

ELECTRICITY PENSIONS TRUSTEE LIMITED

Annual General Meeting – 2024

Resolutions submitted by Roger Barnard (UKPN Group) and Terry Johnston (E.ON Group) for consideration

RESOLUTION 1

Restoration of value for pensions in payment next April

Text attached together with Explanatory Note

RESOLUTION 2

Group Trustee Elections : Compliance with Clause 19

Text attached together with Explanatory Note

RESOLUTION 3

Improvement of Group Communications to Members

Text attached together with Explanatory Note

RESOLUTION 4

Code of Procedure (Again) for Independent Trustees

Text attached together with Explanatory Note

RB / TJ 02.10.2024

ELECTRICITY SUPPLY PENSION SCHEME

RESOLUTION 1 : for consideration at the 42nd Annual General Meeting of Scheme Members on Tuesday 19 November 2024

We, the under-signed Members of the Scheme, invite other Members of the Scheme at this Annual General Meeting to consider and, if thought fit, adopt the Resolution set out below, for transmission to the Chairman and Trustees of each ESPS Group.

PROPOSED BY : Roger Barnard (UK Power Networks Group)

SECONDED BY : Terry Johnston (E.ON UK Group}

RESOLVED : THAT THIS MEETING

Having noted and considered the Explanatory Note below, now requests that:

(a) any Principal Employer under the Scheme who increased pensions in payment in 2023 and/or 2024 by less than the full RPI-related measure for such increases should now

(b) use next year's increases payable for such pensions under the Scheme as an opportunity to take such additional steps as may be necessary (having regard to actuarial advice) to fund a two-year programme designed to

(c) mitigate the otherwise permanent reduction in the value of such pensions arising from the Employer's under-payments in the previous two years.

EXPLANATORY NOTE

1. Resolutions at EPTL's Meetings in 2022 and 2023, calling upon the Principal Employers to pay the full RPI-related increase of 12.6 per cent and 8.9 per cent respectively for pensions in payment under the Scheme in 2023 and 2024, were approved by **92 per cent** and **95 per cent** respectively of voters at the Meetings.

2. Despite such unprecedented voting results, many – perhaps most – Groups chose to pay increases below the full RPI measure, or simply retreated behind the rules of the Scheme which allow annual pension increases to be capped at 5 per cent. Such underpayments have a compounding effect over time, and ultimately result in a permanent reduction in the value of Members' pensions.

3. It is difficult to estimate the loss of value (it could be as much as 15 per cent in some cases), but actuarial help is allowed for in this Resolution, which asks the Principal Employers to arrange for the return to their Members of the value extracted from their pensions by previous under-payments.

ELECTRICITY SUPPLY PENSION SCHEME

RESOLUTION 2 : for consideration at the 42nd Annual General Meeting of Scheme Members on Tuesday 19 November 2024

We, the under-signed Members of the Scheme, invite other Members of the Scheme at this Annual General Meeting to consider and, if thought fit, adopt the Resolution set out below, for transmission to the Chairman and Trustees of each ESPS Group.

PROPOSED BY : Roger Barnard (UK Power Networks Group)

SECONDED BY : Terry Johnston (E.ON UK Group)

RESOLVED : THAT THIS MEETING

Having noted and considered the Explanatory Note below, and noting also the role of Scheme AGMs in keeping under review the conduct of the general business of the Scheme, now calls upon EPL [sic] to ensure that all Groups have arrangements in place whereby Group Trustees can at appropriate intervals be ELECTED to office as specified by the Scheme's constitution.

EXPLANATORY NOTE

1. It is difficult to find accurate information about how the ESPS Groups operate their Trustee Election arrangements, but there is some evidence that is more than merely anecdotal that some Groups do not bother to conduct a full membership ballot relating to a slate of duly nominated persons.
2. If and to the extent that such allegations may be correct, this is a serious issue. Clause 19 of the Scheme's constitution is quite explicit on the matter: its headline is **Elected Group Trustees**; it uses the words **elected** or **election** 27 times as compared to only two uses of the word **nominated**; and there is nothing in either the Scheme's constitution as a whole or Clause 19 itself which defines the word **elected** in a particular way (so it must be given its normal meaning).
3. Clause 19; therefore, read in context, clearly requires there to be in place for each Group a transparent process by which candidates for Trustee office can be **elected** -- within the literal and ordinary meaning of that word -- by all Members associated with the Group, or with relevant parts of it. The adoption of a different or alternative process (whatever its wording) that does not culminate in suitable arrangements for the **election** of candidates for Trustee office appears to be contrary to Clause 19, and hence is a matter of concern.

ELECTRICITY SUPPLY PENSION SCHEME

RESOLUTION 3 : for consideration at the 42nd Annual General Meeting of Scheme Members on Tuesday 19 November 2024

We, the under-signed Members of the Scheme, invite other Members of the Scheme at this Annual General Meeting to consider and, if thought fit, adopt the Resolution set out below, for transmission to the Chairman and Trustees of each ESPS Group.

PROPOSED BY : Roger Barnard (UK Power Networks Group)

SECONDED BY : Terry Johnston (E.ON UK Group}

RESOLVED : THAT THIS MEETING

Having noted and considered the Explanatory Note below, now asks EPTL to make arrangements for a small working group of Scheme Members who will:

(a) consider the quality and effectiveness of Group communications issued to Members at the time of annual pension increases, with a particular focus on clarifying the structure and contents of pensions in payment, and

(b) recommend drafting improvements to enable the production of a standard generic form of communication that could be used by any and all Groups at the required times notwithstanding specific differences of detail.

EXPLANATORY NOTE

1. Pension issues are notoriously difficult to explain to the Great British Public. But some occupational schemes, such as the ESPS Groups, generally make a better job of this than many others in the wider pensions industry.
2. However, a review of the member communications issued by Groups at or around the time of annual pension increases, in the form of notes, letters, or leaflets, etc, reveals a worrying picture of the ways in which complex issues (**particularly those associated with contracting-out, for example**) are dealt with. The picture is patchy but, overall, there are too many failures to clearly explain highly technical issues in an open and transparent way.
3. The Resolution set out above speaks for itself in terms of what is proposed, and the only extra point we would make is that the small working group could perhaps be advised and helped by a professional Plain English editor.

ELECTRICITY SUPPLY PENSION SCHEME

RESOLUTION 4 : for consideration at the 42nd Annual General Meeting of Scheme Members on Tuesday 19 November 2024

We, the under-signed Members of the Scheme, invite other Members of the Scheme at this Annual General Meeting to consider and, if thought fit, adopt the Resolution set out below, for transmission to the Chairman and Trustees of each ESPS Group.

PROPOSED BY : Roger Barnard (UK Power Networks Group)

SECONDED BY : Terry Johnston (E.ON UK Group)

RESOLVED : THAT THIS MEETING

Having noted and considered the Explanatory Note below, now calls upon EPTL to request the Chairman of each relevant Group to respond briefly and in writing (if they have not already done so) to Members' Resolution Number 2 on the agenda of last year's Meeting (see paragraphs 28 to 30 of the Minutes thereof), with a view to enabling EPTL to collate and circulate for discussion the positions of the relevant Groups in relation to that Resolution.

EXPLANATORY NOTE

1. At last year's Annual General Meeting, Members' Resolution Number 2 on the agenda was supported **by 94 per cent** of those entitled to vote at the Meeting.
2. The Resolution asked EPL [sic] to amend the Scheme documentation in the case of each ESPS Group where there is currently an Independent Trustee in office so that in future a formal and binding Code of Procedure would apply to that Trustee when exercising functions under the Scheme in relation to any proposed pensions in payment increases under the Scheme.
3. The proposed terms and contents of such a Code **were set out** in the Resolution and were designed to ensure compliance by the Independent Trustee with current **good practice principles** of transparency and the sharing of information.
4. As far as the sponsors of this year's Resolution 4 (above) are aware, there has been no attempt since last year's Meeting to ascertain and circulate the views of Groups which would be directly affected by Resolution Number 2. The sponsors consider that this ongoing lack of response is unacceptable and justifies a return to the matter in the form of Resolution 4 at this year's Meeting.

ELECTRICITY PENSIONS TRUSTEE LIMITED

Annual General Meeting – 2024

Resolutions submitted by Terry Johnston (E.ON Group) and Keith Cockroft (E.ON Group) for consideration

RESOLUTION 5

That the Minutes of this (and of any other) EPTL Annual General Meeting should not be anonymised

Text attached together with Explanatory Note

RESOLUTION 6

That the Board of Directors of EPTL should express a Scheme-wide view to government about the protection of pension principles in the event of major industry changes

Text attached together with Explanatory Note

TJ / KC 02.10.2024

ELECTRICITY SUPPLY PENSION SCHEME

RESOLUTION 5: for consideration at the 42nd Annual General Meeting of Scheme Members on Tuesday 19 November 2024

We, the under-signed Members of the Scheme, invite other Members of the Scheme at this Annual General Meeting to consider and, if thought fit, adopt the Resolution set out below.

PROPOSED BY : Terry Johnston (E.ON UK Group)

SECONDED BY : Keith Cockroft (E.ON UK Group)

RESOLVED : THAT THIS MEETING

Having noted and considered the Explanatory Note set out below, now requests that the Minutes of this Annual General Meeting should not be anonymised. **

Accordingly, all speakers are asked to give full and meaningful consent to the use of their names being published in the EPTL Minutes of this Meeting and of any subsequent EPTL AGM.

***** the process of removing identifying information from something so that the original source cannot be known (Cambridge Dictionary).***

EXPLANATORY NOTE

EPTL has previously cited compliance with the General Data Protection Regulation (GDPR) as a reason not to publish the AGM Minutes in full. This is unacceptable.

The GDPR is a significant piece of legislation in the ongoing public effort to increase the transparency of corporate decision making. Unfortunately, the objectives and requirements of the legislation are too often used cynically these days, not to provide transparency and light on such matters, but to obscure or hide them altogether.

Of course, the sponsors of this Resolution do not believe for one minute that EPTL is using the GDPR in this context to hide truths or conceal improper activities. Their complaint is that there is no obvious GDPR-related reason why the Minutes of this AGM, or indeed of any subsequent AGM, should be automatically anonymised. Treating the Minutes in this way becomes, in these circumstances, just a knee-jerk reaction by unduly cautious lawyers.

This Meeting is asked to (a) support the Resolution and on that basis (b) encourage Members to take the personal action it requires.

ELECTRICITY SUPPLY PENSION SCHEME

RESOLUTION 6 : for consideration at the 42nd Annual General Meeting of Scheme Members on Tuesday 19 November 2024

We, the under-signed Members of the Scheme, invite other Members of the Scheme at this Annual General Meeting to consider and, if thought fit, adopt the Resolution set out below.

PROPOSED BY : Terry Johnston (E.ON UK Group)

SECONDED BY : Keith Cockroft (E.ON UK Group)

RESOLVED : THAT THIS MEETING

Having noted and considered the Explanatory Note below, requests the Board of Directors of EPTL, following consultation with Groups, to prepare, publish, and issue to the Department of Work and Pensions a Scheme-wide statement in terms that confirm that any major changes that are planned to be made to the structure or governance of the UK's defined benefit pension schemes:

- (a) must be driven by the overriding need to strike a fair balance between the interests of scheme employers and the interests of their members,*
- (b) must provide, in each case where it is relevant, for the full and fair sharing of any available surplus as a condition precedent to changes, and*
- (c) must ensure there is no dilution of the fiduciary duty of scheme trustees to act at all times in the best interests of scheme members.*

EXPLANATORY NOTE

It is widely expected among pension experts that the industry is likely to face major structural and political change in the near future, and that this process will especially affect schemes in the defined benefit sector – particularly large mature schemes that are already in surplus or are moving towards it..

This is not only because the new (Labour) government believes that pension schemes should be incentivised to invest more in UK business, but also because the DWP has a recent history of promoting public consultations under the previous (Conservative) government with similar political objectives for the industry.

EPTL is the designated Scheme Trustee for the whole electricity industry. It currently exercises a central oversight of the conduct and finances of 23 Group Trustee Boards representing all licensed activities of the industry – generation, transmission, supply, and distribution. Members need to be sure that EPTL will speak up publicly for them and their interests, when required, in the terms set out in this Resolution.