; • Sanction vote as a result of a direct or collaborative engagement; • Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes. We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: https://vds.issgovernance.com/vds/#/MjU2NQ==/
Does the manager utilise a Proxy Voting System? If so, please detail

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.
For more information on how we use the services of proxy providers, please refer to the following document available on our website: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf

Voting Information

LGIM UK Equity Index Fund

The manager voted on 99.94% of resolutions of which they were eligible out of 10,870 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Royal Dutch Shell Plc	**Resolution 20 - Approve the Shell Energy Transition Progress Update**	**Against**	**79.9%**
A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around			

the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
BP Plc	**Resolution 3 - Approve Net Zero - From Ambition to Action Report**	**For**	**88.5%**
A vote for is applied, though not without reservations. While we note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Rio Tinto Plc	**Resolution 17 - Approve Climate Action Plan**	**Against**	**84.3%**
We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company’s decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company’s overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Glencore Plc	**Resolution 13 - Approve Climate Progress Report**	**Against**	**76.3%**
A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C.While we note the progress the company has made in strengthening its medium-term emissions reduction targets to 50% by 2035, we remain concerned over the company's activities around thermal coal and lobbying, which we deem inconsistent with the required ambition to stay within the 1.5°C trajectory. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Anglo American Plc	**Resolution 19 - Approve Climate Change Report**	**Against**	**94.2%**

We recognise the substantial progress the company has made in climate reporting, primarily on transparency and the expansion of GHG emissions reduction targets (including the ambition to work to decarbonise its value chain), as well as the importance of the company's products in enabling the low-carbon transition. However, we remain concerned that the company's interim operational emissions targets (to 2030) are insufficiently ambitious to be considered aligned with the 1.5C trajectory. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Voting Information
LGIM Global Emerging Markets Equity Index Fund
The manager voted on 99.92% of resolutions of which they were eligible out of 42,279 eligible votes.

Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Meituan	**Resolution 2 - Elect Wang Xing as Director**	**Against**	**91.8%**
A vote against is applied as LGIM expects a company to have at least one female on the board. Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. A vote AGAINST the election of Xing Wang and Rongjun Mu is warranted given that their failure to ensure the company's compliance with relevant rules and regulations raise serious concerns on their ability to fulfil fiduciary duties in the company. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
China Construction Bank Corporation	**Resolution 10 - Elect Graeme Wheeler as Director**	**Against**	**95.5%**
A vote against is applied under LGIM’s Climate Impact Pledge as the Company has not published a clear thermal coal policy and no disclosure of scope 3 emissions associated with investments. As members of the Risk Committee, these directors are considered accountable for the bank’s climate risk management. LGIM will continue to engage with the company and monitor progress.			
		Against	**N/A**

Hon Hai Precision Industry Co., Ltd.	**Resolution 8.1 - Elec Liu, Yang Wei as Non-independent Director**		
A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Industrial & Commercial Bank of China Limited	**Resolution 7 - Elect Chen Siqing as Director**	**Against**	**99.0%**
A vote against is applied under LGIM's Climate Impact Pledge. We positively note the Company's increased willingness to engage with LGIM and highlight responsiveness to investor concerns, including ESG-related amendments to strengthen the bank's Articles of Association in this area. However, we continue to note our concern with the lack of a clear thermal coal policy in place and no disclosure of scope 3 emissions associated with investments. We will continue to monitor the Company's progress in this area. LGIM will continue to engage with the company and monitor progress.			
Xiaomi Corporation	**Resolution 2 - Elect Lei Jun as Director**	**Against**	**98.9%**
A vote against is applied as LGIM expects the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. A vote against has been applied because LGIM expects the Committee to comprise independent directors. A vote against is applied as LGIM expects a company to have at least one female on the board. A vote against is applied as LGIM expects a CEO not to hold too many external roles to ensure they can undertake their duties effectively. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			

Voting Information
LGIM North America Equity Index Fund (inc hedged version)
The manager voted on 99.41% of resolutions of which they were eligible out of 8,543 eligible votes.

Top 5 Significant Votes during the Period			
Company	Voting Subject		Result

		How did the Investment Manager Vote?	
Amazon.com, Inc.	**Resolution 1f - Elect Director Daniel P. Huttenlocher**	**Against**	**93.3%**
A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Alphabet Inc.	**Resolution 7 - Report on Physical Risks of Climate Change**	**For**	**17.7%**
A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Meta Platforms, Inc.	**Resolution 5 - Require Independent Board Chair**	**For**	**16.7%**
A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Berkshire Hathaway Inc.	**Resolution 1.9 – Elect Director Susan L. Decker**	**Withhold**	**86.6%**
A withhold vote is warranted for lead independent director Susan Decker as the company does not adequately disclose climate change-related risks and opportunities. A withhold vote is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Exxon Mobil Corporation	**Resolution 6 - Set GHG Emissions Reduction targets Consistent With Paris Agreement Goal**	**For**	**27.1%**
A vote for is applied in the absence of reductions targets for emissions associated with the company's sold products and insufficiently ambitious interim operational targets. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5 C goal. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			

Voting Information			
LGIM Europe (ex UK) Equity Index (inc hedged version)			
The manager voted on 99.93% of resolutions of which they were eligible out of 10,391 eligible votes.			
Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
LVMH Moet Hennessy Louis Vuitton SE	**Resolution 5 - Reelect Bernard Arnault as Director**	**Against**	**92.0%**
A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
TotalEnergies SE	**Resolution 16 – Approve Company's Sustainability and Climate Transition Plan**	**Against**	**88.9%**
A vote against is applied. We recognize the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, we remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			

<table>
<tr><td>UBS Group AG</td><td>Resolution 3 - Approve Climate Action Plan</td><td>Against</td><td>77.7%</td></tr>
<tr><td colspan="4">A vote against this proposal is applied following internal discussion. While we positively note the company's progress over the last year, as well as its recent commitment to net zero by 2050 across its portfolio, we have concerns with the strength and coverage of the Climate Action Plan's Scope 3 targets and would ask the company to seek external validation of its targets against credible 1.5°C scenarios. Gaining approval and verification by SBTi (or other external independent parties as they develop) can help demonstrate the credibility and accountability of plans.

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</td></tr>
<tr><td>VINCI SA</td><td>Resolution 4 - Reelect Xavier Huillard as Director</td><td>Against</td><td>90.8%</td></tr>
<tr><td colspan="4">A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.

LGIM will continue to monitor and engage with the company.</td></tr>
<tr><td>Equinor ASA</td><td>Resolution 10 – Approve Company's Energy Transition Plan (Advisory Vote)</td><td>Against</td><td>96.6%</td></tr>
<tr><td colspan="4">A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. Whilst we welcome Equinor's progress in setting emission reduction targets covering all scopes of emissions, we remain concerned over Equinor's future plans in oil and gas production.

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</td></tr>
</table>

Voting Information
LGIM Japanese Equity Index Fund (inc hedged version)
The manager voted on 100% of resolutions of which they were eligible out of 6,267 eligible votes.

<table>
<tr><td colspan="4"></td></tr>
<tr><th colspan="4">Top 5 Significant Votes during the Period</th></tr>
<tr><th>Company</th><th>Voting Subject</th><th>How did the Investment Manager Vote?</th><th>Result</th></tr>
<tr><td>Shin-Etsu Chemical Co., Ltd.</td><td>Resolution 3.1 - Elect Director Kanagawa, Chihiro</td><td>Against</td><td>N/A</td></tr>
<tr><td colspan="4">A vote against is applied due to the lack of meaningful diversity on the board. A vote against has been applied as the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board. A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. We would like to see all companies have a third of the board comprising truly independent outside directors.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</td></tr>
<tr><td>Mitsubishi Corp.</td><td>Resolution 5 - Amend Articles to Disclose Greenhouse Gas Emission Reduction Targets Aligned with Goals of Paris Agreement</td><td>For</td><td>20.2%</td></tr>
<tr><td colspan="4">A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</td></tr>
<tr><td>Sumitomo Mitsui Financial Group, Inc.</td><td>Resolution 5 - Amend Articles to Disclose Measures to be Taken to Make Sure that the Company's Lending and Underwriting are not Used for Expansion of Fossil Fuel Supply or Associated Infrastructure</td><td>For</td><td>10.0%</td></tr>
<tr><td colspan="4">A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company’s commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply.
We have had positive engagement with the Company. Despite this, we felt support of the shareholder proposal was appropriate to provide further directional push. We will continue to engage with the Company to provide our opinion and assistance in formulating the Company's approach.</td></tr>
<tr><td>Toyota Industries Corp.</td><td>Resolution 2.1 - Elect Director Toyoda, Tetsuro</td><td>Against</td><td>85.5%</td></tr>
</table>

A vote against is applied due to the lack of meaningful diversity on the board. A vote against has been applied as the company holds an excessive shareholding in an outside company with no clear rationale and the appropriateness of the use of shareholder capital is questioned. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
OBIC Co., Ltd.	**Resolution 3.1 - Elect Director Noda, Masahiro**	**Against**	**N/A**
A vote against is applied due to the lack of meaningful diversity on the board. A vote against has been applied as the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board. A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. We would like to see all companies have a third of the board comprising truly independent outside directors. A vote against has been applied as the company has failed to report on their material ESG factors in line with the GRI or SASB reporting framework. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			

Voting Information

LGIM Asia Pacific (ex Japan) Developed Equity Index (inc hedged version)

The manager voted on 100% of resolutions of which they were eligible out of 3,590 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Rio Tinto Limited	**Resolution 17 - Approve Climate Action Plan**	**Against**	**84.3%**
We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3			

emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Oversea-Chinese Banking Corporation Limited	**Resolution 2a - Elect Ooi Sang Kuang as Director**	**Against**	**74.8%**
A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. A vote Against the elections of Sang Kuang Ooi, Kwee Fong Hon (Christina Ong), and Joo Yeow Wee is warranted given that they serve on the nominating committee and the company, under the leadership of a non-independent chairman, is not considered to have appointed an independent lead director (LID). Beng Seng Koh, the company's lead independent director, is not considered independent. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
CK Hutchison Holdings Limited	**Resolution 3a - Elect Li Tzar Kuoi, Victor as Director**	**Against**	**86.9%**
A vote against is applied as LGIM expects the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. A vote against is applied as LGIM expects a CEO not to hold too many external roles to ensure they can undertake their duties effectively. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
QBE Insurance Group Limited	**Resolution 6b - Approve Climate Risk Management**	**For**	**19.2%**
A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Wharf Real Estate Investment Company Limited	**Resolution 2a - Elect Stephen Tin Hoi Ng as Director**	**Against**	**90.2%**
A vote against is applied as LGIM expects the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. A vote against is applied as LGIM expects a CEO not to hold too many external roles to ensure they can undertake their duties effectively.			

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

DocuSigned by:
Trevor Lambeth
4C65100477BC4B5...

Signed: ______________________, Chair of Group Trustee

04-Aug-2023
Date: ______________________

IMPLEMENTATION STATEMENT

Schneider Group of the Electricity Supply Pension Scheme

Schneider Trustees (ESPS) Limited, the Group Trustee of the Schneider Group of the Electricity Supply Pension Scheme, has prepared this implementation statement in compliance with the governance standards introduced under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended). Its purpose is to demonstrate how, and the extent to which, the Group's Statement of Investment Principles (SIP) (last amended 17 May 2023) has been followed, if there has been any review of the SIP and how the policies on voting, stewardship and engagement have been followed. This statement covers the period 31 January 2023 to 31 March 2023. The assets of the Schneider Group of the Electricity Supply Pension Scheme were transitioned to SEI Investments (Europe) Ltd, the Group's new Fiduciary Manager, in January 2023.

A. Voting and Engagement Policy

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

i. The Group only invests via pooled investment funds, meaning that the Group's investments are pooled with those of other investors. It can be harder for those invested in pooled funds to exert their influence, given the other investors with a stake, but the Group Trustee still monitors and engages as much as possible.

ii. Voting decisions on stocks are delegated to the investment managers of the pooled funds held by the Group.

iii. SEI, the Group's Fiduciary Manager, or the investment manager of a third party pooled fund, has full discretion for undertaking engagement activities in respect of the investments.

iv. Where the investment manager is SEI, SEI has pooled the Group's investments in its funds with other investors and employed a specialist ESG provider for voting and engagement services.

v. SEI will report on voting and engagement activity to the Group Trustee on a periodic basis together with its adherence to the UK Stewardship Code. The Group Trustee will consider whether the approach taken was appropriate or whether an alternative approach is necessary. The Fiduciary Manager is a signatory to the UK Stewardship Code 2020.

vi. The Group Trustee will assess the Fiduciary Manager's performance against objectives annually, including how well the Fiduciary Manager is aligned with the SIP in terms of ESG factors.

The Group Trustee is of the opinion that this policy has been followed from 31 January 2023 to 31 March 2023.
The Group Trustee will receive quarterly reports from SEI that set out:

- How SEI has voted on all the shares where SEI has voting rights, including number of votes for, against and abstentions. For votes against, details of the issues to which the votes relate will be provided.

- SEI's engagement priorities, which for 2023 include priorities in each of the following categories:

    - Climate Change
    - Sustainable Agriculture
    - Modern Slavery
    - Future of Work
    - Board Governance

- The number of companies engaged and the number of milestones achieved by engagement issue and a rating of its significance.

- The Group Trustee is satisfied that SEI's performance is in line with the SIP and its expectations.

- The Group Trustee has considered SEI's voting practices and stewardship policies noting that SEI is a signatory to the UN Principles for Responsible Investment.

- The Group Trustee has a process in place to review SEI's performance against objectives, including ESG factors.

- SEI's engagement efforts are primarily focused on public equities; however, many companies represented in SEI's engagement efforts are also held in fixed income strategies. SEI believes that these fixed income funds also benefit from the positive progress that results from productive shareholder engagement. The engagement on climate change through SEI's collaboration with its engagement partner spans both equity and fixed income.

In light of the above and otherwise, the Group Trustee has considered SEI's policy in regard to voting and stewardship and concluded that:

- SEI's voting and stewardship policies and implementation on behalf of the Group Trustee remain aligned with the Group Trustee's views on these matters.

- The current policy is appropriate and no further action is required at this stage, albeit the Group Trustee will continue to monitor the performance of this policy and SEI's performance in the future.

B. Voting Record

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn uses a specialist ESG provider, namely Glass Lewis, as a proxy for all voting. SEI provides the specialist provider with the holdings across all SEI's pooled funds and the proxy votes are cast according to a policy set out by SEI. During the period from 31 March 2022 to 31 March 2023, across the Group's holdings[1] SEI voted as follows:

Fund Name	**Factor Allocation Global Equity**	**Global Select Equity**	**Dynamic Asset Allocation**	**Emerging Markets Equity**	**Global Managed Volatility**
ISIN	IE00BDD7WJ18	IE00B295X008	IE00B5NNKL10	IE0002515637	IE00B19H3542
Number of Votable Meetings	183	55	154	119	82
Number of Votable Items	1856	738	2317	1058	946
% of Items Voted	95%	91%	88%	100%	84%
For	88%	93%	92%	80%	89%
Against	11%	5%	6%	15%	8%
Abstain/ Withheld/ Other	1%	2%	2%	5%	3%
% of votes with management	90%	96%	95%	80%	92%
% of votes against management	9%	4%	5%	16%	7%
% of votes other	1%	0%	0%	4%	1%
Voting Against/Abstain by Category					
Capital Related	4%	0%	0%	9%	3%
Board/Directors/Governance	50%	34%	51%	52%	59%
Remuneration Related	15%	23%	16%	7%	11%
Shareholder Proposals	13%	43%	31%	5%	25%
Other	18%	0%	2%	27%	2%

[1] SEI has shown voting data for the quarters the fund was held, i.e. Q1 2023.

B. Significant Votes

Highlights of some of the significant votes during the period are shown in the table below. These votes are considered to be significant as they have a material impact on the company or the wider community. SEI selects votes based on one or more of the following criteria:

- Votes SEI considers to be high profile which have such a degree of controversy that there is high client and/or public scrutiny.
- Votes relating to companies with a high or severe ESG risk rating.
- Votes relating to companies on one of SEI's watch lists. Watch lists cover ESG topics such as climate change and diversity as well as initiatives including Climate Action 100+ and the United Nations Global Compact.
- Votes relating to SEI's 2023 thematic priorities as described in section D.

To date, the Group Trustee has accepted SEI's position on what constitutes a significant vote but this will be kept under consideration.

Company Name	Held in Fund(s) (% size of holding)[2]	Theme	Date of Vote and Outcome	Vote Decision and Significance of Vote
Dentsu Group Inc.	Dynamic Asset Allocation (<0.01%)	Corporate Governance	Date: 30/03/2023 Outcome: Against	Voted Against the proposal to 'Elect Hiroshi Igarashi'. Hiroshi Igarashi served as a director of the company in 2018 when alleged bid-rigging related to the Tokyo 2020 Olympics took place. On February 27, 2023, he had voluntarily admitted during a questioning by the Tokyo Prosecutors Office that the Company was responsible for being involved in bid- rigging. This vote is deemed significant as the incident signals poor internal controls and a lack of risk management at the company. Members of the board bear the responsibility of ensuring that the group maintains appropriate internal controls as well as fair and reliable disclosure to the public.

[2] % holding as at last day of the quarter in which vote occurred.

D. Engagement Activity

Highlights of some of the engagements during the period are shown in the table below. SEI conducts shareholder engagement collaboratively through third party specialists Sustainalytics and Columbia Threadneedle Investment reo. Each case study describes a milestone achieved relating to our engagement priorities as described in section D.

Company Name	Held in Fund(s)	Theme	Objective	Description
CIMB Group Holdings Bhd	Emerging Markets Equity	Thematic Engagement Climate Change	Implementation of climate risk management practices	Over the past two years, Columbia Threadneedle has engaged with CIMB Group to enhance climate change risk management practices. CIMB Group has a diversified banking business across Southeast Asia, with core operations in Malaysia, Indonesia, Singapore, and Thailand. In late 2022, the company announced that it had calculated a baseline for its Scope 3 financed emissions in Malaysia and Indonesia. The company also announced 2030 climate-related goals for financed emissions from thermal coal mining and cement. These commitments are a sign of positive progress at the company. Continued engagement efforts will look for expansion of the commitment to new sectors and for implementation plans to meet the goals that have been set.

JBS SA	Emerging Markets Equity	Standards Engagement – Business Ethics - Bribery and Corruption	Strengthen anti-corruption programs to reduce corruption risk exposure and implement corrective actions.	Sustainalytics has engaged with JBS to address bribery and corruption risk since 2017. Brazil-based JBS is the world's largest meat processing company. In 2017, JBS reached a plea deal with Brazilian authorities over a bribery scheme involving bribes worth $150 million to more than 1,900 government officials. Sustainalytics engagement efforts, including 11 conference calls and two in-person meetings, advocated for improved business ethics, corporate governance, and compliance training policies and programs, as well as a third-party audit of the program. The company expanded its compliance team, adding several senior hires with U.S.-based regulatory and legal backgrounds, and elevated the head of compliance to report directly to the board. New ethics committees were established, and a new training was implemented for employees, management, the board, and third-parties. In a recent audit, an independent third-party gave JBS a 97% rating for compliance best practices. As a result of positive progress, the case has now been resolved.

The Pensions Advisory Service

The Pensions Advisory Service is available to help members and beneficiaries of occupational pension schemes resolve any difficulties they may have encountered and which they have failed to resolve with the trustee or administrators of schemes. The Pensions Advisory Service 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 Trustee under the second stage of the procedure.

The Pensions Advisory Service can be contacted at 11 Belgrave Road, London SW1V 1RB.

Telephone: 0800 011 3797

Website for online contact: www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Pension Ombudsman is available to help members and beneficiaries of occupational pension schemes resolve any difficulties they may have encountered and which they have failed to resolve with the trustee or administrators of schemes. The Pension 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 Trustee under the second stage of the procedure. The Ombudsman can investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The services of the Ombudsman are available to the members, beneficiaries and prospective members of pension schemes.

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

Telephone: 0800 917 4487

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

The Pensions Regulator

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

The Pensions Regulator can be contacted at Napier House, Trafalgar Place, Brighton, BN1 4DW.

Telephone: 0345 600 0760

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 0193
From outside the UK: +44 (0)191 215 4491

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

Pension Wise

Pension Wise is a new Government service that offers individuals tailored guidance, online, over the telephone or face to face:

- to explain what options are available and how to make the best use of pension savings;
- information on the tax implications of the different options and other important considerations; and
- tips on getting the best deal, including how to shop around.

Website: www.pensionwise.gov.uk

The Pension Protection Fund

The Pension Protection Fund was established to pay compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund can be contacted at: PPF Member Services, P.O. Box 254, Wymondham, NR18 8DN.

Telephone: 0330 123 222

Email: ppfmembers@ppf.gsi.gov.uk

Website: www.pensionprotectionfund.co.uk