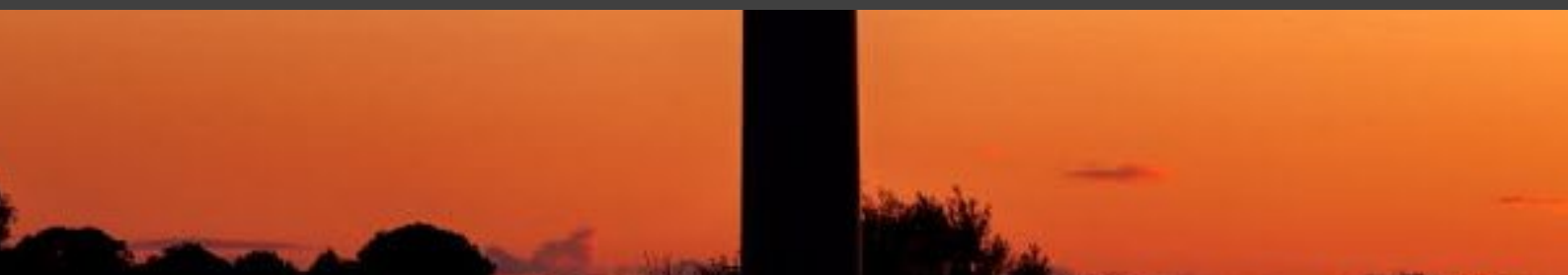
Climate disclosures for year ending 31 March 2026: Governance and Risk Management Annex

Produced by: Electricity Pensions Trustee Limited as Scheme Trustee of the Electricity Supply Pension Scheme

Date: October 2026



Introduction

This document is an annex to the Scheme's annual climate disclosures report for the year ended March 2026, which has been produced to comply with the Scheme's climate reporting obligations[1]. More detail is included in the climate disclosures report, which is available here.

The annex has been compiled by Electricity Pensions Trustee Limited as Scheme Trustee of the Electricity Supply Pension Scheme (the "Scheme Trustee"). It supplements the Scheme's full climate disclosures report which describes the actual and potential impact of climate risks and opportunities on the Scheme.

Background

The Scheme has a two-tiered structure which involves the central Scheme Trustee and a series of Group Trustees who have trusteeship responsibility for each of the 22 separate Groups ("Groups") of the Scheme. The Scheme Trustee has exclusive responsibility in respect of the ownership, custody, and administrative control of the Scheme's assets.

The Scheme Trustee has therefore presented the full Scheme report with significant input from Groups across the four pillars of the TCFD recommendations: governance, strategy, risk management and metrics & targets. Whilst comprehensive information is included in the report across all four pillars, the Scheme Trustee is providing additional Group-specific information in this annex report, as part of meeting its reporting requirements for the period 1 April 2025 to 31 March 2026.

Purpose of the annex

The Groups have provided detailed information to support the Scheme's climate disclosures report across all four of the TCFD pillars. In order to make the Scheme's climate disclosures Report accessible to readers, the Report consolidates and summarises information provided by Groups. Due to differences in approach between Groups it was not possible in all cases to consolidate and summarise the information in a way which retained all potentially relevant governance and risk management information provided. The purpose of this annex is to supplement the governance and risk management sections of the full report by publishing in full the governance and risk management information provided to the Scheme Trustee by Groups.

As outlined in the full report, the Scheme Trustee expects the Group Trustees to undertake their own ongoing governance activities as relevant to their Groups. The Scheme Trustee also expects the Group Trustees to undertake qualitative and quantitative analysis, to give the Scheme an overview of the climate-related risks that the Scheme is exposed to.

Scope

What is the TCFD?

The Financial Stability Board created the Taskforce on Climate-related Financial Disclosure ("TCFD") to develop recommendations on the types of information that entities should disclose to support investors, to assess and price risks related to climate change.

The TCFD has developed a framework to help companies and other organisations, including pension schemes, more effectively disclose climate-related risks and opportunities through their existing reporting processes.

[1] Governance and reporting of climate change risk: guidance for trustees of occupational schemes (publishing.service.gov.uk)

Not all Groups were able to provide all the information the Scheme requested to support its reporting requirements. This annex therefore contains information from the Groups who were able to provide it at the time of writing.

Note to readers on language used in this annex

Please note that in contrast to the main climate disclosures Report, the Scheme Trustee has not amended language provided by the Groups to ensure consistency of terminology in this annex. The content below is worded as provided by Groups to the Scheme Trustee unamended.

Table of contents

Table of contents 4
Governance 5
- Central Networks 5
- EDFG Defined Benefit section 8
- EDFG Defined Contribution section 11
- Electricity North West (ENWL) 14
- E.ON 18
- Magnox Electric 21
- Manweb 25
- National Grid Electricity 29
- Northern Powergrid 33
- RWE 36
- Schneider 43
- SSE Southern 47
- UK Power Networks 50
- Uniper 54
- United Utilities PLC 56
- Western Power Distribution 63

Risk management 66
- Central Networks 66
- EDFG Defined Benefit section 69
- EDFG Defined Contribution section 70
- E.ON 76
- Magnox Electric 82
- Manweb 85
- National Grid Electricity 87
- Northern Powergrid 92
- RWE 95
- Schneider 98
- SSE Southern 100
- UK Power Networks 104
- Uniper 106
- United Utilities PLC 108
- Western Power Distribution 111

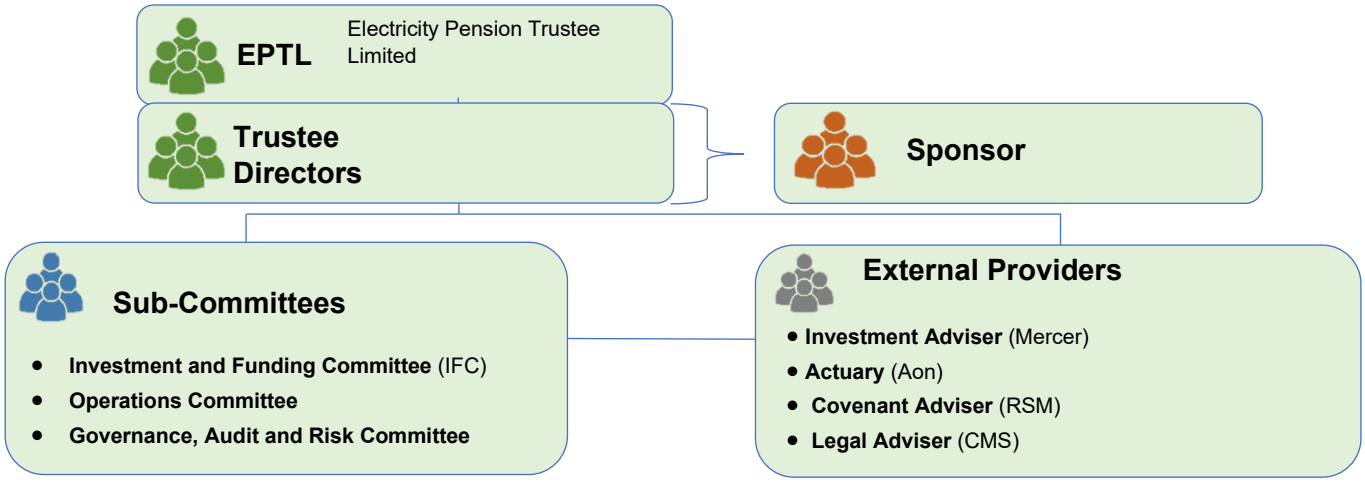
Governance

Central Networks

Trustee Directors' governance approach

The Trustee Directors are ultimately responsible for the oversight of Climate Change Risks and Opportunities (CCRO) as they relate to the Group and these are considered as part of our investment decision making. A series of sub-committees have been established to support the effective governance of the Group. The Group's governance structure is set out in Figure 1.

Figure 1: Governance Structure



As part of our responsibility, we have established processes to assess, oversee, review and effectively manage CCRO relevant to the Group. This includes ensuring the Group takes steps to identify, assess and manage any relevant CCRO.

The Trustee Directors retain all strategic investment decisions and assessment, including setting of climate-related investment beliefs and objectives but, where appropriate, has delegated certain functional responsibilities to the Investment and Funding sub-committee (IFC). Considerations of CCRO are made when appropriate, typically on a quarterly basis, as part of the review of the portfolio, including manager and general industry updates. This has included updates on governmental environmental policies, successful engagements from our Investment Adviser and new regulatory updates. More in-depth reviews are made on an annual basis in line with the updated TCFD analysis.

Trustee Directors' Knowledge and Understanding (TKU)

The IFC are responsible for ensuring that CCRO are identified, assessed and managed on behalf of the Trustee Directors and members and taken into account in strategic investment decisions. We ensure that we have sufficient knowledge and understanding of the principles relating to the identification, assessment and management of CCRO including:

- Understanding how scenario analysis works.
- Setting metrics and targets.
- Interpreting the results of any analysis and how this applies to investment decision making.
- Reporting.

By doing this we ensure that we are sufficiently informed to be able to challenge assumptions, external advice and information received and to understand any proposals developed by our Investment Adviser and/or the asset managers. We will engage our service providers to provide such training as they consider necessary to meet the TKU requirements.

We govern the portfolio and rely on our Investment Adviser and asset managers to help scan, measure and monitor the CCRO and determine their relevance to the Group. The IFC, along with our Investment Adviser and asset managers, adopt a variety of methods to help with the analysis including the following:

- Reviewing relevant background material and identifying regulatory developments that are relevant to the Group, including guidance from the Pensions Regulator and Department for Work and Pensions.
- Engaging with peer groups, industry bodies and advisers.
- Identifying relationships between events and news, and business and financial impacts to manage reputational risks
- Identifying and assessing physical and transitional risks (discussed further below) over different time horizons.
- Considering the impact of physical and transitional, including operational, risk factors.

We consider CCRO to include:

- Transition risks - the financial risks and opportunities associated with the ability of a company, supranational or sovereign, to transition to a low carbon economy. For example, the financial risks of public policy change. Here we also include environmental opportunities - the financial opportunities of climate change-related solutions, such as the technology solutions necessary for low carbon energy provision.
- Physical risks - the financial risks and opportunities associated with a company, supranational or sovereign's resilience to climate change-related weather events. For example, the financial risks of rising sea levels or increased droughts, floods or wildfires.
- Systemic Risks – the "top down" financial risks of the macro-economic impacts of climate change through changing governmental policy, consumer behaviour, productivity, competitive pressures, commodity inflation, immigration and other economic drivers of growth and inflation and hence market wide returns. In the long term this includes the risks of tipping points in global warming that could lead to more extreme outcomes and impacts.

With support from our Investment Adviser and asset managers, we will consider the transition risks and physical risks, systemic risks and opportunities for the Group's investment strategy over a range of different scenarios. These scenarios broadly reflect: (i) a rapid decarbonisation of the economy where high transition risk feeds into financial markets creating both risks and opportunities; (ii) a sudden step-up in policy action in 2030, with both transition risk and physical risks being experienced; (iii) insufficient progress being made regarding the transition to a low-carbon economy so physical risks of climate change accelerate causing significant market disruption and a drag on global GDP; and (iv) backsliding on climate commitments by governments and companies with severely negative impacts on human wellbeing and wealth.

The Trustee Directors initially appointed Cardano Risk Management Limited as the Group's Investment Adviser. Following Mercer's acquisition of Cardano Risk Management Limited, completed on 1 January 2026, the role is now carried out by Mercer Risk Management Limited. Our Investment Adviser provides advice on the Group's investment strategy and, where relevant, on asset manager appointments. Our Investment Adviser also supports us in formulating and applying our investment and sustainability beliefs, ensuring these are appropriately reflected in strategic decisions.

As Trustee Directors, we have reviewed our Investment Advisers climate change expertise and are satisfied our Investment Adviser has the skills and resources to integrate climate change-related risks and opportunities into their investment advice. Our Investment Adviser provides updates on a quarterly basis on actions they have taken with regards to stewardship and industry developments they are involved in.

Through the IFC, the Trustee Directors review our External Providers on a regular basis, including the Investment Advisers, Scheme Actuary and Covenant Adviser, to ensure all stated processes for those managing / advising the Group on climate governance remain appropriate.

We expect our External Providers to act with integrity and diligence in fulfilling their respective roles and set objectives and use meetings with the advisers to assess and challenge them. Where relevant, this includes discussion of the steps taken by advisers to identify and assess any climate-related risks and opportunities.

When selecting External Providers, we require each provider to demonstrate sufficient credentials in relation to the assessment of climate-related matters, where relevant to the services they provide and the responsibilities they hold. This is done by assessing the providers in terms of their:

- Relevance of ESG within the strategy.
- Level of understanding on climate change and climate risks and opportunities.
- Commitments to decarbonisation targets.
- Corporate policies focusing on reaching stated decarbonisation targets.
- Resources in place to deliver to climate related objectives.
- Ability to report to us.
- Associations with and involvement in relevant industry bodies.

We apply the appropriate amount of scrutiny, challenge and discussion to advice relating to climate related risks.

Time and resources spent on climate change-related matters

The Chair of the Trustee Directors, with support from the IFC, is responsible for ensuring that sufficient time is allocated for consideration and discussion of climate matters by the Trustee Directors and our External Providers. The Trustee Directors, as part of our regular meeting schedule, will allocate agenda time to climate change topics, amongst other ESG topics. Climate change will form an explicit agenda item at least annually for the Trustee Directors and sub-committees when our annual climate-related financial disclosures report is updated. It will also be covered as part of other agenda items as part of a wider discussion of funding or investment strategy. An example of where discussions have been held is in relation to the third-party manager appointments and review discussions. We consider this allocation of time and resources to be appropriate and proportionate in light of the outputs of the scenario analysis and the ongoing monitoring of progress with relation to our net zero pathway tracker and wider climate metrics.

Training

During the year to 31 March 2026, we received training from our Investment Adviser, covering climate-related investment risks and reporting requirements in line with the TCFD recommendations.

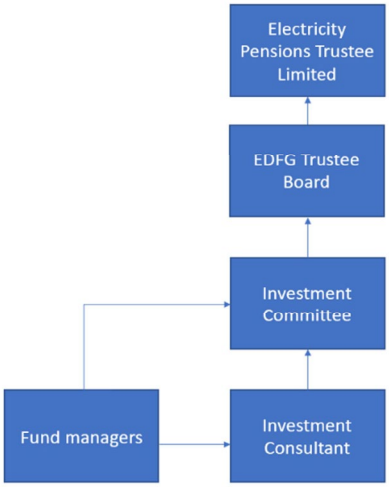
We acknowledge that the reporting of climate-related risk is relatively new and the collective experience of the Trustee Directors' will grow over time. We will continue to receive refresher training on climate-related risk as appropriate.

EDFG Defined Benefit section

Oversight of climate-related risks and opportunities

The Group Trustee's Board is ultimately responsible for identifying, assessing, monitoring and managing climate-related risks and opportunities which are relevant to the Group. A sub-committee of the Board, the Investment Committee (IC), has been delegated the day-to-day responsibility for ensuring that the Group Trustee's policy for monitoring climate-related risks and opportunities is integrated into investment strategy, risk management and decision making. In keeping with this governance structure, this report has been reviewed by the IC and approved by the Group Trustee Board. There are no other persons undertaking governance activities in relation to the DB Section.

The diagram below shows the structure and associated groups/individuals with responsibilities for governance of climate-related risks and opportunities.



The Group Trustee's policy for monitoring climate-related risks and opportunities is included in the Group's Investment Decisions Policy. The policy includes monitoring the Group's climate-related metrics and the results of climate scenario analysis, as well as engaging with the Group's investment managers on climate-related matters.

The Group Trustee requires its appointed investment managers to be cognisant of climate-related risks and opportunities within their investment processes. The Group Trustee aspires to continuously improve the quality of engagement with its investment managers to ensure that appropriate steps are being taken to address climate-related risks and opportunities within the Group's funds.

The Group Trustee receives advice from its investment advisor (Gallagher, formerly called Redington), actuary (LCP), and covenant advisor (XPS) to effectively assess and monitor climate-related risks and opportunities associated with the Group's funding and investment strategy. This includes the use of climate scenario analysis to assess the potential resilience of the investment strategy and covenant to various future climate change scenarios.

Investment manager engagement and performance assessment

The Group Trustee maintains a Stewardship policy that is shared with its investment managers. The Policy sets out the Group Trustee's aim to use its influence as an asset owner to ensure the Group's investment managers follow ESG (Environmental, Social and Governance) and stewardship best practices. The policy is used to hold the Group's investment managers to account for the effective integration of ESG and stewardship in line with the Group Trustee's expectations.

Active engagement with the Group's appointed investment managers, specifically relating to climate-related risks and opportunities, is conducted by the Group Trustee with the assistance of Gallagher. Throughout this engagement process, investment managers are asked to provide details of how climate-related risks and opportunities have been incorporated into the investment process within the relevant manager's investment guidelines.

During the reporting period, examples of active engagement included inviting a selection of the Group's investment managers, including PIMCO, BlueBay, CQS, Aegon, and Janus Henderson, to attend IC and Group Trustee meetings and set out how they address ESG risks and opportunities within their funds. This direct engagement by the Group Trustee and IC provided a valuable opportunity to encourage the investment managers to improve the level of ESG integration and reporting transparency.

Active engagement with underlying companies in which the Group is invested, specifically relating to climate-related risks and opportunities, is delegated to the Group's investment managers on behalf of the Group Trustee, recognising that the nature of these engagements is likely to vary across the different asset classes in which the Group invests. Key takeaways from any active engagement are either reported to Gallagher, who raise them with the Group Trustee on an ad-hoc basis and during quarterly Group Trustee Board meetings, or brought directly for discussion with the Group Trustee.

To ensure that any issues regarding the identification and assessment of climate-related risks are addressed and/or noted in an orderly fashion, the Group Trustee reviews its investment advisor, Gallagher on an annual basis against their agreed strategic objectives (these include ESG-related objectives, capturing climate-related risks). Gallagher are responsible for monitoring the Group's investment managers to ensure they adequately identify and assess climate-related risks and opportunities, and any issues are reported to the Group Trustee.

The IC reports back to the Group Trustee on a quarterly basis regarding all key investment matters, including relevant detail on climate-related risks and/or opportunities. The Group Trustee receives annual reporting from Gallagher which contains information on the relevant metrics and targets, which have been selected for monitoring. The IC also reviews the Group's climate risk stress tests on a quarterly basis. The Group Trustee reviews these when considering investment strategy changes, in particular with new asset class/investment manager investments.

Over the past year, the IC has continued to constructively engage and, where necessary, challenge the climate-related information provided by their advisors and investment managers, and has escalated this as appropriate.

Group Trustee knowledge and understanding of climate-related risks and opportunities

During the period, the Group Trustee received training on various aspects of stewardship including how their investment managers approach this (through the IC manager engagement discussions). In Q4 2025, the Group Trustee completed a horizon scanning session to reassess the potential forward-looking implications of climate change and sustainability factors on the investment strategy. The session focused on developments in the global climate transition, highlighting the increasing challenges associated with achieving net zero ambitions and the implications of a more volatile policy and regulatory environment for long-term investors. It also explored evolving approaches to decarbonisation targets, the limitations of emissions-based metrics, and the growing importance of biodiversity and nature-related risks alongside climate considerations.

Following the session delivered in Q4, in Q1 2026, the Group Trustee was provided with a refresher of the climate metrics and targets included in this report. The Group Trustee also discussed the practical limitations of medium-term net-zero targets, and the suitability of the Group's interim net-zero target in light of slower than expected global progress on the transition to net zero.

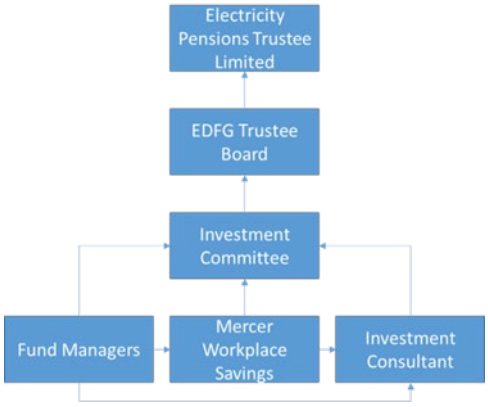
During the next year, the Group Trustee will undertake a review of its stewardship priorities to ensure they continue to be aligned with the Group's long term objectives, regulatory expectations and evolving best practice.

The Group Trustee deems the training it has received to be sufficient to provide it with the necessary knowledge and understanding of climate-related risks and opportunities; however, further training will be requested and provided as appropriate.

EDFG Defined Contribution section

Whilst the Group Trustee maintains the ultimate responsibility for ensuring effective governance of climate-related risks and opportunities, within the DC Section of the Group the Group Trustee delegates day-to-day management and governance oversight of the funds to the DC Delegated Investment Manager, Mercer. For the purpose of this report, the Group Trustee will refer to the DC Delegated Investment Manager as "MWS" (Mercer Workplace Savings). As day-to-day management is delegated to MWS, the Group Trustee maintains a level of oversight by receiving regular updates on climate-related queries relevant to the Group including both the risks to investments and opportunities available. There are no other persons undertaking governance activities in relation to the DC Section.

Diagram showing responsibilities for governance of climate-related risks and opportunities.



The Group Trustee is responsible for oversight of all strategic matters relating to the Group and is ultimately responsible for oversight of the Group. This includes approval of the governance and management framework relating to ESG considerations and climate related risks and opportunities.

The Group Trustee expects its advisors and investment managers to bring important climate-related issues and developments to its attention in a timely manner. The Group Trustee also expects its advisors and investment managers to have the appropriate knowledge on climate-related matters and assesses the DC Investment advisor (Mercer) annually as part of the monitoring of the investment advisor's objectives.

The Group Trustee seeks to ensure that any investment decisions appropriately consider climate-related risks and opportunities within the context of the Group's wider risk and return requirements and are consistent with the climate change policy as set out in the Statement of Investment Principles (SIP).

In line with the DB Section, the Group Trustee maintains a SIP, which details its key beliefs, identified risks and approach to ESG integration which includes the importance of ESG factors (including but not limited to climate risk). The IC (as above) also has day-to-day responsibility for the DC investment policy. The Group Trustee has also incorporated climate risk (both physical and transitional) as an explicit risk within its risk register, which is reviewed and updated annually.

The Group Trustee and IC undertake training on an annual basis (or more frequently if required) around ESG topics to ensure their understanding and knowledge are up to date with regulatory requirements and evolving market developments and practice and also receive regular updates from MWS on its approach to climate change-related risks and opportunities. For example, the Group Trustee received training around the Group's output from Mercer's "Responsible Investment Total Evaluation" (RITE) tool during the year under review.

The DC investment advisor attends the quarterly IC meetings to run through any material provided by MWS and details the impact and relevance this has to the Group specifically. This will include quarterly carbon metrics and fund ratings (which incorporate ESG considerations), along with the MWS annual strategy review (inclusive of climate change analysis), ESG report and voting and engagement data annually. The Group

Trustee sets objectives for its DC investment advisor which are assessed annually (these objectives include climate-related risks and opportunities). At each quarterly IC meeting the DC investment advisor reports that all stated processes for those managing / advising the Group on climate governance remain appropriate or highlights otherwise.

The key activities undertaken by the IC, with the support of the Group Trustee's advisors, are to:

- Ensure the investment strategy or any implementation proposals consider the impact of climate risks and opportunities
- Engage with the Group's investment managers to understand how climate-related risks are considered in their investment approach
- Work with the investment managers to disclose relevant climate-related metrics as set out in the TCFD recommendations
- Ensure stewardship activities are being carried out appropriately by the investment managers on the Group's behalf.

MWS actively monitors and manages the funds used by the Group, including by the following means:

- The day-to-day investment activities (including the selection, retention and realisation of investments) are delegated by MWS to underlying investment managers ("sub-investment managers"). These sub-investment managers are expected to have consistent processes in place to incorporate the assessment of ESG risks and opportunities (including climate change) in their security selection and portfolio construction. MWS uses Mercer's proprietary ESG framework for investment managers to identify those sub-investment managers that meet these requirements. Mercer Manager Research considers, where relevant, the extent to which they believe financially material ESG factors are integrated into the investment manager's investment process and decision-making across asset classes. ESG factors are incorporated into the investment due diligence process on the basis that these issues can potentially impact revenue, operating costs, competitive advantage and the cost of capital. MWS will engage with sub-investment managers where they are perceived to be lagging behind peers for ESG integration and/or voting behaviour and disclosures.
- MWS clients benefit from the oversight of the Mercer Workplace Savings Investment Governance Committee (MWS IGC). The MWS IGC is made up of senior individuals within Mercer's investments business. The MWS IGC meets at least quarterly and is responsible for ensuring that the investment arrangement is suitable and that it reflects Mercer's best ideas, including research from Mercer's dedicated sustainable investment team. The MWS IGC has its own Responsible Investment & Voting Policy.
- The MWS IGC includes the integration of sustainability at the strategic asset allocation (in the case of multi-asset funds) and investment manager selection level and monitors performance and investment managers on an ongoing basis. The MWS IGC annual investment strategy review considers the output of climate scenario analysis in relation to the strategic asset allocation of the multi-asset funds (e.g. Mercer Growth).

In order to monitor the activities in this area, including how MWS identifies and assesses any climate-related risks and opportunities, the following reporting and actions are carried out:

- The Group Trustee receives quarterly performance reporting from their DC investment advisor, Mercer. The reports provide details of Mercer's ESG assessment on integration and relevance for each of the underlying sub-investment managers (this assesses how well the manager has integrated ESG and active ownership into their investment philosophy). Reports also include carbon metrics for the active equity funds. It is expected that these reports will be expanded to include carbon metrics for more funds as data becomes available. These assessments are monitored by the MWS IGC at their regular meetings. Any changes in assessments by Mercer Manager Research team will be highlighted for discussion along with rationale behind the relevant upgrades/downgrades.

- The Group Trustee receives the remaining metric data annually but expects this may be available on a more frequent basis in the future.
- The Group Trustee has access to the MWS IGC Responsible Investment & Voting policy which provides information about climate change management and the engagement priorities of the MWS IGC. One such engagement priority is climate change. This policy is reviewed annually and any changes are highlighted to the Group Trustee by the DC Investment advisor.
- The Group Trustee considers the outcome of the annual MWS strategy review and expects this to have considered climate scenario analysis considerations made with regard to the strategic asset allocation of the multi-asset funds and any developments between reviews.
- Voting and engagement data on Mercer funds, this includes significant voting information. Significant votes are identified by holding size and association with engagement priorities (including climate change). Data is available on a quarterly basis if required. This data is also considered by the MWS IGC at their regular meetings.
- The Group Trustee expects the MWS IGC to make available scenario analysis and metrics as required by the TCFD.
- The Group Trustee reviews targets and progress against targets at least annually.
- An annual MWS ESG report is prepared which considers, amongst other things, climate change metrics for the underlying funds used within the multi-asset funds. This report also provides an update on progress towards these funds' net-zero commitments. This report is presented by the DC investment advisor and considered by the IC at one of its quarterly meetings. This report also includes information on stewardship data and feeds into the targets set by MWS, which the Group Trustee reviews annually.
- The IC meets with a member of the MWS Investment Team annually to discuss and question the reporting provided to them, including the ESG report. Excepting this meeting and the analysis undertaken for this report, the IC has not explicitly considered Climate Change Risk within the DC Section due to the delegated nature of the arrangement.

Electricity North West (ENWL)

1. Describe how the Group Trustees maintain oversight of climate-related risks and opportunities which are relevant to the Group.

   The Group Trustee is responsible for the assessment of climate impact on assets, covenant, funding, and the members' financial security along with engaging with the Sponsor to ensure that any future decisions are made in the context of the Group's investment and ownership decisions. The Group Trustee therefore believes it is sensible to devote time and resources to the governance of sustainable investment (SI) risk factors (including climate related risks) as these can have material financial impact on the Group.

   The Group Trustee meets with its investment adviser, Isio, at least quarterly to discuss the Group's investment managers' process and strategies. Climate-related risk management capabilities are factored into the selection, review, and monitoring of investment managers. This includes ensuring that the Group's investment managers are managing the climate-related risks and opportunities associated with the Group's investments.

   As part of regular reporting, the Group also receives an annual in-depth report (the Sustainability Integration Report) covering the SI capabilities and credentials of the Group's investment managers. This report often serves as the basis for discussion at meetings with the investment managers on issues relating to climate change and the impact of any ESG issues which may represent financially material risks.

   The Group Trustee also reviews details on engagement and voting (including case studies) in relation to the Group's investments on an annual basis as part of the Implementation Statement. Whilst the Group does not fall within scope of compliance for TCFD, the Group Trustee aims to go beyond the current requirements through exploring the pillars of TCFD pre-emptively. Isio regularly provides training to the Group Trustee on SI, including preparatory training on TCFD, and supported the Group in completing the governance and risk management pillars of the last year's ESPS TCFD report.

   In recent years, The Group Trustee developed a Climate Delegation Framework which sets out the governance processes the Group Trustee agreed on to ensure that it has oversight of the climate-related risks and opportunities that are relevant to the Group. The purpose of this framework is to supplement and expand upon the policies set out by the Group in the SIP and the ESG Policy, with a detailed proposal for the roles and responsibilities for managing climate-related risks and opportunities. The Group Trustee will, on at least a triennial basis, review its ESG Policy and Climate Delegation Framework. On a periodic basis the Group Trustee will review climate-related sections of the Scheme's risk register.

2. Describe the roles of those undertaking scheme governance activities, in identifying, assessing and managing climate-related risks and opportunities relevant to those activities.

   The Group Trustee has implemented a Climate Delegation Framework, which defines the Group's governance process for integrating climate-related considerations into its strategic investment decisions. As detailed in the Framework, the Group Trustee is responsible for the ongoing review of risk management (including the risk register) and the ESG Policy (including investment beliefs). The Trustee also ensures sufficient knowledge of Sustainable Investment (SI) through regular training sessions. The Group's investment advisor, Isio, is also responsible for providing regular ESG training, annual progress reports on managers' actions to incorporate ESG risks, including climate change and guidance on the inclusion of climate considerations as appropriate.

   As the day-to-day management of the Group's investment is delegated to investment managers, they bear the responsibility for engaging with portfolio companies and exercising voting rights on behalf of the Group Trustee. The Group Trustee receives continuous training from Isio and updates on SI from investment manager presentations regarding climate-related risks and opportunities, ensuring that it

possesses the necessary understanding to fulfil statutory and fiduciary obligations. Overall engagement activities are delegated to the appointed managers (please refer to question 3 below for further details).

The Group's Actuary advises the Group Trustee on the impacts to the Group's funding and actuarial assumptions resulting from changes in the investment strategy or sponsor covenant due to climate change risks. Where applicable, the Group Trustee has adopted a policy of delegating voting decisions on individual securities to their investment manager, with the understanding that voting power will be exercised with the objective of preserving and enhancing long-term value. When necessary, the Group Trustee will engage with and seek further information from their investment managers on how portfolios might be affected by specific issues.

The Group Trustee itself does not engage directly with individual companies but believes it is appropriate for its investment managers to engage with key stakeholders, such as corporate management, regulators, and governance bodies. This engagement is most likely to focus on improving corporate behaviours, enhancing performance, and mitigating financial risks. The Group Trustee reviews the engagement activities undertaken by their investment manager as part of its broader monitoring activities and in the Group's annual Implementation Statement.

3. Describe the processes the Group Trustees have established to satisfy themselves that those undertaking scheme governance activities take adequate steps to identify, assess and manage those risks and opportunities.

The Group Trustee remains responsible for determining the Group's overall investment strategy and asset allocation, including high-level decisions on which asset classes to invest in. Within each asset class, day-to-day investment decision-making is delegated to the Group's investment managers. In appointing and reviewing the Group's investment managers, the Group Trustee, with the assistance of Isio, evaluates the managers' expertise, track record, and stated policies and frameworks on ESG-related issues.

The Group's Statement of Investment Principles (SIP) outlines its investment policies and includes considerations for social, environmental, and ethical investments, such as climate change. The SIP is under continuous review and is updated to reflect any material changes in investment policy and updated regulatory requirements.

A bespoke policy focusing on a governance framework for SI considerations, including climate-related risks and opportunities, was implemented by the Group Trustee. This policy will be updated as the ESG beliefs of the Group Trustee and the Company evolve. It details the Group Trustee's approach to ESG, including climate-related risk, across five key areas: (i) Investment Approach, (ii) Risk Management, (iii) Voting and Engagement, (iv) Reporting, and (v) Collaboration with the wider investment community. Recognising Sustainable Investment (SI) as a financial consideration, the Group Trustee will account for any significant market developments when reviewing this policy to ensure investments serve the best financial interests of the Group's members.

In 2024, the Group Trustee implemented the Climate Delegation Framework. In addition, the Group Trustee will consider opportunities that may arise from new regulations on ESG factors or market dislocations, and it receives periodic training and updates to stay informed about these trends and opportunities.

4. Describe the role of those advising or assisting the Group Trustees with scheme governance activities.

Isio as Investment Advisors, Aon as the Group Actuary and Broadstone as the Group Administrator. For further details, please see the response to question 2 for specific SI applications of this.

5. Describe the processes the Group Trustees have established to satisfy themselves that the person advising or assisting takes adequate steps to identify and assess any climate-related

risks and opportunities which are relevant to the matters on which they are advising or assisting.

The Group Trustee engages with its advisors on climate change considerations as required and is satisfied they have taken adequate steps to identify and assess relevant climate-related risks and opportunities. For further details, please see the response to question 3.

6. Describe how the Group Trustees and any relevant sub-committees are informed about, assess and manage climate-related risks and opportunities and the frequency at which these discussions take place.

Isio advises on integrating climate considerations into the Group's governance arrangements, investment strategy, risk management, and monitoring. In collaboration with the Group Trustee and other advisers, as appropriate, Isio ensures continuous alignment with climate-related goals. Periodically, Isio provides training and updates to the Group Trustee on climate-related matters.

Annually, the Group Trustee reviews engagement and voting data, including case studies, to assess how investment managers address climate-related issues. Additionally, Isio provides a Sustainability Integration Assessment report each year, assigning a qualitative rating to the climate-integration of the Group's holdings. Please refer to the answer to question 9 for more details on this report.

Additionally, the Group Trustee revisits the bespoke ESG policy and Climate Delegation Framework at least every three years to ensure relevance and effectiveness. For further information, please refer to the responses to questions 1 and 2.

7. Describe whether the Group Trustees questioned and, where appropriate, challenged the information provided to them by others undertaking governance activities – or advising and assisting with governance.

No examples available.

8. Describe the rationale for the time and resources the Group Trustees spent on the governance of climate-related risks and opportunities.

The Group Trustee defines Responsible Investment ("RI") in line with the UN-supported Principles for Responsible Investment ("PRI"), ensuring ESG factors are considered in investment and ownership decisions. The Group Trustee adheres to all six PRI principles to manage risks and generate sustainable, long-term returns.

Recognising the importance of aligning with Company policies, the Group Trustee has incorporated the Company's sustainability initiatives into its strategy. The Group Sponsor's commitment to a low-carbon future has significantly influenced the Group Trustee's investment decisions. The Group Trustee will continue to engage with the Company on its policies, integrating any future updates into our investment and ownership decisions.

As a large institutional investor, the Group Trustee of the ENW Group of the ESPS holds ultimate responsibility for ensuring robust governance of climate-related risks and opportunities. This duty includes assessing climate impact on assets, covenant, funding, and members' financial security.

The Group Trustee acknowledges that climate change poses an increasingly significant investment risk, which could affect the financial security of member benefits if not properly addressed. Upholding its fiduciary duty, the Group Trustee is committed to being a responsible, long-term stakeholder whose goal is to deliver value to members through responsible and sustainable long-term financial returns.

To this end, the Group Trustee dedicates substantial time and resources to governing Sustainable Investment (SI) risk factors, including climate-related risks, to enhance long-term financial stability.

The Group Trustee will ensure that adequate time is allocated for discussions with advisers regarding the Group's sustainable investment and climate change strategies.

9. Describe, in relation to those who undertake governance activities, or advise or assist with governance of the scheme: (i) the kind of information provided to them by those persons about their consideration of climate-related risks and opportunities faced by the scheme; and (ii) the frequency with which this information is provided.

Each year, Isio provides the Group Trustee with a Sustainability Integration Assessment Report, detailing the sustainable investment (SI) capabilities of the Group's investment managers. The report uses a scorecard with c.70–75 questions to assess SI credentials, with approximately 14 focusing on climate-related factors, such as emissions metrics and climate change engagement. The report presents both an overall ESG score and a climate-specific score for each manager and the Group's overall strategy. It covers the manager's internal policies on SI implementation, including objectives, guidelines, exclusions, and their reporting on key SI metrics and engagement with investee companies and the wider industry on SI issues.

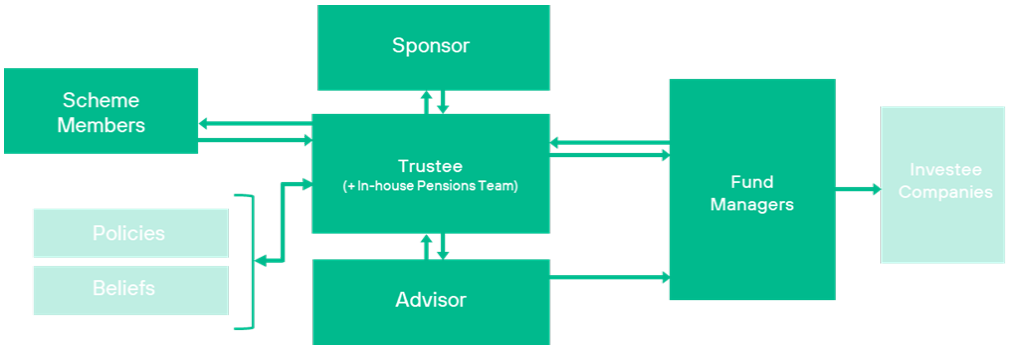
Additionally, Isio provides periodic training on SI topics to the Group Trustee, focusing on deeper integration of the Group's ESG policy into its investments.

Triennially, the Group Trustee reviews the bespoke ESG Policy and Climate Delegation Framework to ensure continued relevance and effectiveness.

10. Describe the training opportunities the Group Trustees provided for their employees in relation to climate change risks and opportunities. Where the Group Trustees identified skills gaps, they may also describe whether they encouraged external advisers to provide training opportunities.

The Group Trustee does not currently provide training to members; however, it regularly receives training from its investment adviser on Sustainable Investment (SI), including training on climate-related risks and strategies for further integrating the Group's ESG policy into investment portfolios. For more details, please refer to the response to question 9 above.

11. We would be grateful if the Group Trustees could provide a structural diagram showing which groups of people or individual roles have responsibilities for governance of climate-related risks and opportunities. This may include executive officers, in-house teams and/or third parties engaged by the Group Trustees. No personal data needs to be included.



E.ON

Introduction

As the Group Trustee of the Group, we consider climate change to be a significant risk, which is reflected in how we interpret our duties and responsibilities. The Group Trustee believes that Climate Change related Risk and Opportunities (CCRO) are, and will continue to be, a financially material factor and as such is incorporated in our investment decision making. The Group Trustee further believes that, to the extent our decisions, including investment related decisions, have an impact on climate change, it is appropriate for us to aim to minimise the harm done by our decisions to the extent this can be done without compromising our financial responsibilities.

To fulfil our duties to the Group regarding CCRO, we have prepared this CCRO Policy and also put in place a governance framework that provides structure for making climate-related decisions and to ensure that we integrate climate risks and opportunities in our decisions on behalf of our members, which include investment related decisions. It shows where responsibility lies for decision making and sets out how this work is integrated into our longer-term plans, monitoring framework and meeting cycle.

This framework has been prepared in line with the latest regulation and guidance. This includes the Pension Schemes Act 2021 and the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (the Regulations), statutory guidance for climate governance and reporting of CCRO issued by the Department for Work & Pensions (DWP), the guidance prepared by The Pensions Regulator (tPR), the non-statutory guidance prepared by the Pensions Climate Risk Industry Group (PCRIG), as well as recommendations set out in the Taskforce for Climate-Related Financial Disclosures.

The framework comprises three main elements:

1. Group Trustee Oversight
2. Group Trustee Knowledge and Understanding
3. Third-Party Providers

Group Trustee Oversight

The Group Trustee is ultimately responsible for the oversight of CCRO as they relate to the Group.

Climate change is a financially material risk that we consider in our decision making.

The Group Trustee sets its processes within the governance framework concerning climate change, including:

- Agreeing the types of climate-related risks and opportunities which they consider will have an effect over the short, medium and long terms on the Group's investment and funding strategies
- Agreeing the time periods which comprise the short, medium and long term applicable to the Group, taking into account the Group's liabilities and its obligations to pay benefits as appropriate
- Ensuring that the Group's risk management processes adequately incorporate the identification, assessment and effective management of relevant climate-related risks
- Agreeing appropriate climate-related targets for the Group
- Agreeing the climate-related metrics that are used to measure progress towards the climate-related targets, which will include at least one absolute emissions metric, one emissions intensity metric, one alignment metric, and one additional climate change metric
- Agreeing the Group's approach to scenario analysis, including the scenarios to model (which will include at least two scenarios where there is an increase in the global temperature and in at least one

of those two scenarios the global average temperature increase selected will be within the range of 1.5 and 2 degrees Celsius above pre-industrial levels)

The Group Trustee will review this document (including the metrics, targets, scenario analysis etc.) annually.

The Group Trustee delegates responsibility for implementing the investment strategy to the Investment Committee (who use Schroders as the OCIO manager). The Investment Committee aligns its investment decisions with the Group Trustee's climate change policy.

The Group Trustee will maintain oversight through its quarterly reporting and meeting cycle where CCRO matters are considered. CCRO information and reporting is included in each of the meetings, including any updated information on targets, progress against those targets and climate change scenarios, and assessments of the impact of the climate-related risks and opportunities on the Group's investment and funding strategy.

- The Group Trustee meets with its OCIO manager quarterly, and receives advice and monitoring reports
- The Investment Committee meets with its OCIO manager quarterly reporting back to the Group Trustee

Therefore, the Group Trustee considers that the time, governance and resources spent on CCRO (as outlined) is appropriate.

Group Trustee Knowledge and Understanding

While we are not directly involved in the day-to-day investment decision process, we as the Group Trustee, are ultimately responsible for ensuring that CCRO are identified, assessed and managed on behalf of the Group and its members. We are therefore required to have sufficient knowledge and understanding of the types of climate-related risks and opportunities which may have an effect on the Group and in order to set metrics and targets for our service providers and interpret the results of any analysis and reporting provided to us. We need to ensure that we are sufficiently informed so that we are able to challenge assumptions, external advice and information received and to fully understand any proposals developed by our advisers.

The Group Trustee maintains its Knowledge and Understanding with respect to climate change by:

- Identifying regulatory developments that are relevant to the Group, including guidance provided by the Pensions Regulator and the Department for Work and Pensions
- Attending specific training sessions on climate change and TCFD requirements run by our OCIO manager.

Oversight of Schroders as OCIO manager, and of third-party providers

We do not carry out underlying investment activities ourselves but rely on our OCIO manager (Schroders) and third-party asset managers to identify and assess climate change risks and opportunities. We will also consider input from other third-party providers, specifically the Scheme Actuary and Covenant Advisers.

Aon, as the Scheme Actuary:

- Advises on the funding position including an understanding of the potential funding impact resulting from changes to financial or demographic assumptions driven by climate change
- Advises on funding strategy robustness to climate risk. Provides input to enable strategic decisions to be made considering impact of climate risks on funding strategy; and
- Provides input into scenario analysis and advises on funding implications

The Group's covenant adviser, Mercer (formerly, Cardano Advisory), advises the Group Trustee in relation to the Group sponsor's ability to continue to support the Group. The employer covenant is the extent of the employer's legal obligation and financial ability to support the Group now and in the future.

Climate-related exposures could have a positive or negative impact on the strength of the Group sponsor's covenant. Therefore, Mercer (formerly, Cardano Advisory) includes climate-related matters in the covenant advice provided to the Group Trustee.

Schroders will work in conjunction with the Group Trustee and the Group's other advisers to assist the Group Trustee in producing the Group's TCFD report on an annual basis, in line with TCFD requirements. The Group Trustee questions the information provided by its advisers in this process.

When selecting third-party providers, we require each provider to demonstrate sufficient credentials in relation to the assessment of climate-related matters. This is done by assessing the providers in terms of their:

- Level of understanding on climate change and climate risks and opportunities
- Whether they have commitments to decarbonisation targets, including the Paris Climate Agreement of global warming to +1.5°C
- Corporate policies focusing on reaching stated decarbonisation targets
- Resources in place to deliver to climate related objectives
- Ability to report to us
- Associations with and involvement in relevant industry bodies

The Investment Committee reviews its third-party providers on a regular basis to ensure all stated processes for those managing / advising the Group on climate governance remain appropriate. As part of this review the Investment Committee, a sub-group of the Group Trustee, reviews and challenge the analysis of its third-party providers. For example, the OCIO manager provides an annual deep dive on sustainability processes and governance on at least an annual basis at IC meetings. In addition, the OCIO manager includes portfolio sustainability metrics in its quarterly investment reporting and will provide regular engagement examples in quarterly reporting over the next TCFD reporting year.

In relation to our OCIO manager, the Group Trustee sets objectives informed by a competency framework. These competencies may be assessed as part of our annual assessment of our OCIO manager.

Our OCIO manager assesses our third-party fund managers' climate change competency. This forms part of their overall assessment during initial due diligence of a manager and part of the ongoing monitoring of the managers through an annual ESG questionnaire and regular monitoring calls.

Magnox Electric

Climate governance

The Group Trustee is responsible for overseeing all strategic matters related to the Group. This includes the governance and risk management frameworks relating to climate-related risks and opportunities.

The Group Trustee has discussed and agreed its climate-related beliefs and overarching approach to managing climate change risk. These are set out in the Statement of Investment Principles ("SIP") for each Section, which are reviewed and (re)approved every three years (or sooner in the event of a significant change in investment policy) by the Group Trustee.

Climate Mission Statement

The Group Trustee believes that the risks associated with climate change could have a materially detrimental impact on the Group's investment returns within the timeframe that the Group Trustee is concerned about. Because of this risk, the Group Trustee seeks to integrate assessments of climate change risk into its investment risk management and strategy.

Furthermore, the Group Trustee believes that climate-related factors are likely to create investment opportunities. Where possible, and where appropriately aligned with the Group Trustee's strategic objectives and fiduciary duty, the Group Trustee will seek to capture such opportunities through its investment portfolio.

Role of the Group Trustee

Given its importance, the Group Trustee has not identified one individual to specifically be responsible for the Group Trustee's response to climate risks and opportunities. Rather, the Trustee Directors of the Group Trustee collectively take responsibility for setting the Group's climate change risk framework.

Climate-related risks and opportunities are integrated into the Group Trustee's risk management framework so the Group Trustee can maintain oversight of the climate-related risks and opportunities that are relevant to the Group.

In summary, the Group Trustee believes that:

- The risks associated with climate change can have a materially detrimental impact on the Group's investment returns within the timeframe that the Group Trustee is concerned about and, as such, the Group Trustee seeks to integrate assessments of climate change risk into its investment decisions.
- Climate-related factors may create investment opportunities. Where possible, and appropriately aligned with the Group Trustee's strategic objectives and fiduciary duty, the Group Trustee will proactively seek to capture such opportunities through its investment portfolio.
- The most appropriate time horizons for the Group are as follows:
    - Short-term : 1-3 years
    - Medium-term : 4-10 years
    - Long-term: beyond 10 years

Climate-related risks and opportunities are integrated into the Group's risk management framework so the Group Trustee can maintain oversight of the climate-related risks and opportunities that are relevant to the Group.

The Group Trustee also receives training on an annual basis (or more frequently if required) on climate-related issues as part of its TCFD reporting process, to ensure that it has appropriate degree of knowledge

and understanding on these issues to support good decision-making. An update to climate related issues was provided as part of the production of the TCFD report. No material changes have been made to the policy off the back of this update.

The Group Trustee also annually monitors and reviews progress against the Group's climate change risk management approach.

2026 training update

Over the year the Group Trustee received updated information from its Investment Adviser in relation to:

- Latest developments in Responsible Investment, including managing climate-related risks;
- The Group's exposure to climate-related risks and opportunities; and
- The Group's carbon emissions, including Scope 3.

Role of the Investment Committee ("IC")

The Group Trustee has delegated day-to-day oversight of the Group's climate change risk management framework to the Investment Committee ("IC"), which is a sub-committee of the Group Trustee. All Trustee Directors of the Group Trustee are permitted to attend meetings of the IC.

The IC seeks to ensure that any investment decisions appropriately consider climate-related risks and opportunities within the context of the Group's wider risk and return requirements and are consistent with the climate change policy as set out in the SIP.

The IC annually monitors and reviews progress against the Group's climate change risk management approach. The IC will keep the Group Trustee apprised of any material climate-related developments through regular updates as and when required.

The key activities undertaken by the IC, with the support of our advisers, are:

- To ensure the investment strategy or any implementation proposals consider the impact of climate risks and opportunities.
- To seek investment opportunities which enhance the ESG and climate change focus of the Group's portfolio.
- To engage with the Group's investment managers to understand how climate-related risks are considered in their investment approach.
- To work with the investment managers to disclose relevant climate-related metrics as set out in the TCFD recommendations.
- To ensure stewardship activities are being carried out appropriately by the investment managers on the Group's behalf (reviewed as part of the annual Implementation Statement, which provides examples of voting and engagement, and by responses to the four questions asked by the IC as part of each Manager Day.
- To monitor and review progress against the Group's risk management framework annually.

While this report is produced on an annual basis, the IC meets at least once a quarter with its Investment Adviser and some of its investment managers to discuss investment matters, including climate-related risks and opportunities. The IC relies on information from its Investment Adviser and investment managers to progress its activities.

The Group Trustee receives quarterly updates from the IC to ensure that tasks delegated to IC are being completed in line with expectations and on time.

2026 update on Investment Committee

Given a framework is now in place to better understand the Group's climate-related risks and opportunities, the Group Trustee noted the efficiency of producing this report compared to its previous disclosures. The Group Trustee broadly expects the time and resource dedicated to producing the TCFD report to continue to reduce in future years, however, acknowledges there may be instances, for example the next TCFD report, which will require additional work as the Group will need to re-do climate change scenario analysis.

The Group Trustee was pleased with the work completed by the IC over the year and no material changes to this report were made by the Group Trustee as part of its review.

Working with advisers

The Group Trustee expects its advisers and investment managers to bring important climate-related issues and developments to its attention in a timely manner. The Group Trustee expects its advisers and investment managers to have the appropriate knowledge on climate-related matters and will seek to question or challenge information received from third-parties for reasonableness in line with its fiduciary duties. Such questioning or challenging will be recorded in the minutes of meetings.

The Group Trustee will review the support advisers provide on climate-related issues as part of its wider review of the quality of its advisers' provision of advice and assess the credentials and competence of advisers to provide such advice. This is performed on an annual basis for the Investment Adviser and on an ad hoc basis for the Scheme Actuary and Covenant adviser (typically every 3 years).

Investment adviser – The Group Trustee's Investment Adviser, Aon Investments Limited ("Aon"), provides strategic and practical support to the Group Trustee and the IC in respect of the management of climate-related risks and opportunities and ensuring compliance with the recommendations set out by the TCFD. This includes provision of regular training and updates on climate-related issues and climate change scenario modelling to enable the IC and Group Trustee to assess the Group's exposure to climate-related risks and the attractiveness of any potential opportunities.

The Group Trustee has noted Aon's qualifications and expertise in this area, including its participation in cross-industry initiatives such as the Investment Consultants' Sustainability Working Group ("ICSWG") and Cambridge Institute for Sustainability Leadership ("CISL").

The Group Trustee will monitor the quality of climate-related support and advice from its Investment Adviser as part of an annual review against the Investment Adviser's objectives.

Scheme Actuary - The Group's Scheme Actuary will help the Group Trustee assess the potential impact of climate change risk on the Group's funding assumptions.

As part of its assessment of its advisers' climate-related competence, the Group Trustee will seek to understand how climate-related factors affect the funding assumptions used for the Group, and which sources of expertise the Group Actuary has used in determining the appropriate assumptions to use.

Covenant adviser - The Group Trustee's covenant adviser will help the Group Trustee understand the potential impact of climate change risk on the sponsor covenant of the participating (AtkinsRéalis UK Limited, Cavendish Nuclear Limited, National Nuclear Laboratory Limited) and principal (Nuclear Restoration Services Limited) employers of the Group.

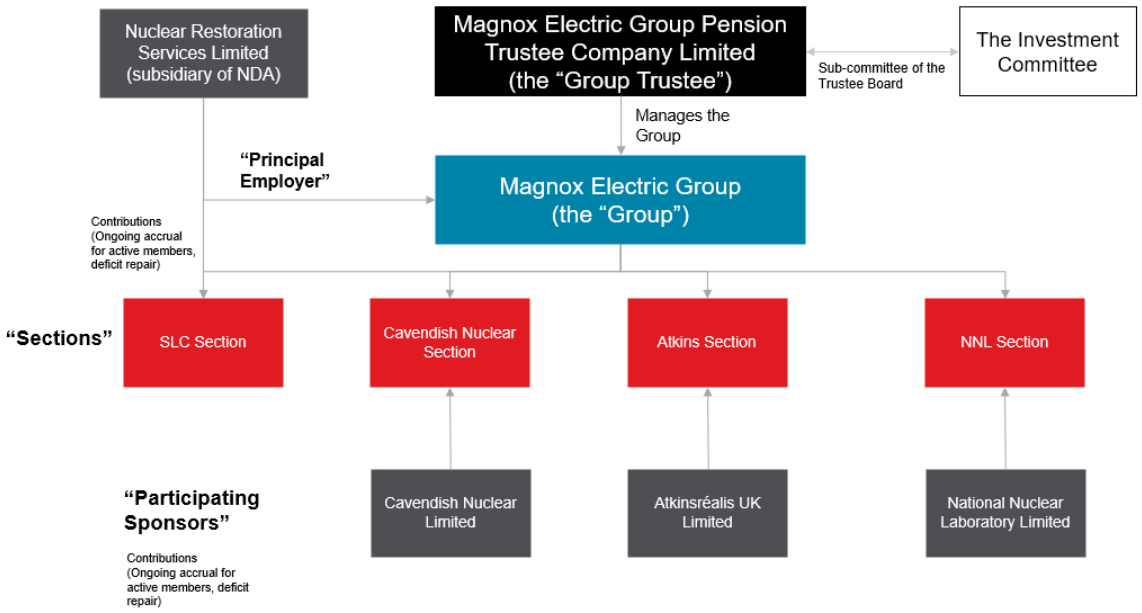
As part of covenant advice sought, the Group Trustee will seek to understand how climate-related factors could affect the sponsoring employers' strategies. In doing so, the Group Trustee will seek information from the covenant adviser regarding its credentials in assessing climate-related factors.

2026 update on advisers

The Group Trustee reviewed its Investment Adviser over the year and was comfortable with the level of support provided on climate-related issues.

The Group Trustee also noted that its Investment Adviser is a signature of the Principles for Responsible Investment ("PRI") and the UK Stewardship Code, offering some external credibility to its credentials and competence.

The diagram below shows the structure of the Group.



The Group Trustee and Investment Committee share a range of advisers which are omitted from the diagram for simplicity.

Manweb

Oversight of climate-related risks and opportunities

Roles and responsibilities

The Group Trustee has ultimate responsibility for ensuring effective governance of climate-related risks and opportunities, and for the production of the annual Climate Change report.

The Group Trustee's overall investment beliefs on sustainability are:

- Environmental, Social and Governance (ESG) factors, including climate risk, can affect the performance of companies and assets in which the Group invests, and should therefore be considered where relevant to the assessment of value and mitigation of investment risk.
- Climate change poses a systemic risk, and therefore consideration should be given to the potential financial impacts of both the associated transition to a low-carbon economy and the physical impacts of different climate change outcomes. However, these outputs must be carefully assessed in the context of the other risks the Group Trustee must also manage.
- Stewardship (or active ownership), where applicable, helps the realisation of long-term portfolio value by providing investors with an opportunity to enhance the value of companies and assets. It is therefore important to engage with each of the Group's investment managers on the assessment and management of climate-related risks and opportunities within the managers' portfolios, at least on an annual basis.

The Group Trustee seeks to ensure that any investment decisions appropriately consider climate-related risks and opportunities within the context of the Group's wider risk and return requirements, and are consistent with the ESG (including climate change) policies as set out in the Group Trustee's Statement of Investment Principles (SIP). The SIP details the key objectives, risks and approach to considering ESG factors, such as climate change, as part of the Group Trustee's investment decision-making process. The SIP is reviewed on at least an annual basis.

The Group Trustee also produces an annual Engagement Policy Implementation Statement which sets out how the Group Trustee has implemented the engagement and voting policies set out in the SIP over the year under review.

The Group Trustee understands that in order to ensure effective governance of climate-related risks and opportunities, appropriate time and resources need to be allocated. As such, the Group Trustee has delegated certain activities to the ISC. The ISC has specific responsibilities and areas of focus, and meets quarterly, which aligns with the quarterly Group Trustee Board meeting cycle. The level of time and resources spent on the governance of climate-related risks and opportunities varies from to time to time and depends on whether new considerations have been identified and whether there have been any changes to the current risks and opportunities identified. However, sufficient resources and time are always allocated to ensure the appropriate level of consideration is given. Whilst the ISC makes recommendations to the Group Trustee; the ultimate decisions rest with the Group Trustee.

Research into how climate-related risks and opportunities impact financial markets is constantly evolving and expanding. To ensure that those undertaking Group governance activities have the appropriate degree of knowledge understanding to properly exercise their functions, the Group Trustee receives training on a regular basis to keep up-to-date with developments and allocates time on meeting agendas to cover items such as climate-change scenario analysis and the reporting of metrics. The Group Trustee received training on climate-related investment risks and reporting requirements in line with the TCFD recommendations at an off-site training session held on 8 November 2023. In particular, the training session presented by the Group's Investment Consultant provided a refresh on Trustee responsibilities when producing climate change

reporting and also covered the additional requirements for climate change reports produced in the second year following the first publication. During the year to 31 March 2025, the Group Trustee received a training session (on 27th March 2025) from the Group's Investment Consultant on tPR's published observations and feedback review of the publicly available climate change reports: Year 2. Climate-related online training has also been made available by ScottishPower UK Plc ("SPUK") to Trustee Directors of the Group who are currently employees of SPUK.

The Group Trustee is supported by the following independent advisors:

Mercer - Investment Consultant

- Providing advice on the Group's investment arrangements, including on strategy, risk management and investment manager appointments (where relevant) for the Group. This includes advice on managing and monitoring investment-related risks, including climate change risks.
- Mercer also provides climate-related scenario analysis, helps compile the climate-related metrics for the Group and assists the Group Trustee in producing the Group's climate change report on an annual basis.

Hymans – Funding Advisor, with Martin Potter as the appointed Group Actuary for the Group

- Providing advice on the funding position of the Group, including an understanding of the potential funding impact resulting from changes to financial or demographic assumptions driven by climate change.

Ernst & Young (EY) - Covenant Advisor

- Providing an assessment of the Group Sponsor's ability to continue to support the Group. Covenant climate-related risk and opportunities are considered in addition to other factors that could have a positive or negative impact on the strength of the Sponsor's covenant. Note, although there are multiple employers for the Group, EY consider the covenant at the SPUK level on the basis that SPUK is a participating employer to the Group and therefore SPUK and its subsidiaries make up the direct covenant.

CMS Cameron McKenna (CMS) – Legal Advisors

- Providing advice on legal matters that relate to the Group, including legislation in respect of climate change and TCFD requirements.

The ScottishPower Pensions Team, supported by Capita Business Partners, provide in-house support to the Group Trustee and Sub-Committees, as well as acting as a liaison between the Group Trustee, its advisors and the Group's Sponsor. As part of their role they monitor and manage the performance of the independent advisors and undertake operational and governance activities on behalf of the Group Trustee, including in relation to climate-related risks and opportunities. The ScottishPower Pensions Team have also received training on climate-related risks and opportunities and have access to the aforementioned online training provided by SPUK.

Governance structure

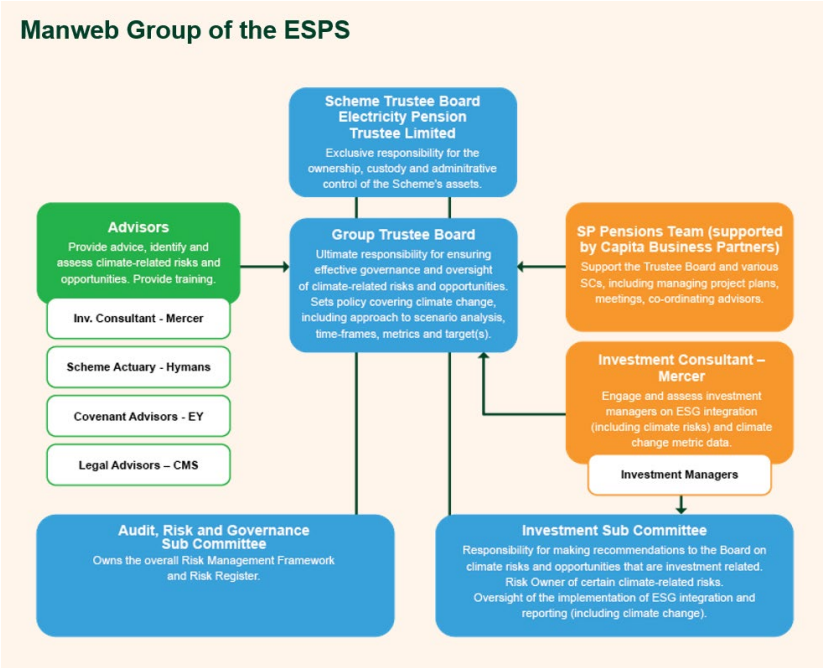
The Electricity Supply Pension Scheme (the "Scheme") has a two-tiered structure, which involves the central Scheme Trustee ("EPTL") and a series of Group Trustees who have trusteeship responsibility for each of the 22 separate Groups ("Groups") of the Scheme. The Manweb Group of the ESPS is one of those Groups.

The organisational structure of the Group Trustee, the relevant Sub-Committees and the relevant supporting external and internal parties is illustrated by the chart below.

With the support of the ScottishPower Pensions Team and Capita Business Partners, the Group Trustee reviews the appropriateness of the above organisational structure on an annual basis.

The Group Trustee and the ISC meet, separately, at least quarterly. The consideration of climate-related risks and opportunities is integrated into the wider monitoring and decision-making responsibilities of the Group Trustee and the ISC.

The Group Trustee also regularly considers any skills gaps (future training requirements are discussed under a standing agenda item at quarterly Group Trustee meetings and ISC meetings), including in relation to assessing and managing climate-related risks, and appropriate training is then arranged with advisors and scheduled in the Group Trustee's Annual Business Plan.



Policies and processes

Identifying and assessing risks and opportunities

The Group's advisors are required to demonstrate sufficient credentials in relation to the assessment of climate-related matters. The Group Trustee has carried out an assessment of the ability of the Group's advisors to provide advice on climate-related risks and opportunities, as appropriate, based on the advisors' areas of specialism.

Representatives from the ScottishPower Pensions Team attend the Board and Sub-Committee meetings, and the Group's advisors also regularly attend these meetings, as appropriate. This facilitates reporting and monitoring of the activities of the in-house team and the advisors and also improves the in-house team and advisors' awareness of the Group Trustee's climate-related objectives and views. Any meeting actions assigned to the in-house team and / or the advisors are recorded and tracked until completion. There is also regular dialogue between the Chair of Trustee, the in-house team and the advisors during the period between meetings, to ensure timely progress of the agreed actions.

The Group Trustee has also set explicit objectives for its investment consultant, Mercer, which include supporting the Group Trustee in assessing, managing and measuring climate change risks and opportunities. On an annual basis, the ISC formally reviews the performance of the investment consultant against the strategic objectives set by the Group Trustee, with input from the ScottishPower Pensions Team. Part of the assessment also considers the investment consultant's competencies against the criteria set out by the Investment Consultants Sustainability Working Group.

The Group Trustee also reviews the performance of the Group Actuary and Covenant Advisor on an annual basis, including how these advisors incorporate climate-related risks and opportunities into their advice to help the Group Trustee to continue to understand the wider resilience of the funding strategy.

The ISC receives presentations from each of the Group's investment managers on, at least, an annual basis. During the investment managers' presentations, the ISC discuss the climate-related risks and opportunities that relate to the manager's respective portfolio, to better understand the manager's activities in this area and enrich engagement.

Managing and monitoring risks and opportunities

The covenant review of the Sponsor is a standing agenda item at each of the quarterly Group Trustee meetings. The Group Trustee is provided with a covenant monitoring update, which includes consideration of material covenant risks in the context of the covenant strength, on a twice-yearly basis by the Group's Covenant Advisor, EY. Twice-yearly covenant monitoring updates include consideration of key climate-related risks and opportunities, to the extent relevant Sponsor information is available.

The funding advisor, Hymans, also attends the quarterly Group Trustee meetings and provides an update on the Group's funding position at each meeting, including the implications of any changes in financial assumptions. The demographic assumptions, including any impact resulting from changes driven by climate change, are reviewed at each triennial Actuarial Valuation.

The investment consultant, Mercer, attends the quarterly ISC and Group Trustee meetings and provides advice on any changes to investment-related risks and opportunities (including those associated with climate change).

The Group Trustee, and the Sub-Committees as appropriate, review and regularly challenge the advice provided by the Group's advisors to ensure the robustness and reasonableness of the advice received. This includes, but is not limited to, the Trustee Directors challenging the appropriateness of the covenant advice provided in relation to the Sponsor, whereby a number of the Trustee Directors also have knowledge gained through their roles as employees of SPUK. The Group Trustee Board composition is diverse in its skill sets and areas of specialism, and includes a professional independent Chair, which helps enable the Group Trustee to provide an appropriate level of challenge to the Group's advisors.

The Group Trustee also meets with the Group's investment managers at least annually and asks each of the managers to demonstrate, in practice, how ESG considerations have been integrated into their portfolios. The Group Trustee often challenges the investment managers on specific portfolio holdings in order to better understand the ESG considerations and the related decisions that the investment managers have made.

National Grid Electricity

1. Describe how the Group Trustees maintain oversight of climate-related risks and opportunities which are relevant to the Group.

   The Group Trustee is responsible for overseeing all strategic matters related to the Group. This includes the governance and management frameworks relating to environmental, social and governance ("ESG") considerations and climate-related risks and opportunities.

   We have discussed and agreed our overarching approach to managing climate change risk as part of the Group's wider approach to Responsible Investment ("RI"). Details are set out in the Statement of Investment Principles ("SIP") and the RI policy, which we review annually (or sooner in the event of a significant change in investment policy).

   Climate-related risks and opportunities are integrated into our risk management framework so we can maintain oversight of the climate-related risks and opportunities that are relevant to the Group. Given its importance, we have not identified one individual to be specifically responsible for the Group's response to climate risks and opportunities. Rather, we have collective responsibility for setting the Group's climate change risk framework. We are supported by our investment adviser in developing, reviewing and undertaking governance activities under this climate change risk framework.

   We receive regular training on climate-related issues to ensure that we have the appropriate degree of knowledge and understanding on these issues to support good decision-making.

   Throughout the year, the Group Trustee has spent a considerable amount of time and resource in understanding the Group's latest climate-related risks and opportunities as part of following investment strategy changes made to the Group's assets.

2. Describe the roles of those undertaking scheme governance activities, in identifying, assessing and managing climate-related risks and opportunities relevant to those activities.

   Role of the Funding and Investment Committee

   We have delegated implementation and day-to-day oversight of the Group's climate change risk management framework to the Funding and Investment Committee ("FIC"), which is a sub-committee of the Group Trustee.

   The FIC seeks to ensure that any investment decisions include consideration of climate-related risks and opportunities within the context of the Group's wider risk and return requirements and are consistent with the Group's climate change policy as set out in the SIP and the RI policy.

   The FIC regularly monitors and reviews progress against the Group's climate change risk management approach. The FIC keeps us appraised of any material climate-related developments through updates as and when required (at least annually).

   Key activities delegated to the FIC include:

   - Ensuring investment proposals explicitly consider the impact of climate risks and opportunities.
   - Engaging with the investment managers to understand how climate risks are considered in their investment approach (e.g. by questioning managers in FIC meetings).
   - Working with investment consultant, the bulk annuity provider and fund managers to disclose relevant climate-related metrics as set out in the TCFD recommendations.
   - Ensuring that stewardship activities are being undertaken appropriately on our behalf.
   - Ensuring that actuarial and covenant advice adequately incorporate climate-related risk factors where they are relevant and material.

Role of our external support team

The role of our external support team, Barnett Waddingham, is to ensure (in conjunction with third party advisors) that we have the appropriate governance processes in place to appropriately identify, assess and manage climate related risks and opportunities that are relevant to the Group.

Barnett Waddingham assist in implementing the Group's approach to climate change risk on our behalf (working with our advisers who provide recommendations to the Group Trustee) and facilitating training to help ensure that we have sufficient knowledge and understanding to make well-informed decisions on the Group's climate change risk management approach.

In addition, Barnett Waddingham consider whether the advice the Group Trustee and FIC receive appropriately takes climate change into account and report their findings back to the Group Trustee and members of the FIC. Barnett Waddingham are assessed annually.

How we work with our advisers

We expect our advisers and investment managers to bring important and relevant climate-related issues and developments to our attention in a timely manner. We also expect our advisers and investment managers to have the appropriate knowledge to advise on climate-related matters.

- **Investment adviser:** our investment adviser, Aon, provides strategic and practical support to the Group and the FIC in respect of the management of climate-related risks and opportunities, and ensures compliance with the recommendations set out by the TCFD. This includes giving regular training and updates on climate-related issues and climate change scenario modelling to enable the FIC and the Group Trustee assess the Group's exposure to climate-related risks.

  We review the quality of our investment adviser's provision of advice and support on climate-related issues as part of the annual review of investment adviser objectives.

  We have noted Aon's qualifications and expertise in this area, including its participation in cross-industry initiatives such as the Investment Consultants' Sustainability Working Group (ICSWG) and Cambridge Institute for Sustainability Leadership (CISL), and have reviewed Aon's 'climate competence' summary in line with the ICSWG's recommendations.

- **Group Actuary:** the Group Actuary, Lynda Whitney, helps us assess the potential impact of climate change risk on the Group's funding assumptions.

  As part of the Group's triennial actuarial valuation, we will seek to understand how climate-related factors affect the funding assumptions used for the Group, and which sources of expertise the Group Actuary has used in determining the appropriate assumptions to use.

- **Covenant adviser:** our covenant adviser, PwC, helps us understand the potential impact of climate change risk on the covenant of the Principal Employer (National Grid Electricity Transmission plc) and each of the Participating Employers (National Grid UK Limited and Elexon Limited) of the Group. As part of covenant advice sought quarterly, we will seek to understand how climate-related factors could affect the sponsoring employers' strategies over time and consider this in light of the Group's long-term targets. In doing so, we will seek information from the covenant adviser regarding its credentials in assessing climate-related factors.

3. Describe the processes the Group Trustees have established to satisfy themselves that those undertaking scheme governance activities take adequate steps to identify, assess and manage those risks and opportunities.

In addition to the response in question 2, the Group Trustee conducted an ESG assessment in August 2024 to review how its investment managers integrate ESG considerations into investment decisions and also reviewed the risks and opportunities associated with the portfolio.

4. Describe the role of those advising or assisting the Group Trustees with scheme governance activities.

   Please see our response to question 2.

5. Describe the processes the Group Trustees have established to satisfy themselves that the person advising or assisting takes adequate steps to identify and assess any climate-related risks and opportunities which are relevant to the matters on which they are advising or assisting.

   Please see our response to question 2.

6. Describe how the Group Trustees and any relevant sub-committees are informed about, assess and manage climate-related risks and opportunities and the frequency at which these discussions take place.

   Please see our response to question 2.

7. Describe whether the Group Trustees questioned and, where appropriate, challenged the information provided to them by others undertaking governance activities – or advising and assisting with governance.

   Throughout the year, the FIC met with its investment adviser to discuss the TCFD recommendations and decided on a clear direction in relation to the Group's approach to subsequent reporting. As part of this, the FIC challenged its investment adviser on the relevance of climate-related considerations in light of the Group's recently concluded bulk annuity transaction.

8. Describe the rationale for the time and resources the Group Trustees spent on the governance of climate-related risks and opportunities.

   Please see our response to question 2.

9. Describe, in relation to those who undertake governance activities, or advise or assist with governance of the scheme: (i) the kind of information provided to them by those persons about their consideration of climate-related risks and opportunities faced by the scheme; and (ii) the frequency with which this information is provided.

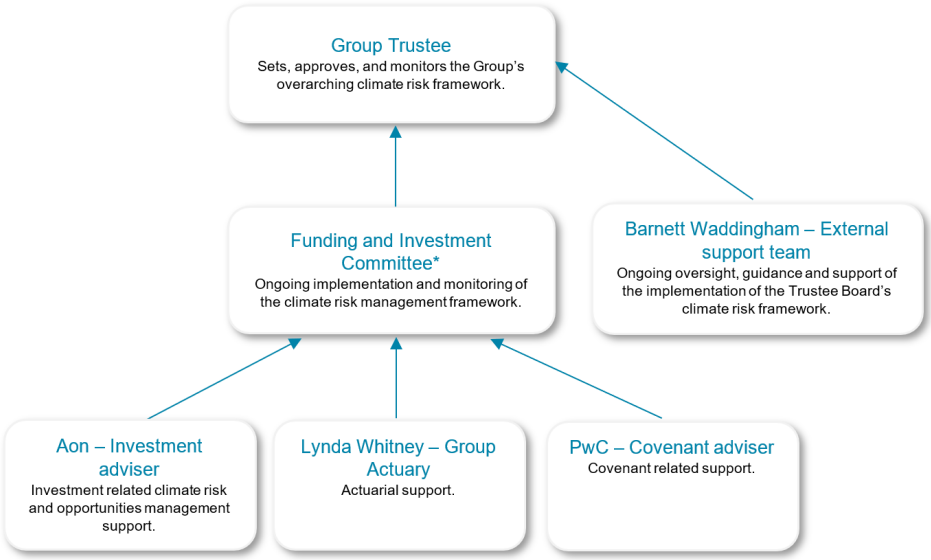
   Please see our response to question 2.

10. Describe the training opportunities the Group Trustees provided for their employees in relation to climate change risks and opportunities. Where the Group Trustees identified skills gaps, they may also describe whether they encouraged external advisers to provide training opportunities.

    Over the year, the Group Trustee completed a review of ESG integration capabilities demonstrated by its investment managers and bulk annuity provider, which included training on how Aon assigns its ESG ratings to investment managers and insurers.

11. We would be grateful if the Group Trustees could provide a structural diagram showing which groups of people or individual roles have responsibilities for governance of climate-related risks and opportunities. This may include executive officers, in-house teams and/or third parties engaged by the Group Trustees. No personal data needs to be included.[2]

[2] This request is not a must or should but is required by the Scheme Trustee to have a comprehensive view of the governance processes at the Group level.


Group Trustee
Sets, approves, and monitors the Group's overarching climate risk framework.
Funding and Investment Committee*
Ongoing implementation and monitoring of the climate risk management framework.
Barnett Waddingham – External support team
Ongoing oversight, guidance and support of the implementation of the Trustee Board's climate risk framework.
Aon – Investment adviser
Investment related climate risk and opportunities management support.
Lynda Whitney – Group Actuary
Actuarial support.
PwC – Covenant adviser
Covenant related support.

Northern Powergrid

Climate governance

As Group Trustees, we are responsible for overseeing all strategic matters related to the Group. This includes the governance and risk management frameworks relating to climate-related risks and opportunities.

We agreed our climate-related beliefs and our approach to managing climate change risk. These are set out in the Group's Statement of Investment Principles ("SIP"), which is reviewed annually.

Group Trustees' update

During the year to 31 March 2026, the Group Trustees reviewed the Group's RI-360i dashboard, which provides insights into the RI activities undertaken by the Group's underlying managers. The Group Trustees agreed to continue to monitor the trends over time as well as encourage greater transparency from managers.

The Group Trustees conducted a review of the Group's RI Policy and agreed that no changes were needed, but they will consider training where required on ESG themes, such as: biodiversity and nature risks, and social factors, in order to better understand the potential implications on the investment portfolio and support ongoing engagement with the Group's investment managers as deemed necessary.

Our climate beliefs

We believe that the risks associated with climate change can have a materially detrimental impact on the Group's investment returns.

We also believe that climate-related factors may create investment opportunities. We seek to capture such opportunities where they are appropriately aligned with our strategic objectives and fiduciary duty.

Climate-related risks and opportunities are integrated into our risk management framework so we can maintain oversight of the climate-related risks and opportunities that are relevant to the Group.

We receive regular training on climate-related issues to ensure that we have the appropriate knowledge and understanding to support good decision-making. Over the year, our Investment Adviser provided an update on the Group's climate related reporting requirements and the risks and opportunities associated with the Group's investments, as part of the production of this report.

We are ultimately responsible for oversight of all strategic matters related to the Group and for making Group wide decisions. This includes approval of the governance and management framework relating to ESG considerations and climate-related risks and opportunities.

Role of the Group Trustees

With support from our advisers, we seek to ensure that investment decisions include consideration of climate-related risks and opportunities within the context of the Group's wider risk and return requirements and are consistent with the RI policy as set out in the SIP.

We regularly monitor and review progress against the Group's climate change risk management objectives and any material developments.

Key climate-related activities include:

- Ensuring investment proposals explicitly consider the impact of climate risks and opportunities;
- Engaging with the Group's investment managers to understand how climate-related risks are considered in their investment approach; and

- Working with the Investment Adviser and investment managers to ensure stewardship activities are being undertaken appropriately on the Group's behalf and relevant climate-related metrics as set out in the TCFD recommendations are disclosed. This has been reviewed as part of the annual Engagement Policy Implementation Statement, which provides examples of voting and engagement (latest statement available here).

Group Trustees' update

The Group Trustees have spent a considerable amount of time and resource in understanding the Group's climate-related risks and opportunities to be able to provide a comprehensive TCFD report.

This has been carried out through a series of engagements with investment managers and a review of climate-related information associated with the investment portfolio.

How we work with our advisors

We expect our advisers and investment managers to bring important climate-related issues and developments to our attention in a timely manner. We expect our advisers and investment managers to have the appropriate knowledge on climate-related matters and to apply this knowledge to the advice that they provide us. We communicate these expectations to our advisers and investment managers, and seek to question or challenge information received from third-parties for reasonableness in line with our fiduciary duties where appropriate.

We take account of our investment adviser's views of each investment manager's ESG-integration capabilities when appointing or reviewing investment managers. We also include a consideration of climate-related risks and opportunities as part of performance-review meetings with our investment managers.

Investment adviser – our investment adviser, Aon, provides investment-related strategic advice and support on our climate-related risks and opportunities. This includes regular training and updates on climate-related issues, climate change scenario modelling and ESG ratings for investment managers.

Aon has supported us on climate-related matters at numerous Group Trustee Board meetings as well as at meetings with our investment managers.

Aon has qualifications and expertise in this area, including their participation in cross-industry initiatives and being a signatory of both the Principles for Responsible Investment (PRI) and the UK Stewardship Code.

The Group Trustees monitor the quality of climate-related support and advice from its investment adviser as part of an annual review against the investment consultant's objectives.

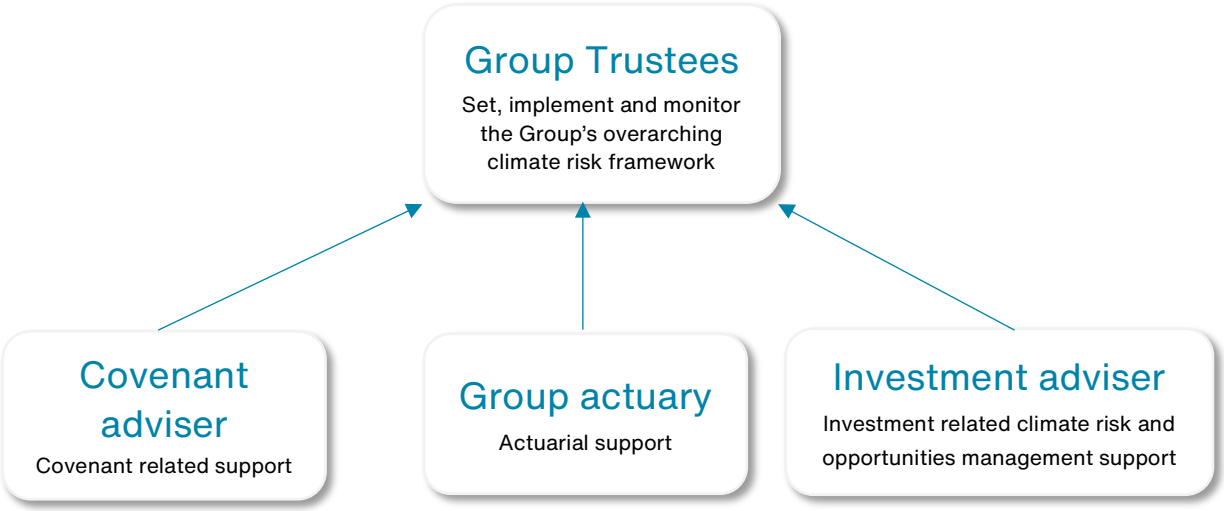
Group Actuary - the Group Actuary, Philip Dennis, helps us assess the potential impact of climate-related risks on the Group's funding where relevant.

As part of its assessment of its advisers' climate-related competence, the Group Trustees will seek to understand how climate-related factors affect the funding assumptions used for the Group, and which sources of expertise the Group has used in determining the appropriate assumptions to use.

Covenant adviser - our covenant adviser, Aon, helps us understand the potential impact of climate-related risk on the Sponsor covenant of the Principal Employer (Northern Electric plc) and each of the Participating Employers (Cal Energy Resources Limited, Integrated Utility Services Limited, Northern Powergrid (Northeast) plc, Vehicle Lease and Service Limited, Northern Powergrid (Yorkshire) plc.

As part of covenant advice sought, the Group Trustees will seek to understand how climate-related factors could affect the sponsoring employers' strategies over time. In doing so, the Trustee will seek information from the covenant adviser regarding its credentials in assessing climate-related factors.

We illustrate our Group's structure below:



Group Trustees' update

Throughout the year, the Group Trustees have met with their investment adviser to ensure that they are meeting the regulatory requirements and obligations expected from them with regards to reporting on climate-related risks and opportunities.

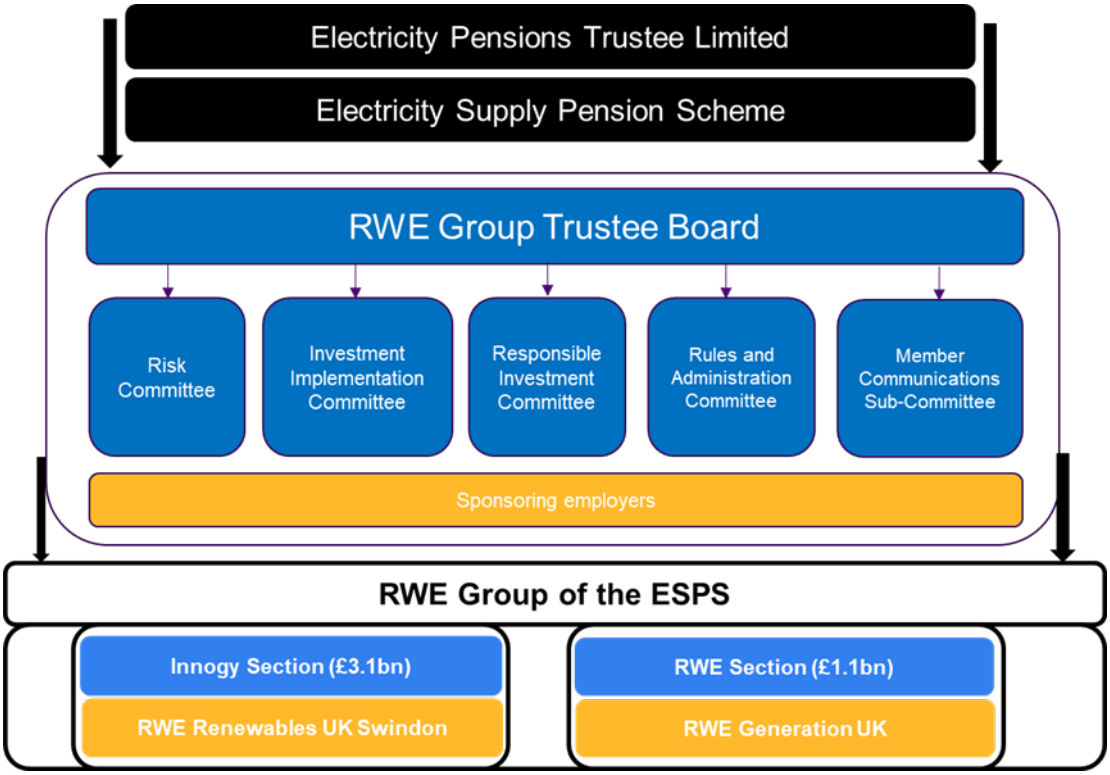
The TCFD report, SIP, RI Policy and Engagement Policy Implementation Statement (EPIS) all form evidence of the governance that the Group Trustees have in place.

The Group Trustees also receive a Responsible Investment dashboard that is updated annually and provides visibility of the climate-related risk credentials of the Group's investment managers to support further engagement activity.

RWE

Overview of investment structure

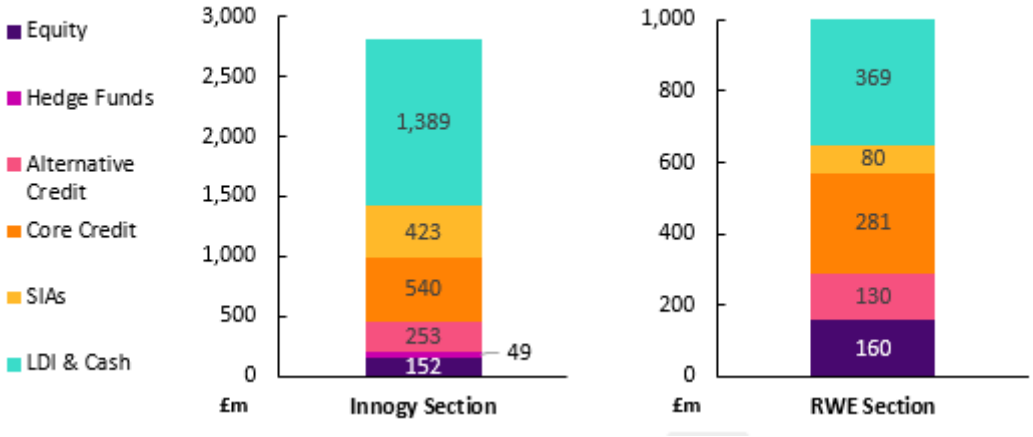
The RWE Group of the Electricity Supply Pension Scheme ("ESPS") structure is slightly more complicated than a typical pension scheme given that it is part of the overarching ESPS, which is governed by Electricity Pensions Trustee Limited ("EPTL"). The Group Trustees of the RWE Group of the ESPS are the entity responsible directly for the Group and are involved in the day-to-day governance of the Group. The Group Trustees have outlined this structure in the graphic below.



As shown in the graphic, the Group is made up of 2 segregated Sections whose assets totalled £3.7bn as at 31 December 2025. Each Section has a ring-fenced set of members and a separate pool of assets, sponsoring employer and investment strategy. The Sections are however managed under the same governance structure.

Overview of context

As can be seen below, both Sections of the Group have very low-risk portfolios, with most assets invested in Liability Driven Investment (largely UK Government Bonds) and high-quality Credit. Both Sections also have an allocation to Secure Income Assets ("SIAs") which include renewable energy assets, real estate and other infrastructure assets. Given the nature of these assets, the Group Trustees don't have direct voting rights for a large proportion of the Group's investments, and so engagement is an important tool for the Group Trustees to influence investment outcomes. The Innogy Section and RWE Sections were 111% and 120% funded on a Gilts+0.5% pa basis respectively as at 31 December 2025. As both Sections are in a surplus on a low-risk basis, neither have planned or are expecting to receive additional deficit contributions from their respective sponsoring employers. Both Sections are aiming to build up a funding surplus gradually over time in a low-risk manner. To achieve this, they both have an investment return target in the range of Gilts+1.0-1.5% pa and seek to hedge 95% (as % of liabilities) of the interest rate and inflation sensitivity of their respective liabilities. Whilst the Group Trustees continue to place a high-level of priority on further engagements, monitoring, climate risk and opportunity management, this broader context does mean the Group Trustees are starting from a low-risk position.



Overview of key climate activities conducted over the year to 31 March 2026

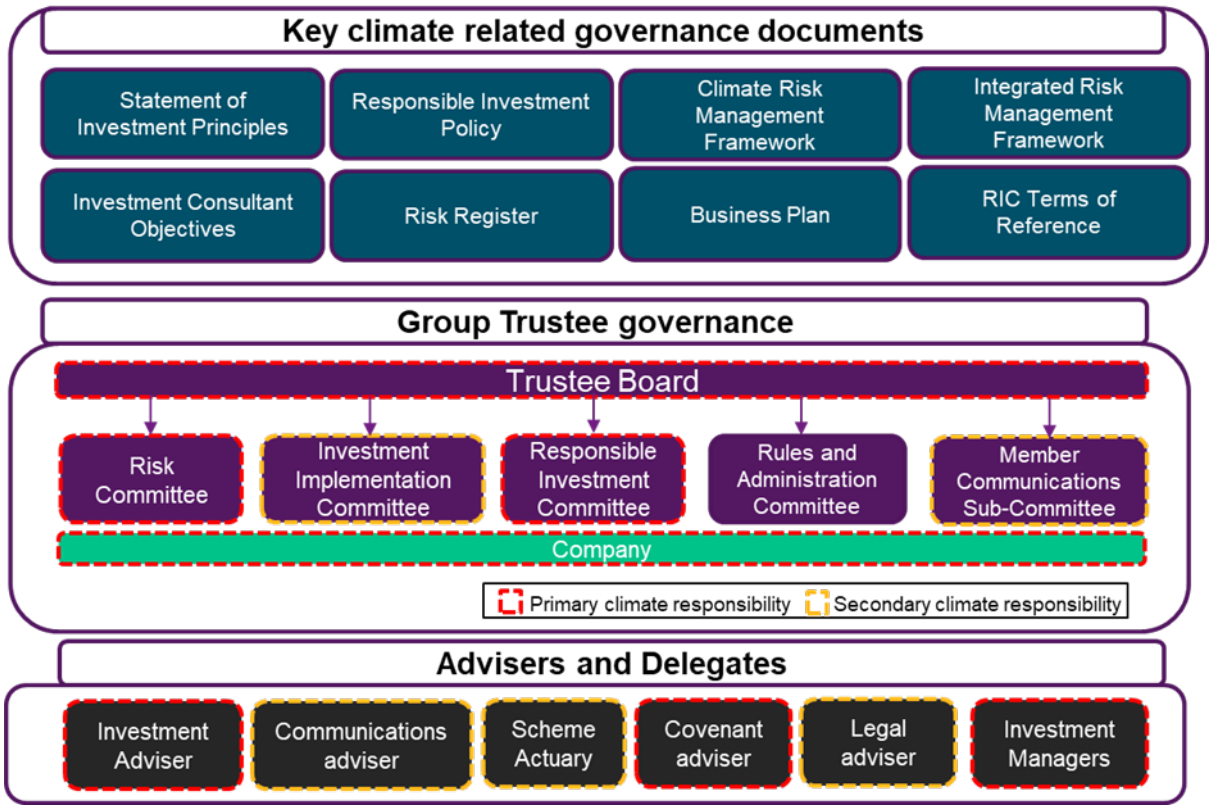
Over the scheme year to 31 March 2026, the Group Trustees undertook a number of actions in line with the policies outlined in this statement and in order to help achieve the ultimate aim of managing climate change risks and opportunities.

Stewardship	Portfolio updates	Governance updates
Stewardship services – The Group's Alternative Credit manager and climate-tilted equity mandate use a specialist stewardship services provider, with over $2.4tn under advice. This provider adds another level of direct corporate engagement in addition to the underlying managers and facilitates greater collaborative stewardship impact. Over 2025, on behalf of the provider's clients, this included 859 company engagements on 3,849 issues and providing voting services for 131,979 resolutions, with 63% of meetings with one or more resolutions against management. The provider is also an active participant in several initiatives such as Climate Action 100+, Principles for Responsible Investment and the Institutional Investors Group on Climate Change. **Stewardship priorities** – The Group Trustees consider that stewardship is a valuable tool for managing risk and improving financial outcomes of the Group. However, the Group Trustees also acknowledge that Responsible	**Credit portfolio alignment - T**he Group Trustees made a further investment with the existing core credit manager for the Innogy Section, which included an explicit objective to improve the alignment of the credit portfolio with the Group's net zero target. This is expected to improve the overall alignment and exposure to climate opportunities going forward.	**Trustee training** – The Group Trustees undertook training, facilitated by WTW (the "Investment Adviser"), on recent global developments in climate and biodiversity, as well as a session on how to carry out effective stewardship. **Member communications** - The Group Trustees are also committed to keeping the Group's members informed of the work conducted in the Responsible Investment space and how it impacts member benefit security. The Group Trustees provided an update during the year covering the publication of the prior year's Scheme and Group TCFD statements and the wider Responsible Investment work done by the RIC.

Investment is broad and therefore have selected a small number of stewardship priorities to focus engagements, with “climate change” being one of these priorities. During the year to 31 March 2026, the Group Trustees focussed on these priorities, for example monitoring a range of Responsible Investment metrics in relation to each priority and receiving additional targeted training.		

Oversight of climate-related risks and opportunities

The Group Trustees’ climate governance framework is summarised in the below diagram:



The Group Trustees’ overall mission is to meet the cost of accrued and future accrual of benefits through income and capital growth from assets and contributions from the employer and the Group’s members. The Group Trustees hold a key belief that “Investing [Group] members’ assets responsibly, is a core part of this overall mission [and] have currently identified climate change as the single biggest ESG risk and opportunity and therefore believe it deserves ongoing focus under the Group’s strategy”. At the same time, the Group Trustees also recognise that the Responsible Investment landscape is broader than a single theme and therefore monitor a variety of different

areas as part of the Responsible Investment decision-making framework. As part of implementing this key belief, the Group Trustees maintain the following governance documents:

- Statement of Investment Principles ("SIP") – this document contains the high-level Responsible Investment policies with a specific focus on climate change. A copy of this statement can be found at the following link: https://epa.towerswatson.com/doc/RWH/pdf/rwe-statement-of-investment-principles--.pdf. The statement is reviewed on an annual basis or following any material changes to the Group's investment strategy. The SIP was last updated in October 2025.
- Responsible Investment Policy – Given the evolving nature of this area and the importance the Group Trustees place on appropriately governing climate-related risks and opportunities, the Group Trustees have established a separate Responsible Investment Policy. This details the Group's overarching climate-related risk and opportunity management framework and sets out the strategic timeframes which guide the Group Trustees in assessing these risks and opportunities. This is reviewed annually and updated if the Group Trustees consider this necessary, with the last review and update carried out in September 2025. This was updated to record the Group Trustees' stewardship priorities.
- Implementation Statement – More broadly, the Group Trustees also report on activities relating to voting and engagement in the area of climate change in the Group's annual Implementation Statement. This provides some more specific information on the Group Trustees' activities in those areas. A copy of this can be found at the following link: https://epa.towerswatson.com/doc/RWH/pdf/rwe-implementation-statement--.pdf

The Statement of Investment Principles contains the high-level approach that the Group Trustees take in relation to Responsible Investment factors (including climate change). The Responsible Investment policy further builds on the approach set out in the SIP and includes the key principles for how the Group Trustees apply Responsible Investment in practice. The two documents are considered in conjunction, when the Group Trustees make decisions in relation to climate change.

Roles and responsibilities

Although the Group Trustees delegate certain aspects of the implementation of the Group's overarching climate mission, ultimate responsibility remains with the Group Trustees. The key roles are:

- Full Group Trustee Board – Ultimately responsible for setting and monitoring the Group Trustees' Responsible Investment and climate change policy. This is reviewed at least annually, and updates are provided on progress in the area of climate change at each quarterly trustee meeting during the year. The Group Trustees have identified climate change as one of the most material risks and opportunities for the Group and therefore allocate significant resource to its management. This includes regular discussion of the topic at Board meetings and the setup of the Responsible Investment Committee, who hold regular meetings (see below for further details). An annual review of activities is also conducted, and the Full Group Trustee Board have sight of the minutes and papers of all sub-committee meetings related to climate change in order to assess the quality of the work completed.
- Responsible Investment Committee – The Group Trustees delegate some of the key implementation aspects of the overarching climate change policy to the Responsible Investment Committee ("RIC"), which is a sub-committee of the Group Trustees, working in collaboration with a representative of the Sponsor. The Terms of Reference denotes the key responsibilities of the RIC. These include the day-to-day implementation of the Group Trustees' Responsible Investment policy with a focus on evolving the Group's strategic and monitoring approach for climate-related risks and opportunities over time. The RIC met three times during the scheme year ended March 2026, the Group Trustees deemed this frequency of meetings appropriate to efficiently manage all workstreams in relation to Responsible Investment, and in order to stay on top of developing governance requirements, such as TCFD reporting. The Group Trustees maintain oversight of the work carried out by the RIC by having access to the advice received by the RIC and the recommendations made by the RIC, which are recorded in the minutes of the meetings. During the

scheme year, the RIC provided four updates to the Full Group Trustee Board, which covered an update on climate change report actions and publication considerations for the year, the annual Responsible Investment metrics and manager review, and the outcome of engagements with managers.

- Other Committees – Although the Full Group Trustee Board and the RIC are the two primary bodies setting, and implementing, the Group Trustees' approach to climate change, other bodies are also involved. The Risk Committee for example, maintains, on the Group's risk register, climate-related risks and opportunities with established controls and monitoring points throughout the year. The Member Communications Sub-Committee considers how the Group Trustees' work on Responsible Investment is appropriately communicated to members and external third parties. This reflects the comprehensive approach to the climate-related risks and opportunities taken by the Group's various sub-committees. As referenced in the actions taken above, both Committees were involved in work during the year which included member communications and a review of the risk register.
- Sponsor – The Group Trustees also have an engaged and collaborative relationship with the Sponsor, who is involved in the discussions on the Group Trustees' approach to climate change as this evolves.

To enhance the Group Trustees' approach to Responsible Investment and climate change, the Group Trustees engage with and, where they consider it appropriate, delegate activities to the following third parties.

- Investment Adviser (Towers Watson Limited, trading as "WTW") – The Investment Adviser is responsible for advising the Group Trustees on the overall strategic climate change policy and assisting them in implementing and monitoring this strategy. This includes advising on suitable climate-related investment opportunities as well as the appropriate climate metrics to assist with appropriately managing and monitoring climate-related risks and opportunities. The Investment Adviser is present at all RIC meetings. The Group Trustees have set the Investment Adviser an objective in the area of climate change and assess progress against this objective annually, as well as conducting a more in-depth overall quinquennial review. The Investment Advisor was last reviewed in December 2025 with positive reflections on the work completed over the period around climate change.
- Covenant Adviser (Aon Solutions UK Limited) – As the Sponsor is engaged in the energy industry, climate change is a key factor to the overall covenant assessment on an ongoing basis. The Covenant Adviser, therefore, provides input as part of the Group Trustees' climate change scenario analysis, assessing the resilience of the covenant to climate-related risks and opportunities. A formal Covenant review was conducted over the scheme year ended March 2025 and was a key input into the 2024 Actuarial Valuations of the two Sections of the Group, as well as into the climate scenario analysis.
- Scheme Actuary (David Gardiner FIA, Aon Solutions UK Limited) – The Scheme Actuary provides strategic advice to the Group Trustees as well as providing input into the assessment of how robust the Group's funding strategy is to climate-related risks and opportunities as part of the Group's climate change scenario analysis. The assessment process followed is the same as that outlined for the Covenant Adviser. An Actuarial Valuation was conducted and completed over the scheme year ended March 2025, which showed the funding positions for both Sections of the Group continued to be strong.
- Investment managers – The investment managers provide the investment vehicles, and asset management services, to assist the Group Trustees with implementing their investment strategy as well as undertaking stewardship activities (voting and engagement) on the Group's behalf. The Group Trustees, with the assistance of their Investment Adviser, review, in detail, on an annual basis, each manager's approach to incorporating climate change into their asset management, along with their voting and engagement policies and activities. The Group Trustees also consider any potential new manager's ESG and Responsible Investment policies ahead of any decision to appoint the manager. The Group Trustees have engaged, and will continue to engage, with the Group's current investment managers to encourage improvements where they consider there are shortcomings.

As referenced, the Group Trustees aim to conduct a detailed adviser review every five years, which covers all advisers outlined in the governance diagram. A key point of questioning and challenge as part of this is the work each adviser has provided around climate change and Responsible Investment. In addition to the adviser review, the Group Trustees ensure that sufficient time is allowed for during meetings at which advice is provided, so that they are able to challenge the Group's advisers on an ongoing basis, if it is deemed necessary. For example, during the scheme year, the Group Trustees questioned the advice provided by the Investment Adviser in relation to the Responsible Investment metrics analysis and the outcome of the engagement process with managers, to ensure the most appropriate action was taken based on the advice.

The governance structures outlined above are part of the Group Trustees' Effective System of Governance ("ESOG"). The Group Trustees completed their first Own Risk Assessment ("ORA") of the ESOG in March 2026. The ORA considered and documented how well the Group Trustees' policies and procedures are operating. This included specific assessment of the Responsible Investment and climate change-related aspects of the governance framework.

Identifying and assessing climate risks and opportunities

The Group Trustees have a broad approach to climate change, so the majority of information received has a 'climate change angle' to it. In addition, more specific information is received during the year, including:

- Detailed annual Responsible Investment reviews covering investment managers' policies, approach, and stewardship activities related to climate change, as well as a bottom-up security-level analysis of the climate metrics of the Group's specific investments.
- Top-down assessment of climate change scenario analysis testing the robustness of the Group's funding strategy. During the year, this included a light touch review of the continued appropriateness of the previously conducted analysis.
- Quarterly portfolio asset class deep dives which cover the climate credentials, risks, and opportunities of each part of the portfolio.

Trustee knowledge and understanding

A key part of the Group Trustees' policy is ensuring that all the Group Trustees have sufficient skill and knowledge in the areas of Responsible Investment and climate change. In line with this aim, all new Group Trustees are provided with training on Responsible Investment and climate change. This was facilitated by the Investment Adviser. On an ongoing basis, all Group Trustees receive the following:

- An annual update on Responsible Investment from the RIC, providing an in-depth overview of the output of the meetings, the annual review of policies, and the activities being undertaken. This includes an assessment of the Group's investment managers and detailed climate metric monitoring.
- Quarterly 'hot topics' updates which, over this scheme year, covered global developments around climate change, regulatory updates, and industry initiatives around Responsible Investment.

Quarterly updates from RIC meetings to the wider Full Group Trustee Board covered a summary of activities such as:

- TCFD Statement progress;
- an update on recent developments in climate change and biodiversity; and
- the outcome of engagements with managers conducted by the RIC.

In addition to this, members of the RIC engaged in:

- Receiving more detailed training on social factors and agreeing a plan for managing the risks and opportunities associated with these.

- Considering the output of the Responsible Investment metrics and manager review.
- Continued regular knowledge sharing amongst the RIC, including various regulatory and industry developments in relation to climate change, updates on the Task Force for Nature-related Financial Disclosures (“TNFD”), research publications and Responsible Investment webinars;

Schneider

1. Describe how the Group Trustees maintain oversight of climate-related risks and opportunities which are relevant to the Group.

   The Group Trustee recognises climate-related risks and opportunities (CRRO) as a key factor to be considered alongside other ESG topics, including corporate governance, human rights, labour and environmental standards. The Trustee believes that CRRO, along with other ESG factors, can have an impact on financial performance. Accordingly, the Trustee places importance on spending time and resources on its governance of CRRO in relation to the Group. The responsibility for investment strategy, decision-making and governance for the Group rests with the Trustee. It therefore maintains strategic oversight and is ultimately responsible for CRRO within the Group.

   At present, CRRO is handled at regular Trustee meetings. The Trustee maintains oversight of key management stakeholders to ensure the stakeholders fulfil their responsibilities of assessing and managing CRRO. The Trustee obtains strategic investment advice from its appointed Fiduciary Manager (SEI Investments (Europe) Ltd), including advice in relation to the Trustee's policies on CRRO. The Trustee also obtains investment advice from the same Fiduciary Manager at a more granular level, e.g. on the range of investments.

   The Group Trustee delegates responsibility for investment stewardship (including voting and engagement) to its Fiduciary Manager (and certain selected Investment Managers where funds are directly held). The Trustee receives regular reports to satisfy itself that stewardship is consistently applied in line with the Trustee's fiduciary duty. Part of the Trustee's fiduciary duty is to incorporate the climate risk-related reporting it receives from SEI into its investment decisions, to manage investment risk and enhance portfolio returns for the period during which the Group's assets are invested. The Trustee considers these factors to be financially material over a period of c. 50 years, this being the length of time it would take for the vast majority of members to begin receiving a pension. Considering its approach to CRRO and ESG more widely, the Trustee believes shareholder engagement is a necessary tool for affecting positive change. When considering climate change, companies in all sectors will face risks and opportunities, and investors have a significant role to play in influencing how companies prepare themselves to manage those risks and take advantage of any opportunities. The Trustee believes that continuing to proactively engage with the senior management of corporations on CRRO issues is the best way to enact meaningful and sustainable change and address both risks and opportunities, including CRRO, in the portfolio.

2. Describe the roles of those undertaking scheme governance activities, in identifying, assessing and managing climate-related risks and opportunities relevant to those activities.

   Fiduciary Manager

   The responsibility for training the Trustee on investment issues, helping develop the Trustee's investment strategy, and advising the Trustee on key aspects of CRRO governance (e.g. metrics and targets, scenario analysis etc.) rests with the Fiduciary Manager. The Fiduciary Manager advises the Trustee when choosing climate-related metrics/targets (which are both reportable and achievable for the funds used) on at least an annual basis.

   Shareholder voting is used in conjunction with engagement efforts to affect meaningful change in corporate behaviour. SEI, as Fiduciary Manager, uses a proxy voting service (Glass Lewis) for all of its UCITs funds, which brings consistency and high standards to the proxy research and voting decisions that are made in relation to the Group's assets.

   The Trustee is a strong advocate of investment stewardship as an effective way to enact change and ensure companies in the portfolio are adequately managing CRRO. SEI employs a third-party vendor, Sustainalytics, to assist with shareholder engagement.

Group Actuary

The Trustee takes advice from the Group Actuary and the Fiduciary Manager regarding the extent to which climate change may affect the funding position of the Group.

3. Describe the processes the Group Trustees have established to satisfy themselves that those undertaking scheme governance activities take adequate steps to identify, assess and manage those risks and opportunities.

The Trustee Board meets quarterly and collaborates with Group advisers, including the Group Actuary and the Fiduciary Manager, to seek appropriate advice on their climate change responsibilities. The Trustee holds the ultimate responsibility for overseeing all strategic matters concerning the Group, including establishing the governance and management framework for environmental, social, and governance (ESG) considerations as well as climate-related risks and opportunities. The Trustee has engaged in discussions and reached an agreement on their beliefs and approach to managing climate change risk. These details are periodically reviewed by the Trustee.

The Trustee holds the ultimate responsibility for making significant decisions related to climate change and complying with TCFD (Task Force on Climate-related Financial Disclosures) disclosure requirements. To help inform its appraisal of those undertaking governance activities and the steps they are taking to identify, assess and manage CRROs, the Group Trustee:

- Meets with key stakeholders each quarter to discuss CRROs and other climate-related issues impacting the Group
- Reviews the quarterly investment reports provided by the Fiduciary Manager, SEI, which contain a summary of SEI's investment stewardship (i.e. engagement and proxy voting) activities for the quarter
- Undergoes regular training, at least annually, and more frequently if needed, on climate-related issues (run by the Fiduciary Manager/Group Actuary/external organisations) to ensure its knowledge of such issues is up to date
- Actively monitors forthcoming rules, regulations and guidance from the Pensions Regulator and other relevant organisations

4. Describe the role of those advising or assisting the Group Trustees with scheme governance activities.

See 2.

5. Describe the processes the Group Trustees have established to satisfy themselves that the person advising or assisting takes adequate steps to identify and assess any climate-related risks and opportunities which are relevant to the matters on which they are advising or assisting.

The Trustee engages with its advisers on climate change considerations as required and is satisfied they have taken adequate steps to identify and assess relevant climate-related risks and opportunities. The Trustee has engaged with the Group Actuary and the Fiduciary Manager to obtain and analyse carbon data and Climate VaR metrics for the funds the Group is invested in. To help inform its appraisal of its advisers and the steps they are taking to identify and assess any CRROs relevant to the matters on which they are advising or assisting, the Group Trustee:

- Meets with its advisers each quarter to discuss CRROs and other climate-related issues impacting the Group

- Reviews the quarterly investment reports provided by the Fiduciary Manager, SEI, which contain a summary of SEI's investment stewardship (i.e. engagement and proxy voting) activities for the quarter
- Undergoes regular training, at least annually, and more frequently if needed, on climate-related issues (run by the Fiduciary Manager/Group Actuary/external organisations) to ensure its knowledge of such issues is up to date
- Actively monitors forthcoming rules, and regulations and guidance from the Pensions Regulator and other relevant organisations

6. Describe how the Group Trustees and any relevant sub-committees are informed about, assess and manage climate-related risks and opportunities and the frequency at which these discussions take place.

   The Group Trustee receives quarterly investment reports which include proxy voting and shareholder engagement data pertaining to the Group, as well as engagement case studies. This information helps facilitate discussion between the Fiduciary Manager and the Trustee relating to the identification and assessment of CRRO. The Trustee relies upon the Fiduciary Manager's expertise to appraise these risks in the context of the Group as a whole; this assessment then lends itself to determining how the identified risks/opportunities should be managed. Quarterly discussion is typically (and has been) sufficient for the aforementioned purposes, but in the event of a new risk or opportunity emerging, the Fiduciary Manager would contact the Trustee on an ad hoc basis.

7. Describe whether the Group Trustees questioned and, where appropriate, challenged the information provided to them by others undertaking governance activities – or advising and assisting with governance.

   The Group Trustee has discussed the proxy voting and shareholder engagement data included within the Fiduciary Manager's quarterly investment reports with the Fiduciary Manager at Trustee meetings, mainly asking clarifying questions concerning the information provided; the Trustee is satisfied with the Fiduciary Manager's responses.

8. Describe the rationale for the time and resources the Group Trustees spent on the governance of climate-related risks and opportunities.

   The Group Trustee believes that CRRO present a material risk to the investment performance of the Group's assets over the probable investment horizon, with transition risk being more heavily weighted to the short and medium term, whilst the physical impacts of climate change are more likely to play out over the medium and long term. The Group Trustee therefore believes it is sensible to devote time and resources to the governance of CRRO, with certain responsibilities delegated to key stakeholders, as set out above (see 2.).

9. Describe, in relation to those who undertake governance activities, or advise or assist with governance of the scheme: (i) the kind of information provided to them by those persons about their consideration of climate-related risks and opportunities faced by the scheme; and (ii) the frequency with which this information is provided.

   As Fiduciary Manager, SEI provides the Group Trustee with quarterly investment reports which include proxy voting and shareholder engagement data pertaining to the Group, as well as engagement case studies.

   SEI also runs training sessions for the Trustee, at least annually, covering the TCFD framework, best-practice for alignment with this framework, good CRRO governance, climate metrics/targets and scenario modelling, proxy voting and shareholder engagement.

   SEI assists with the publication of the Group's annual TCFD report, which is made available to the Group Trustee.

10. Describe the training opportunities the Group Trustees provided for their employees in relation to climate change risks and opportunities. Where the Group Trustees identified skills gaps, they may also describe whether they encouraged external advisers to provide training opportunities.

    n/a – There are no active members in the Group.

11. We would be grateful if the Group Trustees could provide a structural diagram showing which groups of people or individual roles have responsibilities for governance of climate-related risks and opportunities. This may include executive officers, in-house teams and/or third parties engaged by the Group Trustees. No personal data needs to be included.

    n/a – The Group Trustee delegates the majority of the responsibilities for governance of climate-related risks and opportunities to SEI, the Group's Fiduciary Manager.

SSE Southern

The Group's Responsible Investment (RI) policy covers broader aspects than just climate change and considers the whole ESG spectrum. However, this does include climate change and the Group Trustee gives climate change due consideration given its financial materiality. While TCFD focuses on climate change, the relevant sections in the Group's RI policy may instead refer to ESG/RI considerations more broadly.

Governance Disclosure 1: Describe the Group Trustee's oversight of climate-related risks and opportunities

The Group Trustee has undertaken training on climate change, specifically in relation to meeting the TCFD requirements, as well as training on wider ESG topics over recent years. Training will be undertaken as required to maintain the Group Trustee's knowledge and understanding of the topic and how it applies to the Group. Climate change topics were discussed more broadly during the year at meetings held by the Group Trustee.

The Group Trustee has a set of Responsible Investment (RI) beliefs in place for the Group, which include climate-related beliefs. These beliefs are documented in the Group's RI Policy and are reflected throughout the Statement of Investment Principles. The Group Trustee aims to review these beliefs at a high-level on an annual basis, with a more in-depth review being undertaken periodically when it is deemed appropriate to do so. The Group Trustee are undertaking a deep dive review at time of writing. Details of any discussions and subsequent changes will be included in the 2026/27 report.

The Group Trustee's RI policy outlines the Group's approach to climate-related issues and provides further details on oversight of climate risks and opportunities. The policy also sets out roles and responsibilities relating to climate-related issues and how these are brought to the Group Trustee's attention. This includes responsibility for ensuring all regulatory requirements are met and that the Group's governance processes are sufficient to ensure the proper management of all ESG related risks.

The Group's RI policy considers the whole ESG spectrum. However, this includes climate change, and the Group Trustee gives climate change due consideration given its financial materiality. Within this report, reference is made to climate change, however relevant sections in the RI policy may instead refer to ESG more broadly.

In fulfilling its duties, the Group Trustee delegates certain responsibilities to other parties.

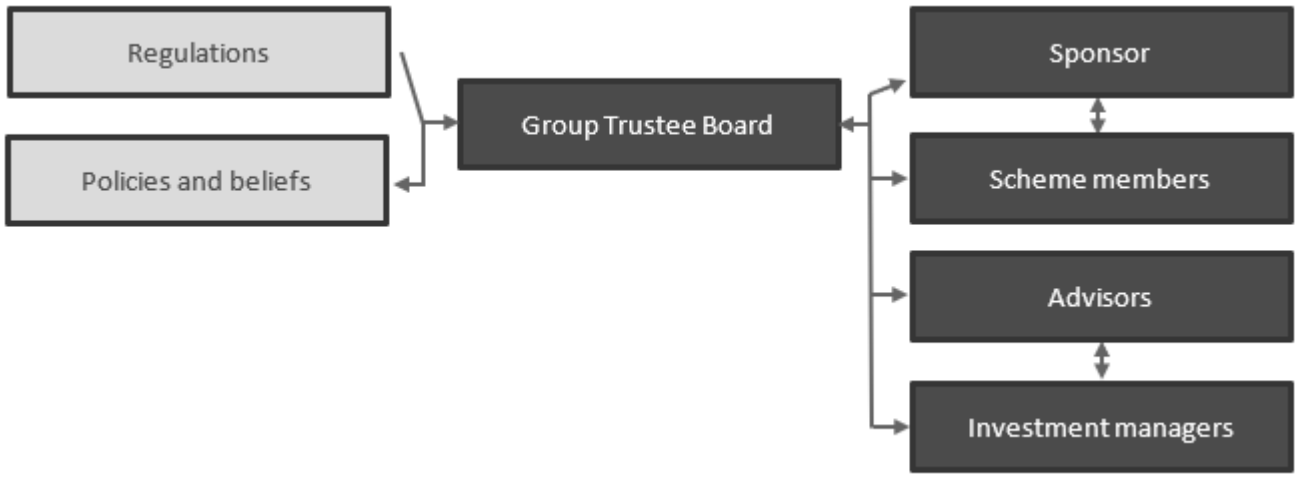
The parties with a role in the Group's management, how they incorporate the identification, assessment and management of climate related risks and opportunities into that role, and the methods the Group Trustee uses to assess each party is set out in this document and in the section below. Group Trustee effectiveness reviews are carried out on at least an annual basis, which include assessment of the governance structures in place.

There are a number of responsibilities delegated to the investment managers of the Group's assets. These asset managers are monitored on an ongoing basis by the Group Trustee. The Group Trustee's investment advisor assists with the ongoing monitoring of the investment managers, including rating the approach of the managers with respect to climate related issues. Further details on these responsibilities are also included under Governance disclosure 2.

The Group Trustee maintains oversight of ESG-related risks and opportunities which are relevant to the Group through the governance processes in place. Within the Group's RI policy, the Group maintains a governance document, which records the current structure, the parties involved in the Group's management and their roles in identifying, assessing and managing climate-related risks and opportunities. The governance structure and relationship between the respective parties within the Group are also set out in the section below.

The Group's sponsor, SSE, maintains its own climate change Policy and Sustainability report. The Group Trustee maintains an ongoing dialogue with the Sponsor to ensure both parties are aware of each other's approach in this area. The Group Trustee ensures those issues relevant to the Group are considered where appropriate and aim to ensure synergy between the Group and Sponsor's approach to climate related issues.

The current governance structure of the Group and key relationships is illustrated in the diagram below.



The Group Trustee's Q2 Trustee Meeting each year focuses on matters in relation to Responsible Investment, which facilitates the necessary and appropriate discussion with regards to RI considerations. In fulfilling the Group Trustee's duty, the Group Trustee delegates certain responsibilities to other parties (e.g. the Group's investment managers).

Governance Disclosure 2: Describe management's role in assessing and managing climate related risks and opportunities

There are several parties with a role in the Group's management and how they incorporate the identification, assessment and management of responsible investment, and in particular climate related, risks and opportunities. These parties and their role in the Group's overall approach to climate-related issues, including the assessment and management of climate risks and opportunities, is set out below alongside the methods that the Group Trustee uses to assess each party.

Ultimately, the Group Trustee has ownership of Group wide decisions. The Group Trustee however relies on input from its advisors and investment managers to assist with assessing and managing climate related risks and opportunities at the Group wide level. The Group Trustee has delegated responsibility to the Group's investment managers to assess and manage climate related risks and opportunities on a day-to-day basis for their respective portfolios that they manage on the Group's behalf.

It is also noted within the Group's RI policy those individuals and organisations (including the Group Trustee's advisors) that have oversight, accountability and manage responsibilities for climate-related risks.

Additionally, the Group Trustee maintain ongoing dialogue with the Group Sponsor, including regular updates provided by a Sponsor representative at Group Trustee meetings. This dialogue includes the Sponsor's approach to climate-related issues to ensure those relevant to the Group are considered where appropriate and ensure synergy between the Group and Sponsor's approach to climate related issues.

The Group Trustee

The Group Trustee has ownership of the overall investment strategy, including the implementation of the Group's RI Policy. The Group Trustee is expected to incorporate RI considerations into its management of the Group's assets, identifying and managing ESG related risks and opportunities in all areas including asset allocation decisions, manager appointments and its monitoring of the Group's current investment managers. In relation to RI, the Group Trustee aims to:

- Act in line with the beliefs and principles set out in the Group Trustee's agreed RI policy.
- Continue to progress towards becoming more active in all areas of RI.

- Meet the requirements of the new climate related regulations that came into force from October 2022.

In-house Pensions Team

The In-house SSE Pensions Team support the Group Trustee in the arranging of meetings and taking forward agreed actions between meetings. The Pensions Team also has responsibility to ensure appropriate levels of resource to complete all RI associated requirements, including TCFD reporting.

Investment Advisor

The Group's investment advisor, Hymans Robertson, are responsible for assisting the Group Trustee to ensure climate related risks and opportunities are embedded into all investment decisions. They provide advice and training to the Group Trustee regarding regulatory requirements and are expected to incorporate climate considerations into any advice regarding any strategy changes or manager appointment.

The Group Trustee has set objectives for its investment advisor which include objectives relating to the advisor's support in all RI considerations. The investment advisor is assessed against these objectives annually and the objectives themselves are assessed on at least an annual basis to ensure they remain appropriate.

Actuarial Advisor

The Group's actuarial advisor, Aon, are responsible for identifying any climate considerations which should be incorporated into the Group's funding strategy (both short and long term) and in the Group's integrated risk management plan. This will include the setting of individual financial and demographic assumptions.

Covenant Advisors

The Group Trustee's assessment of the covenant of the sponsor, SSE, is undertaken through ongoing dialogue with the Company as well as formal covenant reviews undertaken by Penfida. Penfida (and the Principal Employer as outlined above), within their reviews, are responsible for identifying any climate considerations which should be incorporated into the Group's strategic discussions and in the Group's integrated risk management plan.

Investment Managers

The Group's investment managers are expected to be, and indeed are responsible for, integrating ESG considerations, including climate change, to the extent possible, into their management of each of the Group's mandates. The Group's investment managers are expected to provide frequent reporting on ESG topics and provide updates at the quarterly manager meetings.

On the appointment of any new manager, the Group Trustee assesses each manger's RI capabilities, with assistance from their investment advisor, to determine if that manager's approach is aligned with the Group Trustee's RI Policy. Once appointed, the Group Trustee monitors all managers on at least an annual basis, assessing each manager's RI processes and policies, and challenging managers on any issues identified.

The Group Trustee also liaises with the investment managers in relation to RI matters, as required. The Group Trustee maintains a record which is updated based on information provided by and discussions held with the investment managers during Group Trustee meetings.

UK Power Networks

Governance and Management Structure

The Group is part of the Electricity Supply Pension Scheme (ESPS). The ESPS is a two-tiered pension scheme with a Scheme Trustee, Electricity Pensions Trustee Limited ('EPTL'), and currently has 22 Group Trustee Boards where each Group is an actuarially independent section in respect of each of the companies participating in the ESPS. The Group Trustee is primarily responsible for its own Group's investment strategy decisions as well as governance, administration (including responding to member questions) and monitoring activities.

The UK Power Networks Group Trustee (the 'Group Trustee') operates as a corporate trustee with a Board of Directors. Within this structure, the Group Trustee retains decisions that are strategic in nature. The Group Trustee is, therefore, accountable for the management of its investment arrangements, for setting the Group's general investment policy, for managing risks to the Group's investments and for ensuring that investments are managed in line with the Group's funding objectives. The Group Trustee is expected to establish processes to satisfy itself that parties undertaking governance activities (other than trustees) are taking steps to identify assess and manage climate related risks and opportunities.

The Group Trustee has appointed BlackRock (the 'Fiduciary Manager') to manage the Group's assets in line with the terms of the Fiduciary Management Agreement (the 'FMA') that has been agreed between the Group Trustee and the Fiduciary Manager. The Fiduciary Manager is responsible for the selection of investments, including ensuring investments are appropriately diversified and suitable for the Group. The Fiduciary Manager and any underlying managers appointed by the Fiduciary Manager are also responsible for conducting stewardship, voting and engagement activities in respect of the Group's assets in line with the Group's Statement of Investment Principles (SIP) (see below).

UK Power Networks Holdings provides an Executive function which is responsible for the day-to-day administration of the Group. The Executive's responsibilities include providing member administration services, accounting and finance services, including prompt settlement of member benefits. The Executive also supports the Group Trustee with its compliance and regulatory obligations including organising quarterly board meetings and providing oversight of the services provided by the Fiduciary Manager and other advisers and service providers. The Executive comprises a Head of Pensions, a Pensions Investment Manager, a Pensions Project Manager, a Pension Services Manager and a number of supporting roles.

The Group Trustee also participates in a joint ESG Working Party with the UK Power Networks Pension Scheme as the two schemes have both appointed BlackRock as their fiduciary manager. The Working Party reviews all ESG, voting and climate change matters to ensure BlackRock adheres to the Group's Statement of Investment Principles and ESG Policy, and recommends changes for approval to the respective Boards. The working party has no decision-making powers in its own right.

Policies

Statement of Investment Principles

The Group Trustee has set out its investment beliefs in its Statement of Investment Principles (SIP) including its beliefs relating to the importance of environmental, social and governance issues to our investments. The SIP also sets out the Group's policies relating to a number of key investment matters, including, but not limited to, the types of assets to be held, the balance between different kinds of investments, investment risks, the expected returns on investments, and the Group's views on stewardship including the extent to which social, environmental and ethical factors are considered when selecting, retaining and realising investments.

The SIP is reviewed at least every three years with the most recent detailed review having taken place in September 2023. The SIP also contains provisions allowing it, if needed, to be altered after any significant changes in investment policy. The Group Trustee reviewed the SIP in September 2025 to ensure it remains substantially accurate and determined that no changes were required at that time.

The Group Trustee is currently reviewing the SIP in light of the revisions to the investment strategy and return targets set as part of the triennial review. This is likely to be completed in September of 2026.

The Group has a monitoring framework document setting out how compliance against each of these clauses in the SIP is to be monitored. The Group produces an annual Implementation Statement which outlines how, and the extent to which, the policies relating to stewardship, voting and engagement as outlined in the SIP have been followed.

ESG Policy

The Group's approach to environmental, social and governance (ESG) matters, including climate-related matters, is outlined in the internal ESG Policy. The Group Trustee appointed BlackRock as Fiduciary Manager to deliver effective stewardship of the investment portfolio in line with this policy. The policy is reviewed annually by the ESG Working Group. No changes were recommended to the Board for its approval during the year.

For passive investments, the Group Trustee believes that an ESG-optimised index approach should be used instead of a traditional market capitalisation approach where it has confidence that using the ESG-optimised approach will not detract from its ability to meet its investment objectives. The Fiduciary Manager is responsible for making this assessment.

Climate Change

In relation to climate-related matters, the UK Power Networks Group believes that the risks associated with climate change can have a significant, negative impact on the investment returns of occupational pension schemes, and that climate change may also present significant investment opportunities. The Group Trustee asks the Fiduciary Manager to consider climate change-related risks and opportunities when making investment decisions. It is committed to establishing robust governance and oversight processes to enable it to review the effectiveness of the Fiduciary Manager's efforts in this regard (see below).

The Group Trustee has ultimate responsibility for our approach to climate change. The Group Trustee is responsible for:

- Defining the Group's expectations of our Fiduciary Manager in relation to climate change.
- Engaging with the Fiduciary Manager to understand how climate risks are managed in its investment approach. The Group Trustee considers climate related risks at its quarterly meetings as part of the review of its risk register.
- Reviewing the climate and other data provided by the Fiduciary Manager to ensure that climate-related risks and opportunities are being effectively managed, within the context of our wider risk and return requirements and consistent with our SIP.
- Ensuring that the Group meets our climate-related reporting obligations.

To ensure that it can deliver these responsibilities, the Group Trustee receives training (see below) and requires that the Fiduciary Manager provides the Group Trustee with the data and information needed to allow it to effectively scrutinise and challenge its approach.

The Group Trustee has documented its climate change beliefs within its Statement of Investment Principles which is subject to annual review. No changes were considered necessary by the Group Trustee during the year to March 2026.

Monitoring and Review

With the assistance of the Executive, the Group Trustee monitors the performance of the Fiduciary Manager both in terms of its investment performance and its performance against the terms set out in the FMA. A formal assessment of the Fiduciary Manager against its objectives is undertaken on an annual basis and this year it was concluded that the Group Trustee is satisfied by the performance of the Fiduciary Manager.

The Group Trustee maintains a climate related risk register, updated on a quarterly basis. This document considers the impact of various physical and transition risks and opportunities, resulting from climate change. The impact of these risks and opportunities is assessed over the short, medium and long term. The Group Trustee classifies each risk and opportunity depending on the potential impact to the Group and documents the steps being taken to mitigate against the risks and to capture the opportunities.

During the period covered by this report, the Group Trustee reviewed its climate change risk register at each quarterly meeting. While no substantial changes were made, the Group Trustee did note that geopolitical risks were increasing and agreed that these factors will need to continue to be monitored.

The Fiduciary Manager provides quarterly reports which include:

- Analysis of funding level performance over the period, including discussion of the economic environment, investment market factors and the Group's portfolio positioning.
- Commentary on the risks being taken in the assets, including the outcome of stress testing or other portfolio risk assessments.
- Assessment of funding levels versus the Group's objectives.
- Asset allocation analysis.
- ESG metrics, including carbon emission figures. These reports include aggregate and asset class level reporting of ESG scores relative to an appropriate benchmark. The Group Trustee uses this information to assess how the overall Group assets are invested and to track changes over time.
- Voting and cost disclosures, in line with relevant regulatory requirements

The Group Trustee noted that BlackRock's quarterly updates showed a broadly static set of scores in the ESG and climate related metrics. In response to these quarterly reports, and following advice from BlackRock, the Group Trustee decided that it was not necessary to make any decisions regarding ESG and climate-related metrics during the year. The Group Trustee continues to monitor the actions taken by BlackRock to improve the data quality metric, in line with the Group's target to increase data coverage for Scope 1, 2 and 3 carbon emissions for the overall portfolio to at least 50% over the next 3-5 years. The Group Trustee noted that targets for Scope 1 and 2 emissions for the portfolio had already been met. The objective going forward is to retain current coverage levels for these emissions and to increase the coverage of Scope 3 reporting in the medium term once the industry-wide methodology has been established.

The Group Trustee has also appointed a Fiduciary Oversight manager, IC Select, to provide regular reports to ensure that BlackRock's business model and the Blackrock team retain their capabilities to deliver the services required. No concerns which required action on behalf of the Group Trustee were raised during the year.

The annual meeting of the Joint ESG Working Party was held in July 2025. This meeting discussed the climate targets and reviewed the ESG related engagement and voting activities undertaken by BlackRock on behalf of the Group Trustee. The Working Party also looked at its ESG Policy to ensure BlackRock's activities remained aligned to its views. Based on advice from BlackRock, The Working Party decided that it did not need to recommend any changes to the Group Trustee.

The Group Actuary, Martin Bell from WTW, helps the Group Trustees assess the potential impact of climate change risk as part of ongoing risk and funding review processes.

XPS, as the Group Trustee's covenant advisers, helps the Group Trustee understand the potential impact of climate change risk on the covenant of the Principal Employer UK Power Networks Holdings Limited and each of the participating employers within the Group.

The in-house Pensions Executive monitors and manages the operational governance activities on behalf of the Group Trustee. The Executive ensures that the Board regularly reviews the climate risk register (which covers both the risks and the opportunities) and also ensures all the other advisers feed into the register to keep it up to date. The Executive keeps abreast of industry developments and liaises with the appointed advisers and similar firms to provide training to the Group Trustee if this is considered appropriate.

Training

The Group Trustee recognises that ESG is an evolving issue and that it is important to receive annual training on ESG matters and keep abreast of all developments. All new trustee directors are required to undertake training to understand the Group's current policies to facilitate their participation in the ongoing monitoring and development of this policy.

The Group Trustee participates in the Pensions Management Institute's (PMI) Trustee Group Continuing Professional Development (CPD) scheme. This scheme requires all trustees to complete 15 hours of relevant trustee training per annum. The Group Trustee also organises a half-day trustee training each quarter. In each year, at least one of these sessions focuses on investment topics, which may include some focus on ESG issues.

The Group Trustee has recognised the importance of building the Group Trustee Board's capacity and expertise on climate change, to ensure that trustees have the appropriate degree of knowledge and understanding of the identification, assessment and management of risks from the effects of climate change and the opportunities from climate change to support good decision-making.

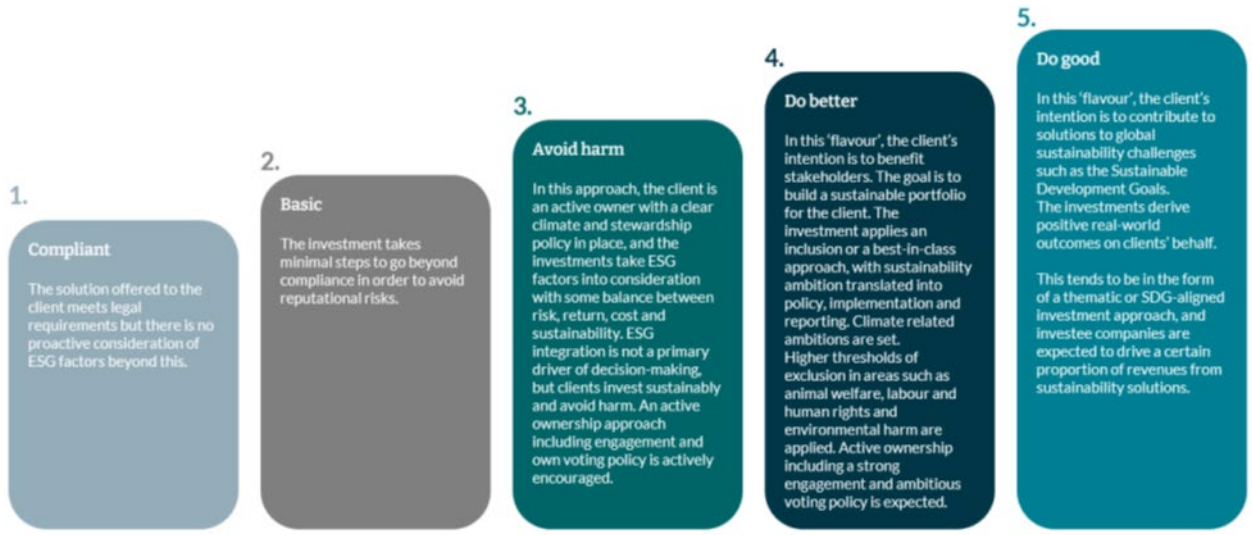
At the July 2025 ESG Working Party meeting, BlackRock provided training on how it structures it engagement teams, activities and reporting including on voting. In July 2026, BlackRock will provide further training to the ESG Working Party on ESG benchmarks, their construction, and range of options available, as well as how these considerations are incorporated into the capital market assumptions and portfolio construction, down to tactical asset allocation decisions,

In 2025, the Group Trustee also received additional training from BlackRock on journey planning for the longer-term self-sufficiency portfolio which incorporated BlackRock's thinking on climate change and ESG matters. In June 2026 the Group Trustee will hold a risk workshop to look afresh at all its risks including climate change risk.

Uniper

Recommended disclosure A: Describe the Group Trustee's oversight of climate-related risks and opportunities

The Group Trustee's investment strategy is delegated to its appointed fiduciary manager – Van Lanschot Kempen Investment Management (VLK), which has articulated an extensive Responsible Investment Policy to which the Group Trustee has subscribed by appointing VLK as the Group's fiduciary manager. Key to this appointment is VLK's approach to Environment (including Climate Change risks), Social and Governance risks, specifically that it considers these fundamental to successful investment outcomes and to the real world outcomes for the ultimate beneficiaries of their clients' assets. The Group Trustee has oversight of the Group's climate-related risks and opportunities. The Group Trustee's approach to Climate Change Risk is informed by the work of VLK. This includes the provision of specialised training and regular discussion of relevant climate-related topics as agenda items during Group Trustee meetings. ESG and more specifically are discussed annually at the Group Trustee meeting, and more regularly if there are specific items. This includes training on the regularly evolving landscape of sustainability and climate related risks and ensure that the Group Trustee have sufficient oversight on climate related topics. The Group Trustee oversees VLK as it seeks to implement a climate change risk policy across the investments. To achieve this remit, VLK selects climate-related metrics (and, if appropriate, associated exposure limits) that best align with the objectives of the Group Trustee. The climate-related metrics are used to monitor the Group's progress versus the Group Trustee's objectives. Additionally, VLK defines the strategy to be used with the Group's fund managers in a manner consistent with the objectives set by the Group Trustee. The framework VLK use is to score all underlying external managers which will be used within the portfolio on a Sustainability Spectrum, between 1 and 5. Levels 1 and 2 are not used within portfolios, and there is a strong commitment to, firstly, reducing the carbon intensity of investments to align with the targets set out in the Paris agreement and, secondly, to increasing the use of fund in levels 4 and 5. The manager score is reviewed periodically and VLK engages with the managers if a desirable change is identified.



VLK report to the Group Trustee on a quarterly basis. This is discussed at the quarterly Group Trustee meeting, and if there are any specific areas of concern, they are raised at this forum for VLK to explain. An excerpt of quarterly climate reporting is shown below. Climate Change risk is explicitly identified as a Group risk on the Group Trustee's Risk Register.

Fund	Coverage Ratio Weight	Absolute emissions	Emissions per mln invested (GBP)	WACI
Kempen (Lux) Global Listed Infra J GBP	96%	3,070	39.13	224.37
NT EM Leaders Equity Index B GBP Acc	94%	197	2.51	6.72
NT EM Sust Sel Ind FGR Fd B GBP Dist	90%	287	3.66	12.81
SSGA World TPI Climate Tr In Eq GBP Acc	98%	928	11.84	27.50
Equity Subtotal	**96%**	**4,482**	**57.13**	**271.40**
Barings Eur Loan Fund - B GBP Hedged Acc	4%	5	0.07	0.14
Fermat UCITS Cat Bond Fund-M GBP Hdg Acc	1%	0	0.00	0.00
L&G Defensive Synthetic Eq. Fd - GBP acc	30%	2	0.03	0.12
Bond Subtotal	**18%**	**7**	**0.09**	**0.26**
Total	**55%**	**4,489**	**57.23**	**271.66**

Recommended disclosure B: Describe management's role in assessing and managing climate related risks and opportunities.

The Group Trustee has delegated investment strategy responsibilities to its fiduciary manager, Van Lanschot Kempen Investment Management (VLK). VLK is responsible for performing portfolio-level climate risk analysis of the Group's alignment versus the Group Trustee's objectives, recommending any mitigating actions to the Group Trustee where it identifies climate risks (or the Group's managers' approach to managing it) are outside tolerance, as well as the implementation of the strategy adopted by the Group Trustee.

The Group Trustee has also delegated, via VLK, responsibility for the selection, engagement and realisation of investments to the fund managers, within certain guidelines and restrictions. The Group Trustee requires its appointed fund managers to be cognisant of climate change risks and opportunities within their investment processes and manage climate-related risks on a discretionary basis as applied to the assets of the Group Trustee. Fund managers are required to (at least) annually report on how these risks and opportunities have been incorporated into the investment process, including descriptions of any engagement activity undertaken with companies in their portfolios and qualitative responses to the issues raised by VLK's analysis, within applicable guidelines and restrictions. In such circumstances that VLK feels a fund manager has failed to operate in line with its climate-related objectives, it will engage with the fund manager (and potentially the benchmark provider in case of passive funds) with the intention of providing feedback on agreed mitigating steps to the Group Trustee. Should persistent engagement attempts fail to correct a fund manager's misalignment with VLK and the Group Trustee's objectives, VLK will undertake investment strategy and/or manager changes. VLK is expected to advise on, and provide objective assessments of, differing approaches to responsible investment to help the Group Trustee decide appropriate responsible investment objectives for the Group. This includes informing the Group Trustee of new responsible investment opportunities or emerging risks, including different risk metrics. The Group Trustee annually assesses the delivery of this advice using the Competition Market Authority's Investment Consultant Objectives framework. The Group Trustees are assisted by their third party fiduciary management oversight provided by Barnett Waddingham. They provide further oversight and independent advice that VLK are considering climate related risks and opportunities and that this is integrated in to the management of the Group Trustees portfolio. As an oversight provider Barnett Waddingham have visibility across the fiduciary management market and are therefore able to provide a view on what is being done by VLK relative to other fiduciary managers.

The climate risks and the sustainability of the investment proposition actively feeds into investment decisions and also forms a key part of the monitoring of investment managers that is delegated to the fiduciary manager. VLK have challenged MSCI and ISS, their primary data providers on whether the date provided, the methodologies use and the overall approach is appropriate. VLK feedback this process to the Group Trustees.

The Group Trustee is supportive of initiatives it believes will be in the long-term financial interest of members. TCFD is one such initiative, as the Group Trustee believes greater disclosure will lead to better investment decisions. By delegating the day to day running of the Group's assets, the Group Trustee are spending a proportionate amount of time on climate related risk and opportunities, with the knowledge that VLK spend considerable amount of time on these matters.

United Utilities PLC

1. Describe how the Group Trustees maintain oversight of climate-related risks and opportunities which are relevant to the Group.

The Group Trustee has ultimate responsibility for ensuring effective governance of climate-related risks and opportunities.

The Trustee maintains a Statement of Investment Principles ("SIP"), which details the Group's investment objectives, policies, and our approach to risk management. The SIP also sets out how the Trustee considers Environmental, Social and Governance ("ESG") factors, including climate change, as part of its investment governance. The SIP is reviewed as a minimum triennially, as well as following any significant change in investment policy. The SIP was last reviewed and updated in March 2025.

The Trustee also maintains an ESG Policy with further details of the Trustee's approach to these issues.

The Trustee's key beliefs on climate change and wider ESG matters, as stated in the ESG Policy, are:

- That a sustainable investment approach is more likely to create and preserve long-term investment capital and, more specifically, that ESG factors can have a material impact on long-term risk and return outcomes and should be integrated into the investment process.
- Good stewardship can create and preserve value for companies and markets as a whole, hence having the potential to benefit members in the long term.
- Climate change poses a systemic risk, and accordingly the Trustee will consider the potential financial impacts of both the associated transition to a low-carbon economy and the physical impacts of different climate outcomes.
- Climate change, and other ESG matters, will affect more than just the asset portfolio. As such, the Trustee views these factors through an integrated risk management lens, including investment, funding, and covenant considerations.

Oversight

The Trustee maintains oversight of climate-related risks and opportunities which are relevant to the Group in a number of ways, as outlined below.

- Ensuring that the Trustee Directors have sufficient knowledge and understanding of climate change to fulfil their statutory and fiduciary obligations and are keeping this knowledge and understanding up to date.
- Putting in place climate governance arrangements, and ensuring they remain appropriate and effective.
- Considering how climate-related risks and opportunities might affect the Group's funding position over the short-, medium- and long-term, and ensuring climate factors are taken into account in any strategic decisions relating to the funding arrangements.
- Incorporating climate-related considerations into the Group's investment policies and risk registers.
- Ensuring that the actuarial, investment, covenant and legal advisers, and the Group's bulk annuity insurer, have clearly defined responsibilities in respect of climate change, and that they have adequate expertise and resources, including time and staff, to carry these out.
- Setting climate-related objectives and considering climate change in the annual review of its investment advisers.

2. Describe the roles of those undertaking scheme governance activities, in identifying, assessing and managing climate-related risks and opportunities relevant to those activities.

Alongside the Trustee, the following parties have key roles in relation to governance activities:

Investment Sub-Committee (ISC)

The ISC's role includes (but is not limited to):

- Incorporating climate-related considerations into strategic decisions relating to the investments.
- Ensuring that the investment manager is managing climate-related risks and opportunities in relation to the Group's investments, and has appropriate processes, expertise and resources to do this effectively.
- Selecting and regularly reviewing metrics to inform the Trustee's identification, assessment and management of climate-related risks and opportunities, and monitoring targets to track and seek to improve these metrics over time where appropriate (target setting responsibility sits with the full Trustee Board, supported by the ISC).
- Working with advisers to identify new and emerging risks and opportunities and training needs in relation to climate change, to be addressed by the ISC, other Sub-Committees, or the Board.
- Overseeing the timeline and deadlines associated with climate change reporting, where required.

While the ISC is necessarily investment-focused, the work of the ISC is undertaken within an integrated risk management framework where funding and covenant issues are also considered. The Scheme Actuary attends all ISC meetings in order to ensure a joined up approach is taken.

Governance, Risk and Audit Sub-Committee (GRASC)

The GRASC's role in the context of climate change includes (but is not limited to):

- Reviewing the Trustee's annual report and financial statements prior to their approval by the Trustee Board, including consideration of the various statements included in the report and financial statements, which includes the Engagement Policy Implementation Statement (covering climate change matters, among other ESG topics).
- Reporting to the Trustee Board on a quarterly basis on key risks and the internal controls in place, highlighting any areas for discussion or action. The Group's risk register is used to support this reporting and risk management.
- Reviewing the trustee training programme for Trustee Directors and making recommendations to the Trustee Board in this regard. This oversight helps the Trustee to ensure that training needs in relation to climate change are met.

Joint Working Group (JWG)

The primary role of the JWG is to facilitate collaboration and discussion between the Trustee and the Company on strategic matters.

While typically climate risk and opportunity management will sit with the ISC and the Trustee Board, the JWG is a forum that plays a role in assisting with two-way communication between the Trustee and the Company on climate matters.

The JWG will also identify and make recommendations on means of managing the Group's strategic position dynamically and proactively, by a structured consideration of risk and reward, market performance and any other relevant information, including climate change considerations.

In-house Pensions Team

The Trustee is supported in running the Group by the United Utilities in-house Pensions Team. This team provides secretarial, management, and governance services to the Trustee, and in particular assists with ensuring climate-related matters are included on relevant meeting agendas and embedded within the Trustee's annual business plan, and in its training plans.

Investment Manager

The Trustee has delegated day to day management of the assets to its investment manager, who operates under guidelines agreed with the Trustee.

The selected manager has discretion – within the mandate terms – to evaluate ESG factors, including climate change, and to exercise stewardship obligations attached to the assets. The Trustee expects its investment manager to undertake the following activities:

- Identify, assess, and manage climate-related risks and opportunities in relation to Group investments, in line with arrangements agreed with the Trustee.
- Exercise rights (including any voting rights) attached to the investments, and to undertake engagement activities in respect of those investments, in relation to climate-related risks and opportunities that seek to improve long-term financial outcomes. We do note that as the Group does not invest in equities, voting rights are very rare.
- Report on stewardship activities and outcomes in relation to the investments.
- Provide information to the Trustee, the ISC, and its advisers on climate-related metrics, as agreed from time to time, and use its influence with investee companies and other parties to improve the quality and availability of these metrics over time.

Other Parties

Historically, the Group maintained an ESG Sub-Group to assist the Trustee Board and its Sub-Committees in fulfilling its oversight responsibilities with regard to ESG matters, including climate change. During 2025, the Trustee took the decision to incorporate activities previously carried out by the ESG Sub-Group into the work of the Group's other sub-committees and the Trustee Board. This was to ensure that all Trustee Directors were able to participate in ESG-related discussions.

3. Describe the processes the Group Trustees have established to satisfy themselves that those undertaking scheme governance activities take adequate steps to identify, assess and manage those risks and opportunities.

See also the response to question 5 in this section.

As regards the Trustee Directors undertaking governance activities, the Trustee's training programme aims to support ensuring that the Trustee (as a board and individually) is aware of the need to take steps to identify, assess, and manage risks and opportunities. The in-house pensions team supports this governance activity by maintaining policy documents, meeting agendas, and actions.

An annual Trustee effectiveness review is conducted, within which feedback can be provided on the extent to which the Trustee takes adequate steps to identify, assess, and manage climate related risks and opportunities.

The Trustee expects its sub-committees, advisers, investment manager, insurer, and the in-house pensions team to act with integrity and diligence in fulfilling the set objectives, and uses meetings to assess and challenge where appropriate. Where relevant, this includes discussion of the steps taken to identify and assess any climate-related risks and opportunities.

The approach of the investment consultant to climate change and how it is integrated into its advice and services is assessed explicitly as part of the annual adviser monitoring process. The Trustee sets its

investment consultant strategic objectives, including dedicated objectives related to ESG and climate change competency. These objectives are reviewed at least every three years, and the investment consultant is also formally assessed against these objectives annually.

4. Describe the role of those advising or assisting the Group Trustees with scheme governance activities.

Investment Adviser

- Advises on investment arrangements, taking into account climate risk, supported through the provision of climate scenario analysis.
- Advises on the choice of climate-related metrics and targets.
- Advises on investment manager selection, taking into account the Trustee's objectives, responsible investment beliefs, and climate-related considerations.
- Supports the Trustee with stewardship activities, which may be related to climate change, such as monitoring and reporting on voting and engagement activities of the invested assets, and assisting with the preparation of the annual Engagement Policy Implementation Statement.
- Advises on the preparation of the SIP, including the climate change related policies within the SIP.
- Monitors the investment manager through the use of manager research ratings and relevant climate-related targets, as agreed with the ISC.
- Liaises with investment manager, insurer, and other professional advisers to provide training to the Trustee and ISC on climate change, as appropriate.
- Assists the Trustee in producing the annual climate change disclosures.

Scheme Actuary

- Advises on the funding position including an understanding of the potential funding impact resulting from changes to financial or demographic assumptions driven by climate change, for example the impact on longevity.
- Advises on the funding strategy's robustness to climate risk.

Covenant Adviser

- Assesses the Sponsor's ability and willingness to continue to support the Group.
- Climate-related exposures are considered alongside other factors that could have an impact on the strength of the Sponsor's covenant.
- This includes assessment of climate related risks to the covenant, including consideration of potential future climate scenarios and how the covenant may be affected.

5. Describe the processes the Group Trustees have established to satisfy themselves that the person advising or assisting takes adequate steps to identify and assess any climate-related risks and opportunities which are relevant to the matters on which they are advising or assisting.

See also the response to question 3 in this section.

The Trustee is advised by professional independent advisers rather than a single individual, and it is the collective experience, skills, and knowledge of the entire adviser team (and the firms they work for) that is important to the Trustee.

Specifically in relation to the investment adviser, Mercer, the firm is a founding member of the Investment Consultants Sustainability Working Group (ICSWG), which aims to improve sustainable investment

practices across the investment industry. Mercer has completed assessments of its "climate competency" using the ICSWG framework which covers:

a) Firm-wide climate expertise and commitment

b) Individual consultant climate expertise

c) Tools and software

d) Thought leadership and policy advocacy

e) Assessment of investment managers and engagement with them.

Further information on this assessment is available on request.

A member of the Group's investment advisory team sits on the Association of Consulting Actuaries Climate Risk Group and was part of the Institute and Faculty of Actuaries' Sustainability Credential Working Group, which developed a qualification for actuaries in relation to sustainability and climate change.

As noted earlier in this section, the approach of the investment consultant to climate change and how it is integrated into its advice and services is assessed as part of the annual adviser monitoring process. The Trustee sets its investment consultant strategic objectives, including dedicated objectives related to ESG and climate change competency. These objectives are reviewed at least triennially, and the investment consultant is also formally assessed against these objectives annually.

6. Describe how the Group Trustees and any relevant sub-committees are informed about, assess and manage climate-related risks and opportunities and the frequency at which these discussions take place.

The Trustee and relevant sub-committees ensure they are informed about, assess, and manage climate-related risks and opportunities by incorporating various activities into the annual business plan.

The Trustee and the ISC convene at least once per quarter to discuss and make decisions regarding various topics. As part of the work surrounding these meetings, the Trustee and ISC allocate time and resources to meeting their obligations on climate change governance and reporting.

A summary of items reviewed by the Trustee and the relevant sub-committees, including their frequency, is set out below.

At its quarterly meetings, the ISC will receive and review:

- Updates on the Group's investments from the investment advisers, including the research ratings awarded to the investment manager (which incorporate ESG related considerations) and any changes to these.
- ESG matters are a standing item on the agenda at ISC meetings, allowing dedicated time to be spent on this topic, aligned with the Trustee's business plan.
- The investment adviser's "Investment Current Topics" paper which often includes updates on climate change, such as changes in regulations, and emerging risk areas such as natural capital and biodiversity.
- Investment related sections of the risk register, including climate change risks.

At least annually, the ISC will review:

- Data on climate metrics for the investments, and performance against any targets set in relation to these metrics.
- Whether to retain or replace any targets set in relation to these metrics.

- Voting and engagement summaries relating to the investments, and details of any significant votes or engagement activities conducted by the investment manager on the Trustee's behalf, including on climate change issues. Note that as the Group does not have any investments in equities, voting rights are very rare.

At least annually, the Trustee Board will review:

- The full risk register, which incorporates climate-related risks and opportunities, following review by the sub-committees and advisers.
- The investment advisers' climate competency including assessing how they have performed against their climate responsibilities.
- Assessment of the covenant, and any climate-related influences on covenant strength.

Other less frequent reviews

Climate-related factors are considered as part of:

- Actuarial valuations – at least once every three years.
- Review of the investment strategy – as required, but at least once every three years in conjunction with the actuarial valuation.
- Review of the Trustee's investment beliefs and investment policies in relation to climate change – at least once every three years.
- Additional Voluntary Contribution (AVC) reviews – at least once every three years.

7. Describe whether the Group Trustees questioned and, where appropriate, challenged the information provided to them by others undertaking governance activities – or advising and assisting with governance.

The Trustee takes a proactive and inquisitive approach to working with its advisers and investment manager and will challenge views presented in order to ensure that the advice provided to the Trustee and its sub-committees will facilitate effective and efficient decision-making.

The Trustee has also established annual reviews of its advisers (discussed without the advisers present) in order to be able to have open discussions regarding the performance of the advisers.

An example of a challenge raised during the year arose in relation to querying with the advisors how political changes in the US could impact the Trustee's policies and practices on climate change. It was concluded that climate change risks would not fundamentally change, but when considering the investment manager's and insurer's scenario analysis, the Trustee may wish to put more weight on a failed transition scenario, under which the world does not move to a lower carbon economy or meet the goals of the Paris Agreement.

8. Describe the rationale for the time and resources the Group Trustees spent on the governance of climate-related risks and opportunities.

The Chair of the Trustee Board, with support from the Chair of the ISC, is responsible for ensuring that sufficient time is allocated for consideration and discussion of climate matters by the Trustee and its advisers.

The Trustee Board and ISC, as part of the regular meeting schedule, will allocate agenda time to climate change, amongst other ESG matters. ESG agenda items feature at every quarterly ISC meeting and the majority of Trustee Board meetings.

The Trustee is satisfied that the amount of governance time spent is reasonable and proportionate in the context of the range of risks faced by the Group, and will allocate time at future meetings if any analysis or

industry research requires additional Trustee consideration. We note that the total size of the invested assets as at 31 March 2026 stood at c. £72 million.

9. Describe, in relation to those who undertake governance activities, or advise or assist with governance of the scheme: (i) the kind of information provided to them by those persons about their consideration of climate-related risks and opportunities faced by the scheme; and (ii) the frequency with which this information is provided.

   See our Metrics response and details of quarterly / annual processes under question 6 above.

10. Describe the training opportunities the Group Trustees provided for their employees in relation to climate change risks and opportunities. Where the Group Trustees identified skills gaps, they may also describe whether they encouraged external advisers to provide training opportunities.

    The Group does not have employees.

    Alongside an element of training at every meeting whenever new topics are discussed, the Trustee sets aside a full day annually for training.

    During the year, the ESG Sub-Group that was in place over the period received training on developments in climate change related issues including policy developments (such as the USA's withdrawal from the Paris Climate Agreement), emerging sustainability themes in AI and biodiversity, and the UK Stewardship Code 2026.

    The United Utilities Pensions Team will complete an annual review of tPR's Trustee Toolkit and will notify the Trustee Board of any new training modules which must be completed by the Trustee Directors. Additionally, Trustee Directors will be required to undertake other training as identified in the annual Trustee Director Training Plan.

11. We would be grateful if the Group Trustees could provide a structural diagram showing which groups of people or individual roles have responsibilities for governance of climate-related risks and opportunities. This may include executive officers, in-house teams and/or third parties engaged by the Group Trustees. No personal data needs to be included.[2]

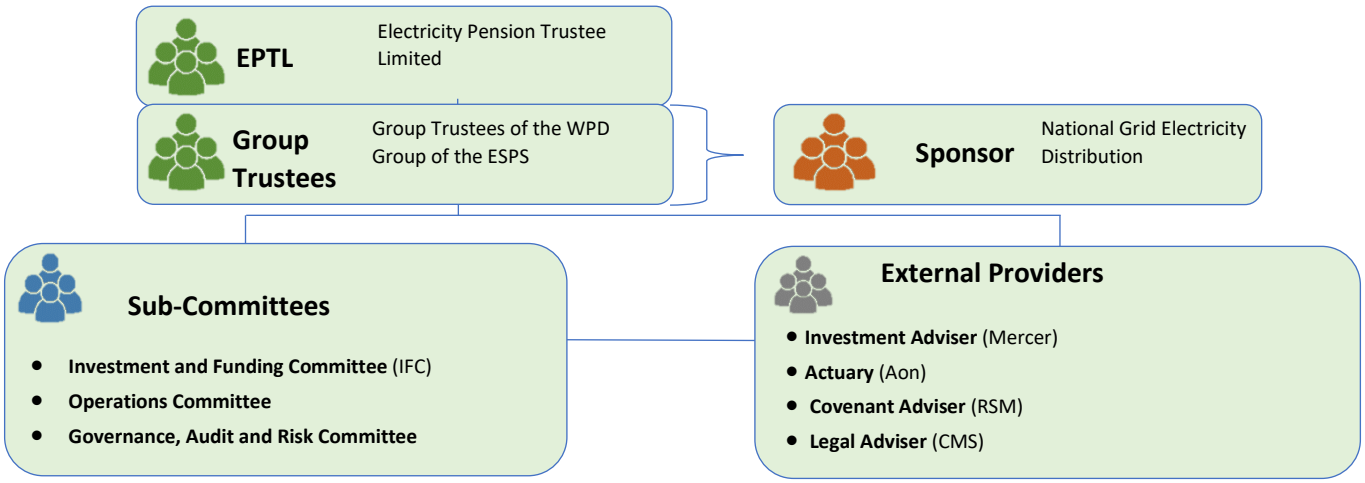
    The Pensions Team does not maintain structural diagrams of executive officers, in-house teams, and third party responsibilities for climate related risks and opportunities, but would be happy to discuss our ways of working with the central Scheme.

Western Power Distribution

Group Trustees' governance approach

The Group Trustees are ultimately responsible for the oversight of CCRO as they relate to the Group and these are considered as part of our investment decision making. A series of sub-committees have been established to support the effective governance of the Group. The Group's governance structure is set out in Figure 1.

Figure 1: Governance Structure



As part of our responsibility, we have established processes to assess, oversee, review and effectively manage CCRO relevant to the Group. This includes ensuring the Group takes steps to identify, assess and manage any relevant CCRO.

The Group Trustees retain all strategic investment decisions and assessment, including setting of climate-related investment beliefs and objectives but, where appropriate, has delegated certain functional responsibilities to the Investment and Funding sub-committee (IFC). Considerations of CCRO are made when appropriate, typically on a quarterly basis, as part of the review of the portfolio, including manager and general industry updates. This has included updates on governmental environmental policies, successful engagements from our Investment Adviser and new regulatory updates. More in-depth reviews are made on an annual basis in line with the updated TCFD analysis.

Group Trustees' Knowledge and Understanding (TKU)

The IFC are responsible for ensuring that CCRO are identified, assessed and managed on behalf of the Group Trustees and members and taken into account in strategic investment decisions. We ensure that we have sufficient knowledge and understanding of the principles relating to the identification, assessment and management of CCRO including:

- Understanding how scenario analysis works
- Setting metrics and targets
- Interpreting the results of any analysis and how this applies to investment decision making
- Reporting

By doing this we ensure that we are sufficiently informed to be able to challenge assumptions, external advice and information received and to understand any proposals developed by our Investment Adviser and/or the asset managers. We will engage our service providers to provide such training as they consider necessary to meet the TKU requirements.

We govern the portfolio and rely on our Investment Adviser and asset managers to help scan, measure and monitor the CCRO and determine their relevance to the Group. The IFC, along with our Investment Adviser and asset managers, adopt a variety of methods to help with the analysis including the following:

- Reviewing relevant background material and identifying regulatory developments that are relevant to the Group, including guidance from the Pensions Regulator and Department for Work and Pensions
- Engaging with peer groups, industry bodies and advisers
- Identifying relationships between events and news, and business and financial impacts to manage reputational risks
- Identifying and assessing physical and transitional risks (discussed further below) over different time horizons
- Considering the impact of physical and transitional, including operational, risk factors

We consider CCRO to include:

- Transition risks - the financial risks and opportunities associated with the ability of a company, supranational or sovereign to transition to a low carbon economy. For example, the financial risks of public policy change. Here we also include environmental opportunities - the financial opportunities of climate change-related solutions, such as the technology solutions necessary for low carbon energy provision
- Physical risks - the financial risks and opportunities associated with a company, supranational or sovereign's resilience to climate change-related weather events. For example, the financial risks of rising sea levels or increased droughts, floods or wildfires
- Systemic Risks – the "top down" financial risks of the macro-economic impacts of climate change through changing governmental policy, consumer behaviour, productivity, competitive pressures, commodity inflation, immigration and other economic drivers of growth and inflation and hence market wide returns. In the long term this includes the risks of tipping points in global warming that could lead to more extreme outcomes and impacts

With support from our Investment Adviser and asset managers, we will consider the transition risks, physical risks, systemic risks and opportunities for the Group's investment strategy over a range of different scenarios. These scenarios broadly reflect: (i) a rapid decarbonisation of the economy where high transition risk feeds into financial markets creating both risks and opportunities; (ii) a sudden step-up in policy action in 2030, with both transition risk and physical risks being experienced; (iii) insufficient progress being made regarding the transition to a low-carbon economy so physical risks of climate change accelerate causing significant market disruption and a drag on global GDP; and (iv) backsliding on climate commitments by governments and companies with severely negative impacts on human wellbeing and wealth.

The Group Trustees initially appointed Cardano Risk Management Limited as the Group's Investment Adviser. Following Mercer's acquisition of Cardano Risk Management Limited, completed on 1 January 2026, the role is now carried out by Mercer Risk Management Limited. Our Investment Adviser provides advice on the Group's investment strategy and, where relevant, on asset manager appointments. Our Investment Adviser also supports us in formulating and applying our investment and sustainability beliefs, ensuring these are appropriately reflected in strategic decisions.

As Group Trustees, we have reviewed our Investment Adviser's climate change expertise and are satisfied our Investment Adviser has the skills and resources to integrate climate change-related risks and opportunities into their investment advice. Our Investment Adviser provides updates on a quarterly basis on actions they have taken with regards to stewardship and industry developments they are involved in.

Through the IFC, the Group Trustees review our External Providers on a regular basis, including the Investment Advisers, Scheme Actuary and Covenant Adviser, to ensure all stated processes for those managing / advising the Group on climate governance remain appropriate.

We expect our External Providers to act with integrity and diligence in fulfilling their respective roles and set objectives and use meetings with the advisers to assess and challenge them. Where relevant, this includes discussion of the steps taken by advisers to identify and assess any climate-related risks and opportunities.

When selecting External Providers, we require each provider to demonstrate sufficient credentials in relation to the assessment of climate-related matters, where relevant to the services they provide and the responsibilities they hold. This is done by assessing, as appropriate, the providers in terms of their:

- Relevance of ESG within the strategy
- Level of understanding on climate change and climate risks and opportunities
- Commitments to decarbonisation targets
- Corporate policies focusing on reaching stated decarbonisation targets
- Resources in place to deliver to climate related objectives
- Ability to report to us
- Associations with and involvement in relevant industry bodies

We apply the appropriate amount of scrutiny, challenge and discussion to advice relating to climate related risks.

Time and resources spent on climate change-related matters

The Chair of the Group Trustees, with support from the IFC, is responsible for ensuring that sufficient time is allocated for consideration and discussion of climate matters by the Group Trustees and our External Providers. The Group Trustees, as part of our regular meeting schedule, will allocate agenda time to climate change topics, amongst other ESG topics. Climate change will form an explicit agenda item at least annually for the Group Trustees and sub-committees when our annual climate-related financial disclosures report is updated. It will also be covered as part of other agenda items as part of a wider discussion of funding or investment strategy. An example of where discussions have been held is in relation to the third-party manager appointments and review discussions which happened as part of the Global ESG Transition Fund appointment and ongoing manager selections. We consider this allocation of time and resources to be appropriate and proportionate in light of the outputs of the scenario analysis and the ongoing monitoring of progress with relation to our net zero pathway tracker and wider climate metrics.

Training

During the year to 31 March 2026, we received training from our Investment Adviser, covering climate-related investment risks and reporting requirements in line with the TCFD recommendations.

We acknowledge that the reporting of climate-related risk is relatively new and the collective experience of the Group Trustees' will grow over time. We will continue to receive refresher training on climate-related risk as appropriate.

Risk management

Central Networks

A key part of the Trustee Directors' role is to understand and manage risks that could have a financially material impact on the Group's investments. Climate change is one of the risks that we consider alongside other financially material risks that may impact outcomes for members.

This section summarises the primary climate-related risk management processes and activities of the Trustee Directors. These help us understand the materiality of climate-related risks, both in absolute terms and relative to other risks that the Group is exposed to. We prioritise the management of risks primarily based on its potential impact on the security of members' benefits/prospective investment returns.

The climate scenario analysis informs this prioritisation by highlighting which climate risks could be most significant over different time horizons. It indicates that transition-driven repricing could be most impactful in the short to medium term, while physical and systemic risks become more material over the longer term.

Governance

- Our Statement of Investment Principles is reviewed on at least a triennial basis and sets out how investment climate-related risks are managed and monitored.
- We maintain a risk register which includes explicit climate risks covering our framework to monitor and mitigate financially material risks. We review the climate-related risks (defined as physical risks and transition risks) annually to ensure the assessment of the likelihood and impact continue to remain appropriate for the Group given the developing research and understanding on this subject as well as new and emerging risks related to climate change.
- We receive training from time-to-time on climate-related issues. The training allows us to challenge whether the risks and opportunities are effectively allowed for in our governance processes and wider activities, and to be able to challenge our advisers to ensure the governance support and advice adequately covers the consideration of climate-related risks and opportunities. This process also affords us an opportunity to identify new and emerging risks related to climate change.

Strategy

- We believe that good stewardship and ESG issues may have a material impact on investment risk and return outcomes and will therefore be considered as part of the Group's investment process. We also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that require explicit consideration. When setting investment strategy, ESG factors, including climate change, will be considered alongside a number of other factors that can influence investment strategy.
- Climate scenario analysis for the investment and funding strategy of the Group will be reviewed at least triennially, or more frequently if there has been a material change to the strategic asset allocation or improvements in the methodology. Climate scenario analysis is the primary tool to help us understand the materiality of climate-related risks that could impact the Group over time. In addition, when the Group are undergoing a strategy review, CCRO will be a key input in the decision making process, and will be considered particularly in relation to investment strategies where ESG factors are deemed to be of material importance.

- We have adopted an approach of maintaining the hedge at the level of Technical Provision Liabilities to stabilise the surplus i.e. the pound value of the Group's assets moves in line with the pound value of liabilities for shifts in interest rates and inflation expectations. The impact of climate change on real and nominal interest rates is highly uncertain in the different scenarios, so this hedging strategy eliminates that uncertainty of changes in surplus. However, this strategy does require sufficient collateral to maintain the LDI hedges in scenarios where interest rates or inflation expectations increase. Maintaining sufficient liquidity is part of the risk management strategy of the portfolio. We understand that this could create some volatility in the funding ratio.
- Our Investment Adviser may advise the deployment of a risk management overlay to help protect the value of assets. This may include exposure to inflation assets, government bonds or options on equities and interest rates. These tools can be effective in protecting the portfolio from more acute risks at moments in time. However, these tools may not be effective against longer term slower developments of chronic risks such as climate change induced risks. Therefore, they need to be deployed dynamically by our Investment Adviser and overseen by us, as Trustee Directors, and the Investment and Funding Committee.
- We have been investing in Forestry and over the years have expanded our holding, including the addition of greenfield sites which in time will help to remove greenhouse gases from the atmosphere. Our use of Forestry has contributed to the return and risk management of the Group's assets as well as having a positive real-world impact. At present, the Group's portfolio is helping to support a more sustainable world. For example, our manager's latest estimate stated that the Group's Forestry holding has c. 63,870T of CO2 net carbon benefit per year. In addition to this, via windfarms, the Group is currently supporting the generation of renewable energy equivalent to at least 100,000 homes and this is expected to increase over time as new windfarms are developed.

Reporting

- We receive annual reports of climate-related metrics and progress against targets in respect of the assets held by the Group. We may use the information to engage with the asset managers.
- We receive a voting and engagement activity summary on an annual basis as part of the preparation of the Engagement Policy Implementation Statement. The statement summarises how the asset managers vote and engage on climate-related issues (among other key engagement priorities). The statement is available on the Group's website.
- We receive regular updates from our Investment Adviser on the ESG status of our Asset Managers.

Stewardship

We expect our asset managers to adopt effective climate change risk metrics to enhance the ability of all stakeholders in the investment chain to assess and minimise such risks. In this regard we expect all managers to:

- Be signatories to the Principles for Responsible Investment (PRI);
- Adhere to the principles of the Task Force on Climate-related Financial Disclosures (TCFD); and
- Develop their reporting in accordance with PRI, TCFD and/or Stewardship Code requirements (Code Reporting Requirements) as appropriate. As a minimum, to report at least annually on (a) how climate change risks and opportunities have been incorporated into the managers' investment processes and (b) their engagement with companies they invest in to ensure that environmental, social and governance concerns are addressed.

Property managers will also be expected to be signatories to the Global Real Estate Sustainability Benchmark (GRESB) and to maintain Green Star status.

Where a manager is not a signatory to the PRI and/or does not adhere to principles of TCFD and/or does not adhere to our Code Reporting Requirements (together the Trustee Directors' Responsible Investment Requirements), we will require the manager to explain why our Responsible Investment Requirements are not relevant to their portfolio and why it does not consider that it is in the best interests of the Group's beneficiaries for the manager to do so. We will consider each manager in the context of their overall approach to Responsible Investment as well as the manager's overall financial performance.

We expect:

- UK-regulated asset managers to be signatories of the Stewardship Code and to be rated tier 1;
- Non-UK regulated managers to exercise their voting rights in a manner consistent with a focus on medium- and longer-term investment performance.

As part of our responsibilities, where applicable, we expect the Group's asset managers to:

- Engage with investee companies with the aim to protect and enhance the value of assets; and
- Exercise our voting rights in relation to the Group's assets.

We require our Investment Adviser to regularly monitor how the asset managers address our Responsible Investment concerns. This review will include the asset managers' use of voting rights and reporting within the TCFD Framework. If a manager does not meet our Responsible Investment Requirements and does not, in our opinion, adequately explain why it does not, our Investment Adviser will, having due regard to the manager's financial performance, explain the relevance of the manager to the Growth Portfolio.

EDFG Defined Benefit section

Climate-related risks and opportunities are considered in terms of the physical risks to assets that are expected to result from climate change, and in terms of the transition risks associated with the global shift to a low-carbon economy.

Processes to identify, assess and manage climate-related risks

The Group Trustee faces climate-related risks, in the form of transition and physical risk.

The Group Trustee takes both a 'top-down' and 'bottom-up' approach to identifying climate-related risks. In practise, this approach is conducted through two primary methods:

- The use of portfolio-level scenario analysis and
- Fund specific climate metrics analysis

To address these, the Group Trustee annually conducts and reviews climate-related stress tests on all invested assets, as detailed in the Group's ESG report prepared by Gallagher. The ESG report is used to identify which funds the Group Trustee should engage with, based on where the largest climate risks in the portfolio could be and/or if any of the investment managers' carbon footprints have materially increased over the year.

It has been noted that many of the Group's investment managers do not have specific fund level ESG data feeding through to the Group's ESG reports. This is a result of the nature of the Group's investments, which do not always facilitate assessment based on line-by-line underlying holdings data. As a result, climate-related risks are assessed on a proxy basis, supplemented by ongoing engagement by the Group Trustee and its advisers with investment managers to ensure climate risk is appropriately considered within the Group's climate governance and stewardship processes.

Additionally, the Group Trustee has integrated climate change into the Group's wider risk management framework and receives additional climate-related reporting from Gallagher on a quarterly basis which is included in the Funding and Risk Report. This report contains relevant climate metrics as set out under the DWP's adoption of the recommendations of the TCFD (and as further discussed under the Group's Metrics and Targets section). The Group Trustee has also incorporated climate risk as an explicit risk within its risk register. This allows the Group Trustee to better identify and manage the climate-related risks which are relevant to the Group on an ongoing basis.

For all appointed investment managers, evaluation of ESG risk management, which includes climate-related risks, is an explicit part of both the selection process and continued due diligence or monitoring that the Group Trustee undertakes. The Group Trustee also relies on the manager research capabilities of Gallagher to effectively assess climate-related risks and opportunities.

Group Trustee actions to manage climate-related risks using overall risk management framework

As per the engagement policy, the Group Trustee believes that engagement with the Group's investment managers is one of the main ways in which the Group Trustee is able to manage climate-related risks and opportunities. Some of this engagement is carried out on behalf of the Group by Gallagher through their research meeting discussions which incorporate both qualitative and quantitative elements of engagement as an agenda item, where applicable.

In Q3 2025, the Group Trustee revised the Group's engagement framework for the investment managers to prioritise ESG integration and stewardship considerations, with a particular focus on case studies demonstrating the managers' engagement process in practice. This provides greater opportunity for the Group Trustee to understand how ESG and climate-related considerations are applied to the management of its investment managers as described in Governance in this document.

EDFG Defined Contribution section

The Group Trustee identifies investment strategy risks and includes these within the Group risk register which is reviewed quarterly. It is used to identify, prioritise, manage and monitor risks the Group is exposed to and managed through internal controls.

The Group Trustee seeks to identify and assesses climate-related risks at the total portfolio level and at the individual asset level. The Group Trustee recognises that the tools and techniques for assessing climate-related risks in investment portfolios are imperfect but are rapidly evolving. The Group Trustee therefore aims to use the best available information and tools to assess climate-related risks and will receive regular training in order to understand the latest trends in climate science.

The table below summarises the primary climate-related risk management processes and activities of the Group Trustee and its committees:

	Activity	Approach	Comments
Governance	Training	Receive training on climate-related issues, including the physical and transition risks of climate change, to ensure that the Group Trustee has the appropriate degree of knowledge and understanding on climate-related issues to support good decision-making.	During 2025 the IC received training around the Group's output from Mercer's "Responsible Investment Total Evaluation" (RITE) tool. RITE covers a broad range of ESG factors, including climate change. The RITE output provides an overview of the Group's integration of ESG factors in its policies and processes and portfolio for the DC Section, comparing this against other, similar, DC arrangements.
	Advisors	Review advisor objectives to ensure advisors have appropriate climate capability, and bring important, relevant and timely climate-related issues to the Group Trustee's attention.	Advisor objectives are set and formally reviewed at least on a triennial basis. In addition, the IC carries out an annual assessment of the advisor against those objectives, which is performed as part of the investment advisor's objectives in Q4 each year.
	Risk register	The Group Trustee maintains a risk register to monitor and mitigate financially material risks.	As noted above, the Group Trustee has incorporated climate risk as an explicit risk within its risk register, covering both transition and physical risks. This allows the Group Trustee to better identify and manage the climate-related risks which are relevant to the Group on an ongoing basis.
	Investment Managers	Review the ESG policies and strategies of the Group's investment managers to understand how ESG themes including climate risks are implemented in their investment approach.	The Group Trustee receives quarterly performance reporting from Mercer. The reports provide details of Mercer's Manager Research ESG framework for each of the underlying investment managers (this assesses how well the investment manager has integrated ESG and active ownership into their investment philosophy) and carbon metrics for the active equity funds. It is expected that these reports will be expanded to include carbon metrics for more funds when the data becomes available. If an investment manager is considered to be 'lagging the market', MWS will engage with

			the relevant underlying investment manager(s) to strongly encourage that they improve their policies and practices in these areas. Any activity will be reported to the Group Trustee in ongoing reporting.
Strategy	**Scenarios**	Undertake quantitative scenario analysis to understand the impact of climate related risks on the assets.	Scenario analysis will be undertaken on a triennial basis; noting that in the event that significant changes have occurred in the data or the investment strategy this may occur more frequently.
	Scenario appropriateness	Review of scenarios in light of changes to data availability of climate science and/or in response to investment strategy change	
	Risks and opportunities	Identify and obtain specific advice on the climate-related risks and opportunities within the investment strategy and assess their likelihood and impact.	The Group Trustee considers the formal investment strategy review undertaken by MWS annually, which incorporates climate change risks and opportunities.
Risk Management	**Risk prioritisation**	Consider the prioritisation of identified risks and the management of those that represent the most significant potential for loss and those that are the most likely to occur.	Both climate change related risks and wider investment risks are considered as important by the Group Trustee. The Group Trustee recognises the challenges with various metrics, tools and modelling techniques used to assess climate change risks. The Group Trustee aims to work with the DC investment advisor and MWS on a regular basis with the aim of improving its approach to assessing and managing risks over time. Climate change scenario analysis is strategic in nature and thus will be taken into consideration within wider strategy discussions by MWS in the design and construction of the investment solutions.
	Group documentation	Include climate-related risks and opportunities in the Group's documents such as the SIP and regularly review these.	Group documents are reviewed annually and include information on climate-related risks and opportunities as appropriate.
	Stewardship	Climate change is a stewardship priority and through stewardship the Group seeks to improve the risk characteristics of its existing investments.	The Group Trustee receives an annual ESG report from MWS which includes a section on stewardship to identify how underlying investment managers choose to vote and engage on climate issues (among other key engagement priorities). The Group Trustee has adopted MWS' key stewardship priorities for the purposes of assessing the significant votes undertaken on its behalf in its annual implementation statement.
Metrics and targets	**Metrics**	Obtain data for metrics.	The Annual ESG report includes carbon metrics for the Mercer Growth Fund. The Group Trustee will engage with MWS

	Targets	Review progress against climate targets	through its DC investment advisor to understand the activities undertaken with regard to climate change risk management. Annually, a formal investment strategy review is undertaken by MWS which incorporates climate change metrics and assesses progress against stated targets. In addition to the scenario analysis conducted as part of the annual strategy review, MWS has set a target of net-zero absolute carbon emissions for the Mercer Growth Fund by 2050. The aim is to reduce emissions for Mercer Growth Fund by 45% from their 2019 baseline level by 2030 (considering Scope 1 and 2 emissions).
	Review	Review continued appropriateness of metrics and progress against climate-related target.	

MWS will be working closely with its appointed investment managers to identify and manage a staged emissions reduction plan, oversee allocations to climate solutions and steward an increase in transition capacity across the funds.

This target has been set to manage members' exposure to climate-related risks. Progress on reductions will be monitored on an annual basis. Mercer's Analytics for Climate Transition (ACT) tool is used to help to set a transition pathway for the funds. The output from this tool outlines companies' current emissions but also their transition capacity and will allow MWS to manage high carbon risk and to engage with companies on their ability to support a zero emissions target.

Climate change-related risks are identified both from a bottom-up and a top-down perspective. Scenario analysis, analyses climate risks from a top down perspective – identifying which asset classes are most exposed to climate change-related risks.

From a bottom-up perspective, the carbon intensity or implied temperature rise of component funds can be considered. This identifies the key sources of company / geographic / sector level risks.

The risks identified from a top-down perspective are managed through the setting of the strategic asset allocation of the funds. Other mechanisms for managing climate-related risks from a bottom-up perspective are:

- Investment manager selection – active investment managers can incorporate ESG factors into their investment decision making process. Mercer's proprietary ESG framework assesses the integration and relevance of ESG factors within each strategy. ESG integration and relevance are reported in quarterly investment performance reports.
- Stewardship – Investment managers are expected to use active ownership to protect long term shareholder value, this will include engaging on climate change management (one of the MWS IGC's engagement priorities). Mercer's ESG framework consider investment managers' stewardship processes (in quarterly investment performance reports) and more detailed stewardship reporting is provided for implementation statements and within the Annual ESG Report that MWS provides to the Group Trustee. Voting and engagement data is available on a quarterly basis if required.
- Index selection – a number of passive allocations within our multi-asset fund track ESG tilted indices which tilt away from carbon intense companies. Details of this are included within the Annual ESG Report.
- Exclusion – climate-based exclusions will be considered and reviewed annually. Standard exclusions are applied, where possible across the Mercer fund range and within the multi-asset funds are: controversial weapons, tobacco companies and specified fossil fuel activities (1% revenue cap on thermal coal extraction, oil tar sands mining and arctic drilling). The list of excluded activities is reviewed on a regular basis by the MWS IGC.

Electricity North West (ENWL)

1. Describe the processes the Group Trustees have established for identifying, assessing and managing climate-related risks in relation to the Group, and how the processes are integrated within the Group Trustees' overall risk management of the Group.

   The Group Trustee manages ESG-related risks to maintain sustainable financial stability in the long run. Collaborating with Isio (investment adviser), the Group Trustee regularly reviews the Risk Register as part of the Risk Management Framework, which details the climate-related risks to be continuously assessed, managed, and monitored. With Isio's assistance, the Group Trustee has integrated climate change considerations into their ongoing governance and risk management processes. The principal ESG factors within the framework are:

   - Impacts of climate change on covenant position which can lead to reputational damage and/or legal challenges.
   - Asset mispricing due to the impact of climate change and transition to a lower carbon economy.
   - Integration of ESG factors into asset managers' risk management framework, effective stewardship, and consideration of ESG opportunities by investment managers.
   - Climate-related uncertainties leading to a changing funding target.

   To assess the Group's investment managers on managing sustainable investment (SI) related risks, the Group Trustee carries out the following:

   - As part of the initial and ongoing due diligence of the Fund's investment managers, the Group Trustee assesses and monitors its considerations of ESG factors and how these are incorporated into their investment decision making.
   - On an annual basis, conducts an in-depth review of the SI capability and credentials of the Group's investment managers through a Sustainability Integration Assessment Report. The report monitors the extent to which the Scheme's investment managers are integrating ESG considerations including climate change and communicates actions for the managers to improve where appropriate.
   - Reviews the Group's annual Implementation Statement which includes details from the Group's investment managers on engagement and voting data (including case studies where applicable). The Group Trustee expects each of the Group's managers to be able to demonstrate the objectives of their engagement activity, the timeframe over which the engagement took place and the results of the engagement.
   - Monitors regulation and guidance from the Pensions Regular, the Department for Works and Pensions and other relevant organisations.
   - The Group Trustee aims to meet with their investment manager on a periodic basis. The Group Trustee will typically convene with the fund managers of significant mandates at least once per year. The managers are expected to discuss investments within their mandates that have been influenced by ESG considerations, as well as covering developments to their processes concerning the comprehensive management of ESG-related risks and opportunities. Managers will be challenged both directly by the Group Trustee and by Isio on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio.
   - Undergoes regular training, at least annually, and more frequently if needed, on climate-related issues (run by Isio) to ensure its knowledge of such issues is up to date.
   - Actively monitors forthcoming rules, regulations and guidance from the Pensions Regulator and other relevant organisations.

The investment managers' stewardship and engagement activities will be monitored on an ongoing basis, and the Group Trustee will seek to understand the effectiveness of these activities.

Has in place an ESG beliefs policy which identifies key ESG considerations that the Group Trustee wishes to see investment managers adhering to.

2. Describe the risk tools the Group Trustees used and the outputs / outcomes of using those particular tools.

Each year, the Group Trustee receives a Sustainability Integration Assessment report from the Group's investment adviser, Isio. This assessment evaluates the sustainable investment (SI) capabilities of the Group's investment managers using a scorecard with c.70-75 questions designed to analyse their SI credentials. Of these questions, approximately 14 specifically address climate-related factors such as emission metrics and climate change engagement. The assessment provides both a comprehensive ESG score and a specific climate score. It also details how the Group's investment managers incorporate SI factors into their investment processes, outlines their internal ESG policies, and explains their interactions with investee companies. This assessment forms the basis for discussions at meetings with investment managers regarding climate change and relevant ESG issues which could impact portfolio return prospects.

Additionally, Isio prepares an annual Implementation Statement to the Group Trustee, which is published as part of the Trustee Report and Accounts. This statement includes reports from the Group's investment managers on climate-related engagement activities, including voting actions.

3. Describe how the Group Trustees have identified, assessed and managed both transition and physical risks for the Group.

Please see the responses to question 1 and 2.

4. Describe how the Group Trustees' assessment of climate-related risks has impacted the Group's prioritisation and management of risks which pose the most significant potential for loss and are most likely to occur.

No examples available.

5. Describe how, if at all, the Group Trustees have used stewardship to help manage climate-related risks to the Group.

The Group Trustee continually evaluates climate-related risks and opportunities, guided by their investment advisor, Isio. Stewardship is a crucial aspect of Isio's manager assessment process, and the Group Trustee relies on Isio to identify and report significant climate-related risks in the portfolio that require attention. Isio's in-house research team engages regularly with the investment managers, incorporating climate considerations into client advice where appropriate

Part of this process includes the annual publication of the Group's Implementation Statement, which details the voting and engagement activities carried out by the investment managers. For the 12-month period ending 31 March 2026, the investment managers engaged with companies on various issues, including net-zero strategy and implementation, reducing emissions to mitigate environmental impact, and setting specific carbon goals with action plans to achieve these targets.

As part of ongoing risk management, climate risks are continuously assessed. Each year, the investment managers' sustainable investment (SI) capabilities and improvement areas are reviewed in the sustainability integration assessment. For additional details, please refer to the responses to questions 1 and 2.

6. Describe how climate-related opportunities are identified, assessed and managed.

The Group Trustee, with guidance from Isio, identifies opportunities to transition to more sustainable

versions of existing mandates whenever a viable option is available that doesn't have a material negative expected impact on the Group’s asset allocation. This process is driven by Isio’s in-house research and ongoing communication with the Group’s investment managers. To facilitate the identification of climate opportunities, the Group Trustee receives an annual sustainability integration assessment report from Isio. This report outlines the sustainable investment (SI) capabilities and opportunities presented by the Group’s investment managers (refer to question 2 for more details).

E.ON

Process for identifying, assessing and managing climate related risks

We recognise that climate-related risks (physical and transition risks) can be financially material and that incorporation of identified risks and opportunities into Group risk management is therefore essential.

The Group Trustee has identified the following risks as posing the greatest potential loss and being the most likely to occur:

- Risk 1 – we do not correctly identify portfolio risks from climate change - new risks are likely to emerge (physical and transitional);
- Risk 2 – insufficient policy action globally to avoid a "hot-house" scenario (the high warming scenario) – which results in longer term physical risks from overall markets and negative effects for the portfolio;
- Risk 3 – policy action globally accelerates more quickly than anticipated leading to unexpected asset stranding and the portfolio is not able to capture the positive benefits in this scenario
- Risk 4 – correlated portfolio risks - while asset managers may consider the individual climate change related risks and opportunities per company or investment, the Group Trustee needs to consider them across the portfolio as a whole.

The Group Trustee governs the portfolio and oversees the OCIO manager, Investment Committee and the Group's investment asset managers (Asset Managers) who help identify, measure and monitor the climate change risks and opportunities and determine their relevance to the Group. The Group Trustee along with their OCIO manager, adopt a variety of methods to help with the analysis including.

The Group Trustee incorporates ESG and Climate risk into the Scheme's integrated risk management framework in the following ways:

- Training – ESG and Sustainability features in the OCIO manager's quarterly governance report to ensure these risks are monitored on an ongoing basis and to enable discussion and upskilling. The Group Trustee has also agreed an annual ESG and Climate focused training item covering the investments. In addition, the Group Trustee may receive separate training on climate related risks. For example, from the actuarial or covenant adviser or any requirement on the Group Trustee Board to ensure minimum CPD hours as part of trustee training plan from other sources such as pensions conferences attended, and/or any networking undertaken by pensions management
- Advisers – The Group Trustee reviews its adviser objectives to ensure they have appropriate climate capability, and bring important, relevant and timely-related issues to the Group Trustee's attention, including new and emerging climate-related risks. The OCIO manager objectives that were agreed within the Scheme year included consideration of climate within strategy setting and the expectation of delivery of training
- Investment Strategy – The Group Trustee has delegated the monitoring and management of climate-related risks to the Investment Committee. This allows for more specialist knowledge to be built within the Group Trustee Board and therefore for more effective oversight of ESG and Climate risk

  Under the OCIO manager governance model, the Investment Committee undertakes the following processes:

  - Monitoring ESG and Climate risk via the quarterly governance reporting received from the OCIO manager. These metrics highlight areas of key ESG or climate risk within the asset portfolio.
  - On at least a triennial basis (more frequently if there have been significant changes in the investment or funding strategy such as this year given the appointment of the OCIO manager) the Group Trustee undertakes climate scenario analysis to identify the potential impact of various climate scenarios on the funding position of the Group. This process also helps inform the potential impact of climate risks on the Group's liabilities

    - On an annual basis, the investment committee will review the OCIO manager's annual ESG report detailing the specific actions being taken to integrate and manage climate risks within portfolio management, and reviews the OCIO manager's stewardship activities

- Covenant – At least on a triennial basis the Group Trustee undertakes a review of the strength of the Sponsor covenant, during which the potential impact of climate risks on the sponsoring company are considered. The Group Trustee ensures any covenant advice received adequately incorporates climate-related risk factors where they are relevant and material
- Actuarial – As part of the triennial actuarial valuation process, the Group Trustee ensures the funding advice provided considers the potential impact of climate-related risks
- Scheme documentation – ESG and Climate risks are recorded in the:
    - Group Trustee Risk Register
    - SIP, which is reviewed at least annually by the Group Trustee

Stewardship and engagement

The Group Trustee acknowledges the importance of voting and engagement with underlying companies and investment managers in order to manage climate risks (physical and transition risks). The Group Trustee has delegated responsibility for engagement with underlying managers (who also hold voting rights within equities and alternatives) to the OCIO manager, but the Group Trustee reviews the stewardship policies and ESG integration approach of the OCIO manager from time to time to ensure they are aligned with the Group Trustee's priorities and beliefs.

The OCIO manager, Schroders, has set 'Climate' as one of its key engagement priorities for the coming years, which covers themes such as Greenhouse Gas Emissions, Net Zero, Physical Risks and Renewable Energies. Natural Capital and Biodiversity is also a key engagement priority and is relevant in the management of physical climate-risks given climate change and biodiversity loss are inter-linked.

The Group Trustee has also identified 'Climate' and 'Environmental Impact' (with a focus on biodiversity, deforestation

and water) as key priorities for voting and engagement in their Statement of Investment Principles.

The OCIO manager will report back to the Group Trustee on voting and engagement activities on an annual basis in the annual ESG report and the Implementation Statement (IS). The IS is publicly available for members to review examples of stewardship with companies and underlying investment managers which took place on the Group Trustee's behalf during the year (noting that the assets were transitioned to the OCIO manager Schroders over the year to 31 March 2026).

Asset manager engagement

The Group Trustee expects:

- UK-regulated asset managers to be signatories of the Stewardship Code
- Non-UK regulated managers to exercise their voting rights in a manner consistent with a focus on medium and longer term investment performance

The OCIO manager and Investment Committee are responsible for monitoring asset managers and engaging with them to improve their ESG integration (which includes stewardship and engagement processes amongst other considerations).

As part of their responsibilities, where applicable, the Group Trustee expect the Group's asset managers to:

- Engage with investee companies with the aim to protect and enhance the value of assets; and
- Exercise the Group Trustee's voting rights in relation to the Group's assets

- Incorporate the Group Trustee's views on climate change risk (physical and transition risks) and opportunities

With the assistance of the OCIO manager, the Investment Committee will undertake an in-depth review the OCIO manager's ESG credentials, including their stewardship activities and policies every year.

Example of engagement by the OCIO manager on environmental themes

Over the course of 2025 Schroders continued their engagement with one of the credit managers in the dynamic growth portfolio which in the previous year set a net zero target at the strategy level. The engagement topics over 2025 evolved to cover broader themes such as biodiversity, acknowledging the interlinkage to climate. It was established that the manager uses proprietary tools to identify companies that have impacts on biodiversity through the nature of their activities or locations of their operations in nature sensitive areas, and the data is used to drive investment decisions as well as to identify companies or issuers to engage. The manager also actively engages with companies or issuers where biodiversity is deemed relevant and financially material.

The risk management tools we – and our OCIO manager – have used and the outcomes of using those tools

Climate Scenario Analysis

Scenario analysis allows us to consider potential outcomes in different scenarios and think through the impact on different individual positions and the overall portfolio.

Outcome: We consider the appropriateness of the overall strategic asset allocation including the LDI strategy, the need for additional portfolio risk management and decisions on the appropriateness of each new investment from a climate perspective.

LDI hedging

The Group Trustee considers the appropriate level of LDI hedging.

Outcome: The Group Trustee has adopted an approach of maintaining the hedging in line with the asset value to stabilise the funding ratio i.e. The Group's assets move in line with the liabilities for shifts in interest rates and inflation expectations. The impact of climate change on real and nominal interest rates is highly uncertain in the different scenarios, so this hedging strategy eliminates that uncertainty on the funding ratio of the Group. However, this strategy does require sufficient collateral to maintain the LDI hedges in scenarios where interest rates or inflation expectations increase. Maintaining sufficient liquidity is part of the risk management strategy of the LDI portfolio.

Portfolio Analysis tools

Our OCIO manager, Schroders, use MSCI as its external sustainability data provider. Schroders selected MSCI for a number of reasons, including the extent of its coverage and MSCI's research process (and as such, data reliability).

This data provides insights into where climate risk may be most acute on a geographic, sectoral and individual security level both from a physical and a transition risk perspective. It is used by the OCIO manager and Group Trustee to understand and discuss risk exposures.

Participation in industry groups working on methodology development, in particular, IIGCC

The DWP's TCFD regulations set out multiple methodologies to determine corporate and sovereign greenhouse gas emissions metrics. There remain methodological challenges for 'hard to reach' asset classes, such as hedge funds, commodities and derivatives.

Our OCIO manager participates in and contributes to multiple industry initiatives to develop and evolve metrics and reporting on climate change, in particular the IIGCC. IIGCC is the Institutional Investors Group on Climate Change, and it hosts the Paris-Aligned Investment Initiative and the Net Zero Investment Framework. The initiative sets out the advantages and disadvantages of the multiple methodologies used to determine a company's, and portfolio's, absolute emissions, emissions intensity, and more recently, environmental alignment.

Methodologies used to calculate GHG emissions: Typically, financed emissions (the emissions we are responsible for as an investor) are calculated using GHG emissions per unit of sales or per enterprise value. Our preference is enterprise value which we consider a more stable measure, allowing for year-on-year comparisons. Enterprise value consists of a company's equity, debt and cash, and goes by the acronym EVIC (enterprise value including cash). This aligns with MSCI and the recommendations of PCAF – the Portfolio Carbon Accounting Financials initiative.

Internal controls

Our OCIO manager has implemented internal controls in the preparation of TCFD metrics and scenarios.

Finally, we note that there will be inaccuracies in the data. In some markets, corporate greenhouse gas emissions disclosures are not regulated, and not subject to audit. The quality of the data is constantly improving. We believe that the processes we have implemented are market-leading and mitigate for known limitations in data quality and coverage. Our OCIO manager will continue to engage with standard-setters, policymakers, data providers and companies to improve data quality.

Understanding covenant risks

In addition to the implications of general economic conditions on the Group, consideration has also been given to the resilience of the sponsor consistent with the scenarios outlined above.

The Regulations require the Group Trustee to consider the resilience of the funding strategy within different warming scenarios. Covenant is viewed as an integral part of a scheme's funding strategy and therefore to address this requirement this report considers the resilience of the employer covenant to various climate scenarios. The Group Trustee's assessment, carried out by Mercer (formerly, Cardano Advisory), considered the climate risks to both E.ON SE and the Scheme's UK sponsor (E.ON UK).

Given the support from E.ON SE for the Group's funding strategy, the Group Trustee's disclosure in this report has focused primarily on the risks faced by E.ON SE.

Mercer (formerly, Cardano Advisory) undertook the first full climate scenario analysis in 2022 to assess the resilience of the employer covenant to climate risks. In June 2025, Mercer (formerly, Cardano Advisory) prepared a full climate scenario analysis update of the 2022 assessment, the results of which are summarised below. We note that this this analysis has not been refreshed for the 31 March 2026 report. The analysis will be refreshed during the next reporting year in line with the 31 March 2027 actuarial valuation process. Therefore, the Group Trustee is comfortable that the 2025 analysis remains appropriate for this report.

Given E.ON SE's fundamental role in the global energy transition, for example its extensive regulated Energy Networks, it is expected that E.ON SE may benefit from climate-related opportunities which present themselves. In particular, the lower-warming scenarios (Paris Aligned and Late Transition scenarios) will require significant investment in the regulated asset base of E.ON SE to facilitate the transition to a low carbon economy. Mercer (formerly, Cardano Advisory) has historically adopted a primarily risk-focused, more prudent approach in order to identify downside climate exposure which might inform the Group Trustee's climate strategy and risk management. However, the Group Trustee is mindful to account for potential opportunities in order to form a balanced view.

Principal identified risks

The key risks identified by Mercer (formerly, Cardano Advisory) in each of the scenarios considered in 2025 included:

Paris Aligned scenario (Net Zero):

- GHG emissions – risk of proliferation and extension of carbon pricing mechanisms (e.g. the inclusion of Scope 3 emissions) and higher carbon prices, although this may be mitigated by E.ON SE's SBTi validated de-carbonisation targets; and
- Capital investment – risk that the regulatory environment that underpins the necessary substantial investment to support the green energy transition (i.e. network investment) becomes more stringent in the future, putting more pressure on Group resources in the near and mid-terms.

Late scenario (Delayed Net Zero):

- Capital investment – similar risk as set out above – but with a compressed and somewhat increased impact relative to a Paris Aligned scenario, particularly in the mid and longer-terms.
- Climate hazards – the risk of extreme weather events causing disruption to operational sites increases under this scenario albeit to a lesser extent than under the Slow Transition scenario.

Slow Transition scenario (High Warming):

- Macro-economic – under a Slow Transition scenario, global GDP is forecast to suffer the highest impact relative to the other two scenarios considered, which could have a direct impact on the Group's trading and share price
- Climate hazards – a materially increased risk of changing climate (including climate hazards) impacting E.ON SE's operations, including business disruption and increased investment required for mitigation or adaption actions, as well as for replacement assets.

Timing of identified risks

Climate risks were also considered over different time horizons to assist with a coherent climate response:

Near to medium-term

- Mercer (formerly, Cardano Advisory) assessed the risks to be generally greater in the Paris Aligned and Late scenarios given heightened transition risks in these scenarios whilst physical risks across the next decade are expected to be generally consistent across all scenarios considered; and

Long-term

- The Slow Transition scenario is likely to represent a greater risk to E.ON SE as the impact of a warming climate is expected to have a sharply increased impact on climate hazards / events over time.

Factoring in the likely opportunities for E.ON SE to support the green energy transition in lower-warming scenarios (Paris Aligned and Late), on balance it is likely that the most impactful scenario to E.ON SE would be the Slow Transition scenario over the long-term.

Covenant assessment conclusion

Mercer's (formerly, Cardano Advisory) 2025 climate scenario analysis suggests that despite robust progress from the Group towards its sustainability targets and the central role of E.ON SE in the green energy transition, the potential risks of climate change have tended to increase.

The Group Trustee therefore is increasingly focussed on implementing the recommendations from the covenant adviser in each of the following areas:

1. to integrate climate risk analysis on covenant, funding and investment to assess whether these risks are correlated;
2. to monitor the climate covenant risks identified in this assessment through the Group Trustee's regular monitoring framework, particularly in respect of the longer-term reliability under the updated Funding Code;
3. to regularly scan for potential regulations or changes in policy that might impact the covenant; and
4. to document identified climate related risks and mitigation strategies in an integrated way within the DWP mandated disclosures.

Understanding funding risks

Climate change may also impact the value of the Group's pension liabilities, i.e., the present value of future benefit payments. This impact could be via any or all of:

1. Changes in interest rate expectations,

2. Changes in inflation expectations,
3. Changes in life expectancy.

Whilst we acknowledge the possibility of 1) and 2), we have implemented a liability hedging strategy which manages the risk up to the value of the assets. This strategy helps to mitigate risk to our funding level from adverse movements in interest or inflation rates over time.

The Group Trustee has also engaged with the Group Actuary, Aon, to understand how various climate scenarios will impact the liabilities of the Group because of potential mortality changes.

Aon have developed their thinking to consider the impact of climate change on individuals' life expectancy, which they expect will vary by scenario and time horizon. This incorporation of mortality impacts means the scenarios analysed by the Group Trustee do not just consider economic variables, such as the impact on inflation or growth rates, but also reflect the demographic aspect which is important when considering pension scheme liabilities.

Aon have provided analysis of the mortality impact of scenarios that align closely with the scenarios chosen by the Group Trustee. Aon allows for the impact of each scenario on mortality through adjusting the parameters under the standard mortality tables which determine the rates of future improvements. Aon provides an indication of the total mortality impact on liabilities in differing climate scenarios below.

Indicative impact of climate scenarios	Net Zero (Paris Aligned) 1.5 oC	Delayed Net Zero (Late Transition) 2 oC	High Warming (Hot House) 4 oC
Mortality impact on Gilts+0% liabilities	+2%	-1%	-4%

Source: Aon. Notes: Indicative analysis only. Figures are based on the impact on male life expectancy (age 60) but each scenario impacts females to the same extent. The figures are appropriate for the overall profile of the Group and the discount rate being used for the Cardano | AIM modelling.

Interpreting the mortality impact

Net Zero (Paris Aligned) scenario:

In the short to medium term Aon expect severe global economic stress in this scenario but a return to strong global growth over the longer term. With this in mind, disruption to health and social care services may increase mortality in the short term. Over the longer term, better air quality and improved health conditions may lead to lower mortality. The net effect under this scenario is an increase to liabilities.

Delayed Net Zero (Late Transition) scenario:

Aon believe the short to medium term mortality improvements in this scenario are in line with the current expectations, however, over the longer term mortality improvements are slightly lower. The direct climate impact in this scenario is likely to be minimal, with overall a small reduction to liabilities.

High Warming (Hot House) scenario:

In the Hot House scenario Aon expect higher incidence of extreme weather events and more volatile financial markets to be a drag on economic growth. In such an environment, particularly where the drag on economic growth coincides with a lack of spending on health and welfare, they expect there may be no long-term improvements in mortality. This will have the effect of a noticeable reduction in liabilities relative to current expectations. In terms of the direct climate impacts, fewer deaths from warmer winters may more than offset any impact of heatwaves but the impact is likely to be marginal.

Magnox Electric

Climate risk management framework

The climate risk management framework is set out in the tables below. It is part of the Group's wider risk management and is how the Group Trustee monitor the most significant risks to the Group.

Governance

Activity	Delegated responsibility	Adviser / supplier support	Frequency of review
Approve climate risk management framework (this document)	Group Trustee	IC	Ad-hoc
Receive training on climate-related issues	Group Trustee	Advisers	Annual
Review adviser objectives to ensure advisers have appropriate climate capability, and bring important, relevant and timely climate-related issues to the Group Trustee's attention	Group Trustee	Advisers	Investment Advisers: Annual; Scheme Actuary: Triennial; Other Advisers: At tender
Ensure investment proposals explicitly consider the impact of climate risks and opportunities and seek investment opportunities.	IC	Investment Adviser	Ongoing
Ensure that actuarial and covenant advice adequately incorporate climate-related risk factors where they are relevant and material.	IC / Group Trustee	Scheme Actuary / Covenant Adviser	Triennial
Engage with the investment managers to understand how climate risks are considered in their investment approach, and stewardship activities are being undertaken appropriately.	IC	Investment Adviser / Investment managers	Annual

2026 update

The Group Trustee monitors the above activities as part of its climate-related risks and opportunities management. The Group Trustee has delegated the majority of the day-to-day responsibilities to the IC. Details of the training the Group Trustee has received are set out in the Governance section within the report.

The Group Trustee continues to monitor the progress of the IC, receiving regular updates from the IC and querying information as and when required.

The Group Trustee met regularly with its investment adviser and investment managers, receiving updates on stewardship, responsible investment and climate-related matters. Over the reporting year, the Group Trustee reviewed evidence of engagement activity undertaken by its investment managers across a range of environmental, social and governance issues, including climate change and natural resource use.

Strategy

Activity	Delegated responsibility	Adviser / supplier support	Frequency of review
Undertake quantitative scenario analysis to understand the impact of climate-related risks	IC	Investment Adviser	At least triennial, with an annual review
Identify the climate-related risks and opportunities for investment & funding strategy and assess their likelihood and impact.	IC	Advisers	Annual

2026 update

Climate-related risks and opportunities are included in the Group's wider risk management framework, which is overseen by the IC on an annual basis. The IC refreshed its risk and opportunities analysis, asking investment managers for details on how these risks are assessed (using the Pensions Climate Risk Industry Group ("PCRIG") Due Diligence Questionnaire and a Magnox tailored RAG Due Diligence Questionnaire).

Alongside this, the Group Trustee has reviewed the appropriateness of the climate change scenario analysis carried out within the Group's previous TCFD disclosures and decided not to refresh the analysis, given there had been no material changes to the investment strategy, and no material changes to the scenarios. The analysis will be re-run next year with new membership data and assumptions from the 2025 actuarial valuation.

Over the year, as part of its manager monitoring programme, the IC trialled asking managers four questions:

1. How are ESG matters considered as part of the investment process?
2. What do you think are the most financially material ESG risks to our portfolio and why?
3. How has the portfolio evolved over the last year, and has the ESG focus of the portfolio changed significantly?
4. Has your approach to ESG added value, and how can you demonstrate that?

As part of this process, one of the illiquid credit managers provided three examples of how they integrated ESG considerations, including climate risk, into their underwriting process over the last year. This was one of many examples shared by managers during the IC's bi-annual manager days. The IC agreed that these questions support fair comparability across managers and decided to retain them as part of the ongoing manager monitoring programme.

Risk management

Activity	Delegated responsibility	Adviser / supplier support	Frequency of review
Consider the prioritisation of those climate-related risks, and the management of the most significant in terms of potential loss and likelihood.	IC	Advisers	Annual
Include consideration of climate-related risks in the Group's other risk processes and documents, such as the risk register and the SIP	IC	Advisers	Annual
Include consideration of climate-related risks in the Group's other risk processes and documents, such as the risk register and the SIP	Group Trustee	Covenant Advisors	Triennial

2026 update

The Group Trustee has processes in place for identifying and assessing climate-related risks as part of the annual TCFD Process. Climate risk management is integrated into the ongoing risk management activities of the Group Trustee via the Group's climate risk management plan.

The Group Trustee delegates responsibility to the IC to review the underlying investment managers and how ESG is integrated within their decision-making processes, including climate change.

Metrics and Targets

Activity	Delegated responsibility	Adviser / supplier support	Frequency of review
Obtain data for metrics	IC	Investment Adviser / investment managers	Annual
Review continued appropriateness of metrics	IC	Investment Adviser	Annual

2026 update

The Group Trustee, supported by its Investment Adviser, collects metrics data on an annual basis, in order to understand the current state of the portfolio regarding its emissions, data coverage and portfolio alignment metric. This data is evaluated to produce a climate-related target. Metrics have been collected in line with industry practice.

In addition, the Group Trustee has reviewed its target, which was set in the first year's TCFD report, and considered whether this remains appropriate for the Group.

Manweb

Identifying, assessing and managing risk

The Group Trustee has ultimate responsibility for ensuring effective governance of climate-related risks and opportunities for the Group. The Group Trustee has considered and included a number of potential risk exposures within the Group's Risk Register, including climate-related risks.

The Group Trustee formally reviews the Risk Register on an annual basis. The annual review of the Risk Register provides a framework for identifying, assessing and managing climate-related risks in relation to the Group, and considers these in the context of the broader integrated risk management framework for the Group.

The Audit, Risk and Governance Sub-Committee meets quarterly and reviews and maintains the Group's Risk Register. As part of this quarterly review, when deemed appropriate, the Audit, Risk and Governance Sub-Committee will recommend to the Group Trustee changes to the Risk Register, which are then considered at the subsequent quarterly Group Trustee meeting.

The Audit, Risk and Governance Sub-Committee and the ISC have been jointly assigned as the "risk owners" for the climate-related risks, and will consider actions and mitigations as appropriate.

After the Group Trustee giving consideration to the potential impact and likelihood of risk exposures, the following climate-related risk is included in the Risk Register, along with the mitigating controls.

- Failure to sufficiently take into account the impact of ESG risks, including climate-related risks (transition and physical), in the sponsor covenant assessment and funding and investment strategies (including on the investment portfolios that could lead to a negative impact on investment returns).

The Group Trustee uses the output from the scenario analysis undertaken, to consider which climate-related risks may have an impact on the Group's investment portfolio and hence its funding position. The analysis considers both 'transition' and 'physical' risks to help understand the potential impact on the Group's investments.

Overall, the climate scenarios considered do not show a material impact on the Group's financial positions over the short, medium or long-term time periods considered, in the context of the very high pre- and post-stress projected funding levels. Based on the analysis, the Group Trustee considers the Group to be resilient to the potential impact of climate-change risks, in the context of other risks the Group is exposed to.

Manager Engagement

As set out in the Statement of Investment Principles, the Group Trustee has given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations. However, the Group Trustee believes that Stewardship (or active ownership), where applicable, helps the realisation of long-term portfolio value by providing investors with an opportunity to enhance the value of companies and assets. The Group Trustee therefore believes it is important to engage with each of the Group's investment managers on the assessment and management of climate-related risks and opportunities within the managers' portfolios, at least on an annual basis.

The Group Trustee recognises, however, that given the different nature of the Group's managers' mandates and the characteristics of the different asset classes, a uniform approach to ESG integration across all of the Group's mandates is not appropriate.

When engaging with the Group's private debt managers, for example, the ISC is keen to understand how the managers monitor and assess the potential impact of climate-related risks on the credit quality of the underlying private debt deals, taking into account the term of the debt arrangements.

When engaging with the Group's property manager, the ISC is keen to understand how the property manager assesses and manages both transition risks (including the covenant risk of the tenant and industry sector risk) and

the physical risks (e.g. physical damage, flood risk, water usage etc.) associated with the underlying property assets. The ISC also reviews how the property manager assesses the energy efficiency and carbon emissions of the properties held and the action plans to improve these metrics.

With regards to the Group's LDI portfolio, which consists predominantly of Gilt exposure, the Group Trustee recognises that the portfolio should benefit over time from a reduction in emissions, in line with the UK Government's policy on setting net zero targets. The ISC also engages with the Group's LDI manager to understand how it assesses and manages climate-related risks, whilst appropriately managing the Group's hedging arrangements in line with the Group Trustee's strategic objectives.

National Grid Electricity

1. Describe the processes the Group Trustees have established for identifying, assessing and managing climate-related risks in relation to the Group, and how the processes are integrated within the Group Trustees' overall risk management of the Group.

   We have established a process to identify, assess and manage the climate-related risks that are relevant to the Group. This is part of the Group's wider risk management framework and sets out how we monitor the most significant risks to the Group in our efforts to achieve appropriate outcomes for members.

   - Qualitative assessment: a qualitative assessment of climate-related risks and opportunities which is prepared by our investment adviser and reviewed by us.
   - Quantitative analysis: climate scenario analysis, which is provided by our investment adviser and reviewed by us.

   When prioritising the management of risks, we assess the materiality of climate-related risks relative to the impact and likelihood of other risks to the Group. This helps us focus on the risks that pose the most significant impact.

   This process of identifying and assessing climate related risks has been reviewed in the process of producing this TCFD report and we believe it is still suitable.

2. Describe the risk tools the Group Trustees used and the outputs / outcomes of using those particular tools.

   Our comprehensive climate risk management framework describes our risk tools for identifying, assessing and managing climate-related risks and opportunities for the Group. In particular, we describe who is involved, what is done, and how often as well as the outcomes. The Group Trustee retains responsibility for the Climate Risk Management framework, but we delegate some tasks to the FIC with support from our advisers.

3. Describe how the Group Trustees have identified, assessed and managed both transition and physical risks for the Group.

   Our climate risk management framework is set out in the table below.

Governance			
Activity	Owner	Advisers	Frequency of review
Climate change governance framework (this document)	Group Trustee	FIC	Annual
Add / review climate risks and activity on key Group documentation (e.g., risk register, SIP)	FIC	Investment adviser	Ongoing
Undertake training on climate-related topics	Group Trustee	Investment adviser	Annual
Review adviser objectives to ensure they have appropriate climate capability,	Group Trustee	Governance team	Annual

and bring important, relevant and timely climate-related issues to our attention			
Ensure investment proposals explicitly consider the impact of climate risks and opportunities and seek investment opportunities	FIC	Investment adviser	Ongoing
Ensure that actuarial and covenant advice adequately incorporate climate-related risk factors where they are relevant and material	Group Trustee	Group Actuary, Covenant adviser	Triennial
Engage with the Group's investment managers to understand how climate risks are considered in their investment approach, and stewardship activities are being undertaken appropriately	FIC	Investment managers, investment adviser	Annual

Group Trustee update for the year ending 31 March 2026

We monitor the activities above as part of our routine climate-related risks and opportunities management. We are supported in our responsibilities by the FIC and our advisers. We receive regular training on climate-related issues to better understand the Group's current responsible investment approach, the new general code of practice, and how schemes integrate ESG considerations into potential bulk annuity transactions.

In August 2024, the Group Trustee conducted an ESG assessment to review how its investment managers and bulk annuity provider integrate ESG considerations into investment decisions and also reviewed the risks and opportunities associated with the portfolio.

We receive regular updates from the FIC and question information as and when required.

Strategy

Activity	Owner	Advisers	Frequency of review
Climate scenario analysis – annual review of the suitability of the previous results	FIC	Investment adviser	Annual
Climate scenario analysis – refresh modelling if necessary	FIC	Investment adviser	First year, at least triennially thereafter
Identify the climate-related risks and opportunities for investment & funding strategy and assess their likelihood and impact	FIC	Investment managers, investment adviser	Annual

Group Trustee update for the year ending 31 March 2026

The FIC refreshed its risk and opportunities analysis, requesting details on how these are identified and assessed over the short, medium, and long term for each material investment manager.

Alongside this, we reviewed the appropriateness of the climate change scenario analysis carried out within the Group's initial TCFD disclosures.

Risk management

Activity	Owner	Advisers	Frequency of review
Identify, assess and manage key climate-related risks	FIC	Investment managers, investment adviser	Ongoing
Consider the prioritisation of those climate-related risks, and the management of the most significant in terms of potential loss and likelihood	FIC	Investment managers, investment adviser	Annual
Consider climate-related risks in the Group's other risk management processes and documents, such as the risk register and the SIP, and regularly review these	FIC	Investment adviser/ Governance team	Ongoing
Review the climate-related risks of the employer over the short, medium, and long term	Group Trustee	Covenant adviser	Annual

Group Trustee update for the year ending 31 March 2026

We have processes in place for identifying and assessing climate-related risks as part of the annual preparations for TCFD. Climate risk management is integrated into the ongoing risk management activities of the Group via the Group's climate risk management framework.

We delegate responsibility to the FIC to review how the Group's investment managers integrate ESG (including climate change) within their decision-making processes. We also ask for details on practical examples of this, including key themes for engagement, such as climate change where relevant.

Metrics and Targets

Activity	Owner	Advisers	Frequency of review
Obtain data for agreed metrics	FIC	Investment managers, Bulk annuity provider and investment adviser	Annual

Review continued appropriateness of metrics	FIC	Investment adviser	Annual
Review progress and continued appropriateness of target	FIC	Investment adviser	Annual

Group Trustee update for the year ending 31 March 2026

Aon helped us to collect emissions data from our investment managers and bulk annuity provider to understand the current state of the portfolio regarding its emissions, data quality and portfolio alignment metric.

Metrics have been collected in line with industry practice. We also reviewed our data coverage target and considered whether it remained appropriate for the Group. More details can be found in the Metrics and Targets section of the Group's full report.

Assessing our managers

To assess our managers' abilities to manage climate-related risks, we have previously asked them 10 questions designed by the Pensions Climate Risk Industry Group to help trustees do just that. The questions cover a range of topics including the manager's approach to climate management, net zero, whether they produce their own TCFD reporting, their ability to conduct climate scenario analysis, their engagement policies, and their ability to provide GHG emissions data.

The key highlights of this questionnaire are set out below.

Key conclusions

For the climate-related risk analysis:

- One manager received a request for data but did not provide Information.
- Two managers were excluded on the basis of materiality.

The following analysis is for the four managers[3] who responded:

- All managers support reporting in line with TCFD.
- All managers participate in several industry initiatives such as the Net Zero Asset Manager Initiative, Climate Action 100+, Institutional Investors Group on Climate Change, United Nations Principles for Responsible Investment ("UN PRI") and Science Based Targets Initiative ("SBTi").
- All managers carry out (or are working towards carrying out) climate-related scenario analysis and incorporate ESG considerations into their investment processes.
- 3 out of 4 managers have set a Net Zero commitment of some description. The remaining manager is currently working towards setting a commitment or becoming aligned with the Paris Agreement.
- All managers are working towards improving their climate risk management processes where they lack full alignment.

We are not taking any immediate action as a result of these conclusions; however, we will continue to engage with the managers (through Aon) to encourage best practice and behaviours relating to climate change in future. If deemed necessary by the Group Trustee, we will also liaise with our bulk annuity provider through our investment adviser, to understand how ESG, including climate-related risks are being considered subsequently

[3] Includes Aviva the bulk annuity provider.

4. Describe how the Group Trustees' assessment of climate-related risks has impacted the Group's prioritisation and management of risks which pose the most significant potential for loss and are most likely to occur.

   Please see our response to question 3.

5. Describe how, if at all, the Group Trustees have used stewardship to help manage climate-related risks to the Group.

   We assess the stewardship activities of our managers as part of our annual engagement policy implementation statement. Our managers engage on our behalf on a range of themes including climate-related activities.

6. Describe how climate-related opportunities are identified, assessed and managed.

   We ask our managers to identify and assess climate-related opportunities annually as part of the strategy section of the Group's full report.

Northern Powergrid

Our process for identifying and assessing climate-related risks

We have established a process to identify, assess and manage the climate-related risks that are relevant to the Group. This is part of the Group's wider risk management framework and is how we monitor the most significant risks to the Group in our efforts to achieve appropriate outcomes for members.

The process involves both a qualitative assessment of climate-related risks and opportunities and a quantitative climate scenario analysis, both of which are provided by our investment adviser and reviewed by us. Together these give us a clear picture of the climate-related risks to which the Group is exposed.

When prioritising the management of risks, we assess the materiality of climate-related risks relative to the impact and likelihood of other risks to the Group. This helps us focus on the risks that pose the most significant impact.

Our climate risk management framework

We recognise the long-term risks posed by climate change and have taken steps to integrate physical and transition climate-related risks into the Group's risk management processes.

We have developed a climate risk management framework as set out in the tables below. It is part of the Group's wider risk management and is how we monitor the most significant risks to the Group. This framework clearly describes who is involved, what is done and how often.

Governance

Activity	Owner	Support	Frequency
Develop a climate change governance framework (this document)	Group Trustees	Investment Adviser	One off
Add / review climate risks and activity on key Plan documentation (risk register, work plan)	Group Trustees	Investment Adviser	Ongoing
Review advisor objectives to ensure advisors have appropriate climate capability, and bring important, relevant, and timely climate-related issues to the Group Trustees' attention	Group Trustees	Advisors	Annual
Train Group Trustees on climate-related topics including climate risks and opportunities	Group Trustees	Investment Adviser	Ongoing
Engage with the Group's investment managers to understand how climate risks are considered in their investment approach and stewardship activities are being undertaken appropriately	Group Trustees	Investment Adviser/ Investment Managers	Annual
Ensure investment proposals explicitly consider the impact of climate risks and opportunities, and seek investment opportunities	Group Trustees	Investment Adviser	Ongoing
Ensure that actuarial and covenant advice adequately incorporate climate-related risk factors where they are relevant and material	Group Trustees	Group Actuary, Covenant advisor	Triennial

Group Trustees' update for the year ending 31 March 2026

The Group Trustees met throughout the year with their investment advisors to discuss the requirements set out for the Group with regards to TCFD reporting and the statutory requirements relevant to the Group. The Group Trustees have a process in place to ensure that disclosure and compliance requirements are followed in relation to TCFD, SIP and EPIS.

Barring any regulatory changes, the ongoing requirements in the above plan are likely to continue on a routine basis. Similarly, covenant advice was considered as part of the most recent actuarial valuation, and will also be considered as part of future actuarial valuations.

Strategy

Activity	Owner	Support	Frequency
Identify climate-related risks and opportunities (over agreed time periods) for investment & funding strategy	Group Trustees	Investment Adviser/ Investment Managers	Annual
Conduct climate change scenario analysis to understand the impact of climate-related risks on the Group's portfolio	Group Trustees	Investment Adviser	Annual reviews. Triennial refreshed modelling thereafter.

Group Trustees' update for the year ending 31 March 2026

The Group Trustees reviewed the climate scenario analysis, completed in 2023, and decided to not refresh the analysis this year, as a number of changes to the Group's investment strategy are in the process of being implemented. Our scenario analysis informs us how our investment and funding strategy over the short, medium, and long term will fare across modelled scenarios. Tools such as the PCRIG Due Diligence Questionnaire and RAG Due Diligence Questionnaire are also deployed to our investment managers to help identify and assess climate related risks and opportunities.

Risk management

Activity	Owner	Support	Frequency
Identify, assess, and manage key climate-related risks	Group Trustees	Investment Adviser/ Investment Managers	Ongoing
Consider climate-related risks in the Group's other risk processes and documents, such as the risk register and the SIP, and regularly review these	Group Trustees	Advisors	Ongoing

Group Trustees' update for the year ending 31 March 2026

We have processes in place for identifying and assessing climate-related risks. Climate risk management is integrated into the ongoing risk management activities of the Group via this climate risk management plan.

We carried out qualitative assessment of climate risks and quantitative climate scenario analysis, which combined helps us to focus on the risks that pose the most significant impact. Based on our analysis for this TCFD report, we do not need to make any further changes to the Group's investment strategy. Additionally, we conduct an annual review of our manager's rating across various climate-related risk criteria to ensure our climate beliefs are being aligned as much as possible.

Metrics and Targets

Activity	Owner	Support	Frequency
Review and agree on metrics	Group Trustees	Investment Adviser/ Investment Managers	Annual
Review and agree target	Group Trustees	Investment Adviser/ Investment Managers	Annual
Obtain data for agreed metrics	Group Trustees	Investment Adviser/ Investment Managers	Annual

Group Trustees' update for the year ending 31 March 2026

For this report we have collected and reported on the carbon metrics associated with the Group's assets from the relevant managers.

RWE

Risk identification processes

The Group Trustees have included ESG and climate-related risks in the Group's risk register, which is reviewed on a quarterly basis. The Group Trustees have also established a sub-committee, the Responsible Investment Committee ("RIC"), which convenes formally at least twice a year (meeting 3 times over the year ending March 2026) and considers the potential risks arising from climate change, along with wider Responsible Investment issues. The RIC maintains a detailed business plan for the expected work to be conducted over the next 12-18 months, as well as a longer-term plan to ensure that future industry developments are adequately considered at the appropriate time. The longer-term intention is to integrate the key governance and monitoring enhancements into the wider Investment Committee meetings.

The Group Trustees have delegated the responsibility for identifying new climate-related risks and opportunities to the Group's advisers and this is primarily driven by the Investment and Covenant Advisers. The Investment Adviser is present at both the regular RIC meetings and the quarterly Full Group Trustee Investment meetings and keeps the Group Trustees informed of any new developments and emerging climate-related risks and opportunities, which are then discussed by the Group Trustees at these meetings. The Investment Adviser is also responsible for providing the necessary climate-related and Responsible Investment training to the Group Trustees on a regular basis. The Group Trustees have set the Investment Adviser a specific objective related to Responsible Investment, and performance against this objective is assessed on an annual basis. As part of this year's review the Group Trustees reflected positively on the work completed and continue to encourage the Investment Adviser to evolve its advice and approach to climate change management. All advisers are, however, expected to consider climate change implicitly and explicitly in an integrated manner within their advice, and the Group Trustees will challenge where they believe this has not been the case.

The Group Trustees, with the help of their Investment Adviser, Covenant Adviser and Scheme Actuary, conduct climate change scenario analysis on a triennial basis, to assist with assessing the risks and opportunities associated with climate change. A high-level review is conducted by the Group Trustees on an annual basis to ensure the results of that assessment remain appropriate during the interim period. The triennial analysis and annual review holistically consider the impact on the assets, liabilities, and the Sponsor, to assess the potential impact on the Group's funding and investment strategy over the time horizons relevant to the Group. Furthermore, if there are any significant changes to this assessment and advice in the interim period, the advisers will inform the Group Trustees as soon as practical. Over the year the Group Trustees undertook a full high-level review of the scenario analysis as described in the Strategy section of the Group's full report.

The Group Trustees monitor ESG and climate-related risks and opportunities within the Group's portfolios and set targets to assess how these change over time. The Group Trustees, with the help of their Investment Adviser, engage with individual investment managers to collect security-level data and calculate GHG emissions and ESG metrics for individual asset classes, and the investment portfolio as a whole. The Group Trustees then use the output of this analysis to determine and prioritise engagement with specific investment managers. As described in the Governance section of the Group's full report, the Group Trustees undertook several actions over the year off the back of this analysis.

The Group Trustees assessed and documented the effectiveness of the Responsible Investment policies and procedures as part of the first ORA completed in March 2026.

Climate-related risks the Group is exposed to

The Group Trustees have identified the transition risks, physical risks, regulatory risks and reputational risks that are outlined in the Strategy section of the Group's full report. These risks have been identified by the RIC and Risk Committee during the initial work done in relation to the climate change reporting requirements. Multiple approaches are used to identify risks on an ongoing basis, which include top-down analysis in the form of climate scenarios and bottom-up analysis in the form of climate metrics. In addition, the RIC carry out annual "horizon scanning" sessions, the aim of which is to identify emerging risks.

The Group Trustees consider the output of the risk tools noted previously to identify, and act upon, individual securities or investment funds which are exposed to greater climate-related, or ESG risks. As noted earlier in the report, actions taken during the year include undertaking stewardship activities and continuing to enhance the monitoring of investments.

For example, the results of the metrics analysis carried out during the scheme year highlighted a higher exposure to climate transition risk in a specific investment manager's holdings. As a result, the Group Trustees have engaged with that manager to understand how the manager's investment approach manages climate-related risks and whether the manager is engaging with the underlying companies to improve this position.

Prioritisation and management of risks

The Group Trustees have also developed a dashboard, setting out which asset classes should be prioritised for engagement by the Group Trustees, taking into account the exposure within the portfolio, the materiality of ESG and climate-related risks on each specific asset class, the availability of data, and the ability to influence the ESG and climate-related policies of investee entities. The RIC review this dashboard on an annual basis to ensure that risks are being adequately monitored and managed. A copy of this prioritisation dashboard can be found below.

Asset class	Current exposure	Expected long-term exposure	Rating of current Responsible Investment integration	Data availability	Ability to influence*
Equities	Medium	Low	Ranging from High to Low	High	Medium
Core Credit	Medium	High	High	High	Medium
Alternative Credit	Medium	Medium	Medium	Low	Medium
Secure Income Assets	Medium	Medium	Medium	Low	High
LDI/Liquid assets	High	High	Medium	Low	Low

Legend: Green = area of lower focus, Red = area of greater focus

*Ability to influence is based on the actual actions that can be taken by the Group Trustees and the influence that the Group Trustees can have on the investment managers' underlying companies.

The above prioritisation is supplemented by the annual review of the risk register and the annual Responsible Investment review to monitor how the risks are changing over time and ensure that the focus for manager engagements addresses the most material risks.

Over time, the Group Trustees have increased their allocation to debt assets (such as core credit and alternative credit) and reduced their allocation to equity assets. This reduces the voting influence that the Group has and means that engagement becomes a more important stewardship tool.

Stewardship approach

The Group Trustees recognise and seek to fulfil their stewardship responsibilities as active asset owners. In the Group's Responsible Investment policy, stewardship is recognised as one of the key levers that are available to the Group Trustees to exert influence and improve financial outcomes. The Group Trustees seek to ensure their

stewardship responsibilities are being effectively implemented via delegation, across a range of activities, to appropriate third parties and monitor the manner in which those third parties act.

The Group Trustees require their investment managers to develop and maintain appropriate voting and engagement policies, which include climate-related risks, and then subsequently review their voting and engagement policies, including number of votes cast where applicable, on an annual basis as part of the Investment Adviser's Responsible Investment reports. These reports are reviewed on an annual basis by the RIC. Within the review, the RIC consider any potential concerns with regards to the Group's investment managers' approach to Responsible Investment, and where applicable, highlight any potential actions that the Group Trustees may wish to take in order to mitigate potential exposures to climate-related risks. A summary of the discussions and potential actions highlighted by the RIC are reported to the full Group Trustees at their quarterly meetings, where any decisions required are discussed and agreed.

A key aspect of the stewardship approach, as described in the Governance section of the Group's full report, is the adoption of stewardship priorities to enable more focussed and targeted reporting and also as a way to communicate to managers what is important to the Group Trustees.

One area, where the Group Trustees have engaged with investment managers is on the provision of good quality GHG emissions data. The measurement and reporting of scope 3 emissions has been an area of focus and is particularly relevant for the Group's real estate assets. Improvements in the quality of GHG emissions data has helped the Group Trustees to monitor the Group's exposure to climate-related risk (to the extent that GHG emissions provide a proxy for this risk, albeit an imperfect one) and helps to mitigate the risk of investment managers and companies not being transparent in terms of their climate-related risks and opportunities. It also helps to reduce the risk of using proxy data over time, as, while the Group Trustees prefer using proxy data over excluding assets, they also acknowledge that this will not be a perfect estimate of the true GHG emissions position of the Group. The Group Trustees do, however, recognise that as data and transparency improve, this may identify additional climate-related risks and opportunities that were unclear as part of the previous Responsible Investment monitoring framework, and therefore could require the Group Trustees to act.

Identification of climate-related opportunities

The RIC's business plan includes an annual action to explicitly consider climate-related opportunities within, or potentially available to, the investment portfolio. The identification of these opportunities is conducted by the Investment Adviser, who brings any proposals to the Group Trustees along with any necessary training to understand the impact of such climate-related investments on the Group's investment portfolio. These opportunities are then considered from a climate-related opportunity perspective, a broader Responsible Investment perspective, and finally from a broader investment strategy perspective.

One of the key metrics the Group Trustees monitor is the exposure to climate-related opportunities which speaks to the importance that the Group Trustees place on considering both the risks and opportunities associated with climate change. This metric is a helpful way to identify, assess and manage exposure to opportunities but as is mentioned above, this is also supplemented by considering it through a number of other lenses.

The Group Trustees previously identified higher climate transition risk within the Group's passive equity index investment. As a result, during the prior scheme year, the Group Trustees changed this particular strategy to an equity index, which tilts away from companies expected to be negatively impacted by the climate transition and towards companies that are expected to benefit

Schneider

1. Describe the processes the Group Trustees have established for identifying, assessing and managing climate-related risks in relation to the Group, and how the processes are integrated within the Group Trustees' overall risk management of the Group.

   The Group's SIP sets out the Trustee's investment policies, including the management of financially material risk factors (including climate change) and how this is implemented. The Trustee reviews the SIP at least annually and whenever there is any material change in investment policy.

   The Fiduciary Manager, SEI, is responsible for reporting back to the Trustee where it identifies material climate-related risk in the portfolio that warrants the Trustee's attention. SEI regularly reports back on activities it undertakes in its stewardship program. This includes regular reporting on climate-related voting (including significant votes) and its engagement activities. An annual review is included in the Group's Implementation Statement of how the Trustee's policies on voting and engagement, as set out in the SIP, have been followed during the year. The Fiduciary Manager also requires underlying Investment Managers to identify and disclose exposure to financially material risk. The Group Trustee reserves the right to divest from any fund whereby the Investment Manager(s) demonstrate(s) an unwillingness to provide the transparency required to understand the fund's impact on the climate.

   How are the processes integrated within the Group Trustees' overall risk management of the Group?

   The Trustee manages a wider risk register encapsulating risks material to the Group that is reviewed periodically. Risks specifically related to Climate Related Risk and Opportunities (CRRO) are reviewed at least annually – the review of all risks relating to the ongoing governance of the Group forms part of the Trustee's decision-making process and is recorded in its meeting minutes accordingly.

   Establishing effective governance structures, tools and processes for identifying climate-related risks and opportunities has been and will be central to the Trustee's ability to manage them.

   The Trustee recognises that not all investments in carbon-intensive companies are necessarily misaligned with the management of climate-related risks and opportunities; for example, heavy emitters with ambitious and realistic science-based targets are likely to play an important role in the transition to a low-carbon economy. Recognising that most climate-related metrics are backward-looking and may not fully capture forward-looking plans, the Trustee believes that proactive and collaborative engagement with investee companies is critical to the long-term management of climate-related risks and opportunities.

   The activity of engaging with investee companies, on behalf of the Trustee, is delegated to SEI, the Fiduciary Manager. The Trustee will also consider trends in the results of climate-related scenario analysis, while recognising that the quality of climate change models evolves over time and therefore comparison of scenario analysis results across time frames may not be appropriate. For example, new physical risk models may take into account new scientific projections about interrelated impacts and positive feedback loops. Meanwhile, transition risk models may evolve to take into account the pace of policy change, progress towards country-level goals, and technological advances.

2. Describe the risk tools the Group Trustees used and the outputs / outcomes of using those particular tools.

   See 1. (No significant outputs/outcomes of using the aforementioned risk tools in relation to the Group's investment or funding strategies are noted.)

3. Describe how the Group Trustees have identified, assessed and managed both transition and physical risks for the Group.

See 1.

The Trustee relies on its Fiduciary Manager, SEI, and its other Investment Managers where appropriate, to manage the investments' exposure to financially material risks, such as climate change.

For the SEI funds, investment stewardship is exercised on behalf of the Trustee through SEI's stewardship program. Where investments are made directly into funds managed by third party Investment Managers, each Investment Manager is expected to be a responsible steward of the assets and to actively manage financially material risk, including transition and physical climate risk, in the selection of underlying investments.

For assets directly covered by SEI's stewardship program, SEI has appointed a third-party to engage with investee companies on behalf of clients specifically on climate-related matters. Voting rights are exercised via SEI's proxy voting provider, Glass Lewis. The Trustee believes that proactive, ongoing and constructive engagement with companies, backed by a strong willingness to vote, can help raise standards and improve companies' accountability for impacts made on the climate.

4. Describe how the Group Trustees' assessment of climate-related risks has impacted the Group's prioritisation and management of risks which pose the most significant potential for loss and are most likely to occur.

Climate-related risks and opportunities are included within the Group Trustee's risk register and prioritised on the basis of both likelihood and severity. The Group Trustee is satisfied with the policies adopted by SEI, the Fiduciary Manager, regarding the management of climate-related risks. These policies are set out in the Group's SIP and Implementation Statement.

5. Describe how, if at all, the Group Trustees have used stewardship to help manage climate-related risks to the Group.

Please see 1 and 3.

6. Describe how climate-related opportunities are identified, assessed and managed.

See 1, 3 and 4.

For further context, climate-related items on the Group Trustee's annual calendar are set out below:

- Annual TCFD report, incorporating:
    - A review of the Trustee's CRRO governance framework
    - An assessment of the CRROs associated with the Group's investments
- Annual climate-related scenario analysis
- Annual review

The review intervals for the items recorded on the Group's annual calendar are for business-as-usual operations. In the event that a material change occurs, the Trustee will instigate one or more reviews of the various items as it believes to be appropriate.

SSE Southern

Risk Management Disclosure 1 and 2: Describe the organisation's processes for identifying and assessing climate related risks.

As part of the Group Trustee's responsibility for the setting and implementation of the Group's Responsible Investment Policy, the Group Trustee must ensure that ESG related risks, including climate change, are identified, assessed and effectively managed. Therefore, it is crucial that the management of these risks is integrated into the overall risk management of the Group.

The Group Trustee delegates aspects of this responsibility to other parties, but retains overall oversight, as set out in the Governance section of the Group's full report. Below, where we have referred to ESG risks more broadly, this will include consideration of climate change risks.

The Group's risk management framework takes the form of a risk register which is monitored periodically.

At a simple level, the Group Trustee's risk management process comprises identification, assessment, monitoring and control of risk. The Group Trustee currently takes a top-down approach to risk management, which uses their strategic objectives as the starting point for their risk management process.

Climate risks are identified by the Group Trustee and their advisors as appropriate. Information from a number of sources is used to help identify risks and the Group Trustee and their advisors are responsible for identifying risks as appropriate. Once risks are identified, they are then evaluated and prioritised based on the overall threat posed to the Group. This helps the Group Trustee build up a picture of the Group's risks more widely and where climate-related risks sit in the overall risk management framework.

The Group Trustee will also undertake risk analysis at the individual asset level. This is known as a bottom-up analysis. In this instance, the Group's investment managers are also responsible for the identification and assessment of climate related risks and opportunities. This approach will use available information to assess the potential impact of climate-related risks to investment performance.

ESG and, in particular, climate related risks can be identified by various parties including the Group Trustee, investment managers or the Group's advisors as part of the ongoing management of the Group. ESG risks are identified as part of the following processes:

- Investment strategy reviews – The Group Trustee considers ESG risks as part of the Group's investment strategy reviews that are carried out alongside each Actuarial Valuation, and refreshed more frequently if required. These reviews cover the extent to which social, environmental and governance considerations are considered in the selection, retention and realisation of investments. The Group's investment advisors are expected to integrate ESG considerations into their strategy advice and to highlight any key risks that are included within any potential investment strategy.
- Valuations and covenant reviews – The Group Trustee also considers ESG risks as part of the triennial Actuarial Valuation process ensuring that this analysis considers the funding, covenant and investment risks in a joined up way. The Group Actuary will incorporate the consideration of ESG risks in the actuarial assumptions advice and any projections which are considered to evaluate the possible long-term funding outcomes for the Group. When assessing the employer's covenant the Group Trustee takes into account the ESG risks to the employer.
- Considering asset classes – When assessing new asset classes, potential ESG risks are assessed and discussed as part of the training provided to the Group Trustee. Key ESG risks are taken into account when comparing alternative options.
- Selection of investment managers – When appointing a new investment manager, the Group's investment advisor provides information and their view on each manager's ESG policy and capabilities. Each manager is also asked to provide information regarding their own ESG risk management processes as part of the

selection process. This information allows the Group Trustee to identify potential risks when comparing potential providers. The Group's policy also requires Investment Managers to engage on ESG issues and only divest once attempts to engage have been exhausted or for reasons other than ESG/ climate related issues.

- Individual mandates and investments – The Group Trustee also undertake risk analysis at the individual asset level and have adopted enhanced management of ESG issues and climate change, including new potential investment products. In this instance, the Group's investment managers are responsible for the identification and assessment of ESG, including climate related, risks and opportunities and will be expected to identify and disclose these risks to the Group Trustee in the following ways:
  - As part of their regular reporting, as investment strategy is subject to regular review by the Group Trustee;
  - During their presentations when meeting with the Group Trustee;
  - By providing climate metric data in line with the TCFD requirements; and
  - By providing any relevant scenario analysis.

The Group Trustee meets with each of the Group's current investment managers periodically to gain an in-depth understanding of each managers' process and the risks inherent in each of the mandates. At these meetings each manager is asked to identify their view of the key ESG related risks facing the portfolio at that time. This assessment may be qualitative or quantitative depending on the type of mandate and data available. Any key risks identified are discussed by the Group Trustee and monitored on an ongoing basis within the climate risk dashboard.

We note that evaluation of ESG related risks and opportunities is based on relevant information and tools being available, as well as the quantification of ESG and climate-related risks and opportunities being a developing area based on continuously emerging information and evolving best practice. The Group Trustee actively engage with all managers to promote improvement in this area.

Risk Management Disclosure 2: Describe the organisation's process for managing climate-related risks

Once risks are identified and added to the risk register, they are then evaluated and prioritised based on the overall threat posed to the Group.

The Group Trustee prioritise risks based on the size, scope and materiality of the risk event. This includes rating the likelihood and impact of the risk event to produce a score reflecting the threat that the risk event poses to the Group, then making a decision on the appropriate action (mitigation, control or acceptance) based on this score and available courses of action. Rating the risk's likelihood and impact may be informed by scenario analysis and calculated metrics where relevant. This helps the Group Trustee build up a picture of the Group's risks more widely, and where ESG risks sit in the overall risk management framework.

Risks and opportunities should be considered in absolute terms and in relation to the risk appetite of the Group. Risk appetite can be defined in terms of a willingness to take risk or the acceptability of risk.

Once the risks facing the Group have been considered and prioritised, mitigation strategies will be established and monitored to ensure that they remain effective. The Group Trustee will delegate the management of certain risks to other parties, as set out in the Governance section of the Group's full report. Risks that are deemed to be high in likelihood, impact, or both after allowing for mitigating controls are deemed to take priority for future action.

An action in the context of risk management will aim to either introduce an additional control to mitigate the likelihood of a risk occurring, or reduce the impact of a risk should it occur. This discussion will also consider whether additional Group Trustee training is required.

Expectations of investment managers

The Group Trustee's expectations of the investment managers regarding the integration of ESG risks are set out in the Group's Statement of Investment Principles (SIP) and Responsible Investment policy. The Group Trustee monitors the ESG activities of all managers through regular reporting and meetings, as set out above.

In summary, the Group Trustee will expect all of its investment managers to:

- be aware of the investment risks and opportunities associated with climate change;
- incorporate climate considerations into the investment decision making practices and processes; and
- monitor and review companies and assets in relation to their approach to climate change.

The Group Trustee engages with current investment managers where risks have been identified to agree a plan of action. This may include setting specific targets for certain mandates and more regular monitoring of mandates at higher risk. In some circumstances, this could include instructing managers to disinvest from certain investments, e.g. sectors or geographical regions, or by disinvesting from specific investment mandates. A carbon footprint and ESG review is also undertaken annually and reported to the Group Trustee to assist with engagement.

The Group Trustee maintains an ESG log which is updated based on the information provided by, and the discussions held with, the Group's investment managers.

In addition, the Group Trustee, with the assistance of its investment advisor, prepares an annual Implementation Statement which assesses the engagement and voting activities of relevant investment managers and is used to monitor managers' activities in this area.

Stewardship

The Group's approach to stewardship is also a key aspect of the management of climate-related risk. The Group Trustee expects their investment managers to consider and take appropriate steps to manage climate-related risks within their funds, including engagement with underlying investee companies on their management of climate risks.

The Group Trustee has a documented policy that sets out the processes by which investee companies are engaged with on climate-related issues. This is done through delegated engagement via the investment managers and ongoing monitoring of this engagement activity undertaken by the Group Trustee and their investment advisor. This includes understanding the asset managers' approach to voting in relation to climate-related issues and engaging with those asset managers where the Group Trustee feels that the manager's approach is not aligned with the Group Trustee's agreed objectives for the Group.

The Group Trustee receives annual reports from their investment advisor on engagement and voting activities of investment managers. These are used to monitor performance in line with the agreed beliefs and resulting expectations for investment managers as well as any requirements within mandates in place.

Where investment managers are not performing in line with expectations, the Group Trustee engages further with the manager to understand why and work to improve the performance, further to which the Group Trustee will consider undertaking a formal review of the manager if this does not occur.

Risk Management Disclosure 3: Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

As set out under Risk Management Disclosure 1, the management of ESG risks is integrated into the Group's current risk management processes in the following ways, with all risks considered in the context of the overall risks inherent in any strategy:

- Valuations and covenant reviews – When assessing the employer's covenant, the Group Trustee reviews the employer's plans to manage the ESG risks identified. The Group Trustee considers the extent to which any adjustment is needed to the funding approach or strategy as a result of any ESG risks identified through the "identifying" stage described above. This will be considered in the context of the investment

and covenant risks faced by the Group and may consider the appropriateness of actuarial assumptions and of overall security provided to the Group.

- Setting strategy and choosing asset classes – Determining whether exposure to any asset class should be reduced, increased or avoided in light of the ESG risks identified.
- Selection of investment managers – The Group Trustee considers whether or not to invest with managers whose mandates are expected to introduce an unacceptable level of risk or who do not have adequate processes for the identification and management of ESG risks.
- Monitoring current investment managers / individual mandates and investments – The Group Trustee expects the Group's investment managers to manage the ESG risks identified within their own mandates by:
- Integrating the analysis of these risks into the overall assessment of any potential investment (where this is possible to do e.g. in actively managed mandates).
- Engaging with investee companies where risks have been identified, to understand and encourage their management of ESG and in particular climate related risks.

The Group Trustee sets the overall strategy and risk budget for the Group and covers responsible investment matters, including the integration of climate change within the Group's investment strategies.

Climate change is included within the Group's risk register in the context of the risk of the investment strategy or investment managers underperforming. Relevant controls and mitigating actions are also documented. The risk register is reviewed periodically by the Group Trustee.

As set out above, the Group will regularly monitor and challenge all of its investment managers to support any formal Net Zero commitments made and the targets set by the Group. This will also include a review of the voting and engagement activities carried out in respect of climate change where appropriate. During the year, the Trustee reviewed the managers policies and practices in relation to the Group's key stewardship themes, including climate and Net Zero, and were satisfied that the investment managers continued to make satisfactory progress.

Consistent with the Group's investment strategy, engagement is also a long-term approach with the goal for companies and economies globally to be carbon neutral by 2050, and to enable those companies to transition effectively to a carbon neutral economy.

Climate risks are identified by the Group Trustee and their advisors as appropriate. These risks are then added to the Group's' s risk register which forms part of the Group's overarching Integrated Risk Management approach and framework. This includes rating the likelihood and impact of the risk event to produce a score reflecting the threat that a potential climate risk event poses to the Group, then deciding on the appropriate action (mitigation, control, or acceptance) based on this score and available courses of action. Appropriate controls and mitigating actions are determined and put in place as part of the process to add these risks to the risk register.

UK Power Networks

Managing Risks

The Group Trustee recognises that ESG risks could impact its ability to meet the investment objectives. It therefore seeks to ensure that its Fiduciary Manager, alongside other investment risks, integrates consideration of ESG risks throughout the investment decision making processes. Specifically, the Group Trustee requires BlackRock to:

- Assess how all managers charged with managing Group assets integrate ESG risks considerations into the selection, retention and realisation of investments. The Group Trustee expects this due diligence process to take place before appointing any underlying investment manager.
- Review the adherence of managers charged with managing Group assets to its ESG principles as part of its ongoing monitoring. The Group Trustee expects the Fiduciary Manager to report quarterly on key ESG metrics for these underlying managers, and to aggregate these to portfolio level where appropriate.
- Report quarterly on its execution of the voting and engagement responsibilities set by the Group Trustee. Where the Group invests in pooled funds, the Group Trustee recognises that the investment manager of the pooled funds is responsible for exercising voting rights and reporting on how they have exercised those rights.
- Where UK-domiciled investment managers are not signatories to the FRC's UK Stewardship Code, consider the investment manager's rationale for this position and, where appropriate, report these findings to the Group Trustee.

The Group Trustee has identified climate change as one of the risks that needs be managed as part of the Group's overall risk management processes. Climate related risks and opportunities are identified and managed in accordance with the climate risk register. This register presents the potential impact of each risk and opportunity, as well as the controls in place to manage this. On a quarterly basis, the Group Trustee asks BlackRock to note any new opportunities or risks that it has identified, and these are incorporated into the risk register and managed accordingly. The Group Trustee also considers risks to the liabilities and the employer covenant, where these are relevant to the investment and funding strategy.

As discussed above, all investment decisions, including decisions on how to integrate climate into investment research and decision-making, have been delegated to BlackRock. The FMA does not impose any obligations on BlackRock in terms of how it takes climate change into account in investment research and decision-making. The FMA does, however, require BlackRock to provide scenario analysis and other data which allows the Group Trustee to understand the climate-related risks that its assets are exposed to.

Stewardship

The Group Trustee recognises that stewardship can enhance value over the long term and that it has a responsibility to act as a good steward and protect and grow the long-term value for the benefit of the members. BlackRock dedicates significant resources to engaging with the broader ecosystem of market stakeholders, including regulators, policymakers, standard-setting bodies, and other market participants. Given BlackRock's role as fiduciaries and their deep expertise in capital markets, they focus on encouraging policies and practices that support financial market resilience and long-term financial returns for its clients. Social, environmental, and corporate governance risks may be raised in engagements where they believe their insights can constructively inform policymaking. The Group Trustee has noted that BlackRock has withdrawn from its membership of the Net Zero Asset Managers Alliance (NZAM) following a review of its membership of climate-related initiatives. The Group Trustee has been assured by BlackRock that this does not affect the manner in which BlackRock manages the portfolio on behalf of the Group Trustee.

The Group Trustee expects the Fiduciary Manager to continue to vote its holdings and to engage with underlying investee companies, as part of an effective stewardship approach that meets its expectations. The Group Trustee

expects that the voting and engagement activities are carried out in the best financial interests of the assets being managed. As part of this responsibility, the Fiduciary Manager is expected to:

- Use reasonable efforts to obtain voting and/or stewardship policies of underlying or external managers charged with managing Group assets.
- Inquire about underlying manager's voting activity with respect to their stated policies, where appropriate.
- Request that underlying investment managers report on an annual basis a summary of the voting actions which have been taken and any votes cast which differ from the stated voting policy of that manager.
- Provide a summary to the Group Trustee of the overall level of voting activity on an annual basis.

An example of the voting and stewardship activities undertaken by the Fiduciary Manager on behalf of the Trustee is described in the box below.

BlackRock Stewardship Case Study: Shell plc

Background: Shell is an energy company headquartered in the UK, with operations in more than 70 countries around the world. Shell noted that global demand for liquified natural gas (LNG) is expected to rise by approximately 60% by 2040, driven by economic growth in Asia, emissions reductions in heavy industry and transport, and the impact of artificial intelligence.[4] Shell has stated its ambition to deliver more value with fewer emissions as it works to become a net zero emissions business by 2050.[5]

The BlackRock team engaged with members of the company's board and management in November 2024 and April 2025 to better understand Shell's approach to managing climate-related risks and opportunities. The team sought further clarity on the company's strategy and, in particular, Shell's assumptions around LNG, given its increased strategic emphasis on integrated gas and LNG as a driver of long-term growth.[6]

On the agenda at Shell's May 2025 AGM was a shareholder proposal requesting that Shell disclose "whether and how its demand forecast for liquified natural gas (LNG); LNG production and sales targets; and new capital expenditure in natural gas assets; are consistent with its climate commitments, including its target to reach net zero emissions by 2050."[7]

Outcome: The BlackRock team supported the shareholder proposal. Engagement discussions and BlackRock's proprietary research insights informed the team's assessment of how the company's business model and LNG assumptions aligned with its climate commitments. The team concluded that enhanced transparency would help investors better understand the relationship between Shell's LNG outlook and its net zero commitments.

This shareholder proposal received approximately 21% of shareholder support.[8] At the time of the meeting, funds and SMAs that directed BIS to apply the Guidelines to their holdings collectively held less than 1% of the company's total shares available for voting.[9]

.

[4] Shell plc. "Asian economic growth expected to drive 60% rise in LNG demand to 2040." February 25, 2025.
[5] Shell plc. "Our strategy."
[6] Shell plc. "Shell accelerates strategy to deliver more value with less emissions." March 2025.
[7] Shell plc. "Notice of Annual General Meeting." March 25, 2025.
[8] Shell plc. "Results of Annual General Meeting." May 20, 2025.
[9] BlackRock, ISS, as of May 20, 2025.

Uniper

Recommended disclosure A: Describe the organisation's processes for identifying and assessing climate related risks. Asset owners should describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks to improve data availability and asset owners' ability to assess climate-related risks.

The Group Trustee has extensively discussed its approach to engagement with its fiduciary manager. The Group Trustee, aligned with VLK, subscribes to the importance of engagement, rather than exclusion, as a means to encourage greater disclosures and better practices with regard to climate-related risks. At the same time it is the fiduciary duty of the trustees to manage the climate risk of the investments. VLK is responsible for appointing asset managers that are aligned to this approach and monitors and reports regularly to the Group Trustee on the underlying managers' voting and engagement (including on climate specific issues).

As an example of the Group Trustee's approach to aligning engagement activity with the broader investment strategy, the Group Trustee has directly invested in an equity fund managed by State Street Investment Management (SSIM) that tracks the Transition Pathway Initiative (TPI). The TPI provides an independent, asset-owner-led framework to assess companies' preparedness for the transition to a low-carbon economy, focusing on both management quality and alignment with the Paris Agreement. The strategy also incorporates exclusions on certain high-risk sectors where alignment is considered unlikely under current pathways.

VLK, together with SSIM, have therefore established an approach that integrates TPI insights into portfolio construction and ongoing engagement. The key steps in this approach include:

1. Assessment of Paris Alignment: SSIM uses TPI data to assess whether companies are aligned with the goals of the Paris Agreement. This includes evaluating companies' carbon performance against sector-specific decarbonisation pathways, as well as reviewing governance, strategy, and disclosure related to climate risk.
2. Engagement with Companies: For companies that are not yet aligned, SSIM undertakes targeted engagement to encourage improved climate governance, more ambitious emissions reduction targets, and alignment with recognised frameworks such as net zero pathways. The TPI framework provides a structured basis for tracking progress over time.
3. Portfolio Adjustment and Exclusions: Where companies fail to demonstrate sufficient progress or are assessed as structurally misaligned with the transition, they may be excluded from the investable universe or removed from the portfolio. This ensures that the strategy maintains alignment with the Group Trustee's climate objectives while reinforcing the credibility of the broader transition pathway.

Recommended disclosure B: Describe the organisation's process for managing climate-related risks. Asset owners should describe how they consider the positioning of their portfolio with respect to the transition to a lower carbon energy supply production and use. This could include explaining how asset owners actively manage their portfolio's positioning relative to this transition.

The Group Trustee selected VLK as its fiduciary manager in part due to VLK 's approach to managing climate-related (and other responsible investment) risks and opportunities. For VLK, prioritising climate-related risks is part of their responsible investment framework and investment process. To manage these risks they screen their portfolios and engage with companies, including on a look through basis with external underlying asset managers. Companies in which they invest that lag on transparency or clear carbon reduction targets compared to their peers, can be selected for an engagement process directly and/or in conjunction with the asset manager in whose portfolio that company sits. The rationale behind these engagements is that they expect that due to the energy transition, lagging companies in these sectors run the most material physical and transitional risks (e.g. because of their assets becoming stranded), and doing such engagement with the asset manager alongside can help to incentivize improvements in the asset managers' own responsible investment process.

Joint engagements are also achieved via their active membership in IIGCC (Institutional Investor Group on Climate Change) and the Principles for Responsible Investment. VLK is also part of an international engagement initiative called Climate Action 100+ that was launched in December 2017 and targets over 150 carbon intensive companies. VLK participates in collaborative engagement initiatives, such as Nature Action 100, and Eumedion. These collaborations increase the pressure on companies to change or improve, thereby enhancing the likelihood of success. VLK also remains signatories to the UK and Dutch Stewardship Codes, Net Zero Asset Managers Initiative, UN Global Compact, UN Principles for Responsible Investment amongst other industry-wide sustainability initiatives.

Recommended disclosure C: Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

Climate-related risks and opportunities are discussed by the Group Trustee in the same way as any other risk and opportunity. Such discussions form part of the objectives set for VLK under the Competition Market Authority's Investment Consultant Objectives framework. Climate-related risks are also noted on the Group Trustee's risk register, which is reviewed regularly.

United Utilities PLC

1. Describe the processes the Group Trustees have established for identifying, assessing and managing climate-related risks in relation to the Group, and how the processes are integrated within the Group Trustees' overall risk management of the Group.

   - The Trustee's SIP is reviewed as a minimum triennially, but typically annually, as well as following any significant change in investment policy. The SIP sets out how investment climate-related risks are managed and monitored.
   - During the year, the Trustee prepared an Own Risk Assessment (ORA), which is an assessment of how well the Group's Effective System of Governance (ESOG) is working, and the way potential risks are managed. This ORA included an assessment of climate risk management, and the assessment concluded that "We have an effective governance framework for considering possible short-, medium- and long-term effects of climate change" on the Group's objectives and its operations.
   - The Trustee maintains a risk register which includes sustainability risks, with explicit consideration of climate risks, in order to monitor and mitigate financially material risks. The GRASC carries out an annual detailed review of the risk register (during the year covered by this statement, the annual review took place during quarter 4 2025), and the Board and Sub-Committees review the relevant risks at quarterly meetings.
   - Within the GRASC's annual review of the risk register, there is an assessment of the coverage and resilience of the Group's controls. The results of the review are presented to the full Trustee Board and any updates to the risk register are incorporated.
   - The Trustee has put in place an addendum to the risk register entirely focused on ESG and Climate Change, in order to ensure appropriate risk identification, monitoring, and management is in place.
   - The Trustee receives training from time-to-time on climate-related issues. The training allows the Trustee to challenge whether the risks and opportunities are effectively allowed for in its governance processes and wider activities, and to be able to challenge its advisers to ensure the governance support and advice adequately covers the consideration of climate matters. This process also affords the Trustee an opportunity to identify new and emerging risks related to climate change.
   - Analysis of the extent to which ESG factors are integrated into investment decision making at the portfolio level is undertaken by the Trustee by monitoring the manager research ratings provided by Mercer. This monitoring takes place on a quarterly basis, with more extensive annual reviews when each of the investment manager attends their scheduled Investment Committee annual review meeting, supported by briefing papers from the adviser.

2. Describe the risk tools the Group Trustees used and the outputs / outcomes of using those particular tools.

   The primary tools for risk assessment and management are:

   - The risk register and ORA (as described above)
   - Scenario analysis (as described in the Strategy section of the Group's full report)
   - Climate related metrics (as described in the Metrics and Targets section of the Group's full report).

   The outputs / outcomes of these tools are detailed in their respective sections, as noted above.

3. Describe how the Group Trustees have identified, assessed and managed both transition and

physical risks for the Group.

Climate scenario analysis is used, which (as described in the Strategy Section of the Group's full report) examines these risks to the Group's investment and funding strategy.

When considering any change in investment strategy, for example, whether to invest in insurance policies, the Trustee ensures that ESG risk assessment (and climate change explicitly), forms part of the strategic decision-making process and in provider selection.

The impact of transition and physical climate-related risks and opportunities is an input into annual employer covenant updates.

The Trustee has also reviewed climate related metrics, and research ratings provided by the investment adviser, to identify risks in the investment portfolios.

4. Describe how the Group Trustees' assessment of climate-related risks has impacted the Group's prioritisation and management of risks which pose the most significant potential for loss and are most likely to occur.

The Trustee has used the results of climate scenario analysis, consideration of climate related metrics, and the learnings from training on climate change matters to shape the investment strategy of the Group in respect of the residual invested assets outside of the bulk annuity policy purchased in 2023.

Prior to the bulk annuity purchase, the Group invested in a group-specific segregated mandate with its investment manager. When the vast majority of Group assets moved to a bulk annuity contract, the level of residual assets no longer supported a segregated approach, and therefore a pooled fund selection process was carried out.

In order to ensure that the most significant climate risks are mitigated, the Trustee, initially via the ISC, explored whether it would be appropriate to select a corporate bond fund with explicit climate-related guidelines and objectives.

Considerations included the impact on risk and return expectations, alignment with the Group's ESG and climate change policies, and the timing and potential cost of any implementation. Following receipt of regulated investment advice, the Trustee agreed to select a pooled fund with embedded climate objectives, including exclusions.

The key components of this approach include:

- An explicit "net zero" target that the investment manager works towards, with active tracking of progress and alignment of the investments to this target. The target is to reach net zero emissions by 2050, along with interim targets on this pathway.
- A target temperature alignment of 1.5°C by 2030
- Embedded consideration of the UN Sustainable Development Goals (a set of 17 goals with 169 corresponding targets that were agreed upon by UN member countries to solve some of humanity's biggest challenges. They aim to end poverty and hunger, increase access to education, address migration, combat climate change, and reduce inequality).
- Integration of ESG factors within the credit research process at sector and issuer level.
- Use of engagement with underlying investee companies to accelerate progress on ESG matters, and to drive positive change.

5. Describe how, if at all, the Group Trustees have used stewardship to help manage climate-related risks to the Group.

This information is detailed in the Group's Annual Engagement Policy Implementation Statement, a copy of which can be found at https://www.unitedutilities.com/corporate/careers/pensions/information-library/.

As noted within the Engagement Policy Implementation Statement, the Trustee has set stewardship priorities and will report on significant votes across the investment portfolio (where there are assets with voting rights attached) on matters that relate to these priorities. The stewardship priorities are:

- Climate change
- Labour practices and standards
- Corporate governance, including board quality and diversity.

6. Describe how climate-related opportunities are identified, assessed and managed.

The Group's investment portfolio is held in defensive, liability matching assets comprising a bulk annuity policy, corporate bonds, gilts and liability hedging strategies.

The Trustee encourages the Group's investment manager to seek out new investment opportunities in companies (for credit mandates) that are moving towards more sustainable business practices, products and services. Additionally, the Trustee has discussed "green gilts" at meetings with its investment manager, and the investment guidelines in place with the investment manager which allow for the inclusion of these assets in the Group's portfolio, provided they meet our wider risk and return objectives.

The Trustee, via the ISC, and working with the investment adviser, has also considered "impact" investments. However, the majority of impact investment opportunities are currently in higher risk asset classes, and illiquid investments, such as public and private equities, infrastructure, and real estate. The Trustee will keep this area under review, should impact opportunities that align with the Group's low risk investment strategy emerge.

Western Power Distribution

A key part of the Group Trustees' role is to understand and manage risks that could have a financially material impact on the Group's investments. Climate change is one of the risks that we consider alongside other financially material risks that may impact outcomes for members.

This section summarises the primary climate-related risk management processes and activities of the Group Trustees. These help us understand the materiality of climate-related risks, both in absolute terms and relative to other risks that the Group is exposed to. We prioritise the management of risks primarily based on its potential impact on the security of members' benefits/prospective investment returns.

The climate scenario analysis informs this prioritisation by highlighting which climate risks could be most significant over different time horizons. It indicates that transition-driven repricing could be most impactful in the short to medium term, while physical and systemic risks become more material over the longer term.

Governance

- Our Statement of Investment Principles is reviewed on at least a triennial basis and sets out how investment climate-related risks are managed and monitored.
- We maintain a risk register which includes explicit climate risks covering the Group's framework to monitor and mitigate financially material risks. We review the climate-related risks (defined as physical risks and transition risks) annually to ensure the assessment of the likelihood and impact continue to remain appropriate for the Group given the developing research and understanding on this subject as well as new and emerging risks related to climate change.
- We receive training from time-to-time on climate-related issues. The training allows us to challenge whether the risks and opportunities are effectively allowed for in our governance processes and wider activities, and to be able to challenge our advisers to ensure the governance support and advice adequately covers the consideration of climate-related risks and opportunities. This process also affords us an opportunity to identify new and emerging risks related to climate change. The training completed up to the end of 31 March 2026 is summarised in Section 4 of the report.

Strategy

- We believe that good stewardship and ESG issues may have a material impact on investment risk and return outcomes and will therefore be considered as part of the Group's investment process. We also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that require explicit consideration. When setting investment strategy, ESG factors, including climate change, will be considered alongside a number of other factors that can influence investment strategy
- Climate scenario analysis for the investment and funding strategy of the Group will be reviewed at least triennially, or more frequently if there has been a material change to the strategic asset allocation or improvements in the methodology. Key findings from our latest climate scenario analysis, completed as at 31st March 2026, were set out in the previous section. Climate scenario analysis is the primary tool to help us understand the materiality of climate-related risks that could impact the Group over time. In addition, when the Group are undergoing a strategy review, CCRO will be a key input in the decision making process, and will be considered particularly in relation to investment strategies where ESG factors are deemed to be of material importance
- We have adopted an approach of maintaining the hedging towards the Technical Provision Liabilities to stabilise the deficit, i.e. the pound value of the Group's assets move in line with the pound value of liabilities for shifts in interest rates and inflation expectations. The impact of climate change on real and nominal interest rates is highly uncertain in the different scenarios, so this hedging strategy eliminates that uncertainty on the funding ratio of the Group. However, this strategy does require sufficient collateral to maintain the LDI hedges in scenarios where interest rates or inflation expectations increase. Maintaining

sufficient liquidity is part of the risk management strategy of the portfolio. We understand that this could create some volatility in the funding ratio

- Our Investment Adviser may advise the deployment of a risk management overlay to help protect the value of assets. This may include exposure to inflation assets, government bonds or options on equities and interest rates. These tools can be effective in protecting the portfolio from more acute risks at moments in time. However, these tools may not be effective against longer term slower developments of chronic risks such as climate change induced risks. Therefore, they need to be deployed dynamically by our Investment Adviser and overseen by us, as Group Trustees, and the Investment and Funding Committee
- We have been investing in Forestry since 2020. In addition to growing and maintaining woodland, we also explore renewable energy opportunities on our land via the development of windfarms. At present, the Group's portfolio is helping to support a more sustainable world. For example, our manager's latest estimate stated that the Group's Forestry holding has c.15,440T of CO2 net carbon benefit per year. In addition to this, via windfarms, the Group is currently supporting the generation of renewable energy equivalent to at least 29,820 homes. This has significantly increased since our initial investment and as well as generating a significant amount of renewable energy, it also represents a green, ethical, UK investment.
- In line with our belief to make explicit investments that support our Net Zero target, including those that will speed up the progress or help with the transition, we have invested in an ESG transition equity fund. This fund has an enhanced index approach and aims to broadly replicate regional and sector exposures, implementing our sustainable investment beliefs without introducing other risks relative to a broad market benchmark. In terms of the Fund's approach to climate risks, it aims to be climate neutral by 2050, with intermediate targets in 2030 (-50% greenhouse gas emissions) and 2040 (-75% greenhouse gas emissions). This is aligned with a 7% reduction year-on-year

Reporting

- We receive annual reports of climate-related metrics and progress against targets in respect of the assets held by the Group. We may use the information to engage with the asset managers.
- We receive a voting and engagement activity summary on an annual basis as part of the preparation of the Engagement Policy Implementation Statement. The statement summarises how the asset managers vote and engage on climate-related issues (among other key engagement priorities). The statement is available on the Group's website
- We receive regular updates from our Investment Adviser on the ESG status of our Asset Managers as well as ESG related metrics on our investment in the Cardano ESG Sustainable Transition Equity Fund

Stewardship

We expect our asset managers to adopt effective climate change risk metrics to enhance the ability of all stakeholders in the investment chain to assess and minimise such risks. In this regard we expect all managers to:

- Be signatories to the Principles for Responsible Investment (PRI)
- Adhere to the principles of the Task Force on Climate-related Financial Disclosures (TCFD), and
- Develop their reporting in accordance with PRI, TCFD and/or Stewardship Code requirements (Code Reporting Requirements) as appropriate. As a minimum, to report at least annually on (a) how climate change risks and opportunities have been incorporated into the managers' investment processes and (b) their engagement with companies they invest in to ensure that environmental, social and governance concerns are addressed

Property managers will also be expected to be signatories to the Global Real Estate Sustainability Benchmark (GRESB) and to maintain Green Star status.

Where a manager is not a signatory to the PRI and/or does not adhere to principles of TCFD and/or does not adhere to our Code Reporting Requirements (together the Group Trustees' Responsible Investment

Requirements), we will require the manager to explain why our Responsible Investment Requirements are not relevant to their portfolio and why it does not consider that it is in the best interests of the Group's beneficiaries for the manager to do so. We will consider each manager in the context of their overall approach to Responsible Investment as well as the manager's overall financial performance.

We expect:

- UK-regulated asset managers to be signatories of the Stewardship Code and to be rated tier 1;
- Non-UK regulated managers to exercise their voting rights in a manner consistent with a focus on medium- and longer-term investment performance.

As part of our responsibilities, where applicable, we expect the Group's asset managers to:

- Engage with investee companies with the aim to protect and enhance the value of assets; and
- Exercise our voting rights in relation to the Group's assets;

We require our Investment Adviser to regularly monitor how the asset managers address our Responsible Investment concerns. This review will include the asset managers' use of voting rights and reporting within the TCFD Framework. If a manager does not meet our Responsible Investment Requirements and does not, in our opinion, adequately explain why it does not, our Investment Adviser will, having due regard to the manager's financial performance, explain the relevance of the manager to the Growth Portfolio.