
COMBINED NUCLEAR PENSION PLAN

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

COMBINED NUCLEAR PENSION PLAN

CONTENTS

	Page
Trustee and its advisers	1 – 3
Trustee's report	4 – 63
Chair's Statement	64 – 115
Independent Auditor's report to the Trustee of the Combined Nuclear Pension Plan	116 – 118
Fund account	119
Statement of Net assets (available for benefits)	120 – 121
Notes to the financial statements	122 – 145
Independent Auditor's Statement about contributions to the Trustee of the Combined Nuclear Pension Plan	146
Actuarial statements	147-148

COMBINED NUCLEAR PENSION PLAN

TRUSTEE AND ITS ADVISERS YEAR ENDED 31 MARCH 2023

Trustee	Combined Nuclear Pension Plan Trustees Limited Herdus House Westlakes Science & Technology Park Moor Row CA24 3HU
Trustee Directors	S Adams - Member Nominated (appointed 21 September 2023) M Calloway – Employer Nominated J Crabtree – Member Nominated (appointed 1 July 2022) J Gilmour – Employer Nominated P Greene - Member Nominated (resigned 30 June 2022) P Hatt – Member Nominated (resigned 20 September 2023) C Toole - Member Nominated PAN Trustees UK LLP – Independent (represented by R Nathan from 1 April 2022) Capital Cranfield Pension Trustee Limited - Independent (represented by M Condron) Strettea Independent Trustee Limited - Independent (represented by A Whalley, Chairman) A Oldham – Employer Nominated (reappointed 12 February 2023)
Secretary to the Trustee	Terry Paul, APMI Combined Nuclear Pension Plan c/o NDA Building 329 Thomson Avenue Harwell Campus Didcot Oxfordshire OX11 0GD
Plan Actuary	Mark McClintock Isio Total Reward and Benefits Limited (formerly Deloitte Total Reward and Benefits Limited)
Plan Administrator DB Structure (for sections other than Nirex)	EQ Paymaster (EQ) William Smith House Thurso Business Park Thurso Caithness KW14 7XW
Plan Administrator DB Structure – Nirex section	Barnett Waddingham LLP St James's House St James's Square Cheltenham Gloucestershire GL50 3PR
Plan Administrator DC Structure	Aegon Workplace Investing (Aegon) Sunderland SR43 4DH

COMBINED NUCLEAR PENSION PLAN

TRUSTEE AND ITS ADVISERS YEAR ENDED 31 MARCH 2023

Auditor	KPMG LLP
Investment Managers	Defined Benefit (DB) Aberdeen Standard Investments ("Aberdeen Standard") ("ASI") Barings Asset Management ("Barings") Columbia Threadneedle Investments (Channel Islands) Limited ("Threadneedle") HPS Investment Partners LLC ("Highbridge") Insight Investment Management (Global) Limited ("Insight") Legal & General Assurance (Pensions Management) Limited ("Legal & General") ("LGIM") Partners Group (Guernsey) Limited ("Partners Group") Partners Group Private Markets Credit Strategies SA ("Partners Group SA") Blackstone Strategic Capital Holdings II (Lux) SCSp ("Blackstone") CVC Capital Partners ("CVC") (from 1 April 2022) CBRE Investment Management ("CBRE") (from 31 March 2023) Copenhagen Infrastructure Partners (from 30 June 2023) Defined Contribution (DC) Aegon Asset Management UK Holdings Limited ("Aegon Asset Management") BlackRock Investment Management (UK) Limited ("BlackRock")
Common Investment Platform Administrators	State Street Bank & Trust Co ("State Street")
Investment Platform	DC Structure, AVC and SPPP Plans Scottish Equitable plc (branded as Aegon) Prudential Assurance Company Limited ("Prudential")
Bankers	Lloyds Banking Group PLC Royal Bank of Scotland PLC
Legal Adviser	Squire Patton Boggs (UK) LLP
Investment Consultant	Aon Solutions UK Limited (for Defined Benefit) Redington Limited (for Defined Contribution)
Independent Medical Adviser	Medigold Health Consultancy Limited (re-appointed from 19 October 2022)
Covenant Adviser	Cardano Advisory Limited
Life Insurer	Legal and General (re-appointed from 1 April 2023)
Buy-in Insurer	Just Retirement Limited ("Just Retirement") (terminated 24 November 2022)

COMBINED NUCLEAR PENSION PLAN

TRUSTEE AND ITS ADVISERS YEAR ENDED 31 MARCH 2023

Sponsoring Employers Direct Rail Services Limited
Dounreay Site Restoration Limited (combined with Magnox Limited on 1 April 2023)
ATK Energy EU Limited (formerly EnergySolutions EU Limited)
International Nuclear Services Limited
LLW Repository Limited
Magnox Limited
National Nuclear Laboratory Limited
Nuclear Decommissioning Authority ("NDA")
Sellafield Limited
Springfields Fuels Limited (left Plan on 1 July 2022)
Westinghouse Electric UK Holdings Limited (left Plan on 1 July 2022)

Contact address

Defined Benefit

EQ (for sections other than Nirex)
William Smith House
Thurso Business Park
Thurso
Caithness
KW14 7XW

Barnett Waddingham LLP (Nirex section only)
St James's House
St James's Square
Cheltenham
Gloucestershire
GL50 3PR

Defined Contribution

Aegon Workplace Investing
Sunderland
SR43 4DH

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Introduction

The Trustee of Combined Nuclear Pension Plan (the Plan) is pleased to present the annual report together with the audited financial statements for the year ended 31 March 2023. The Plan incorporates a DB structure administered by EQ (except the Nirex section which is administered by Barnett Waddingham) and a DC structure administered by Aegon. All sections are administered in accordance with the establishing documents and rules solely for the benefit of its members and other beneficiaries.

The Plan was established with effect from 1 October 2006.

Individual employers participate in one or more sections under the Plan and there are two categories of membership within each section:

- The DB Structure which provides benefits based on a member's salary and length of service. In addition, some members of the DB Structure pay contributions based upon pensionable shift pay to a defined contribution arrangement, the Shift Pay Pension Plan (SPPP). The DB Structure is closed to new employees of the participating employers. Members of the DB Structure can make additional voluntary contributions (AVCs) to secure additional benefits.
- The DC Structure which provides benefits based on a member's accumulated fund value.

Further information about the Plan, including the Trust Deed and Rules, can be found on the Plan website (cnpp.org.uk).

Plan Developments

With effect from 1 April 2023 Legal & General were re-appointed as the insurers of the group life benefits to the Plan.

One further public procurement exercise was completed during the Plan year which saw the Trustee reappoint the Independent Medical Advisors – Medigold Health Consultancy Limited

Master Trust

The CNPP is an authorised Master Trust. The Trustee applies the high level of governance required to both DB and DC benefits, complying with the supervisory requirements set by the Pension Regulator (TPR). This includes rigorously monitoring the business plan objectives, and making sure that the Plan is managed, administered and governed to a high standard.

Management of the Plan

The Trustee is appointed and may be removed from office and replaced by another corporate trustee by the Lead Company, the Nuclear Decommissioning Authority (NDA), in accordance with the provisions of the Trust Deed.

There are nine Trustee Directors, three of whom are selected by the Lead Company (the Employer Nominated Directors (ENDs)), three selected by the Trustee from the membership (the Member Nominated Directors (MNDs)) and three professional independent trustees including the Chair (the Independent Nominated Directors (INDs)) selected by the Lead Company with the involvement of the Trustee. Directors are appointed for a fixed period of three years and will only be eligible to stand again or be re-appointed for a further three-year period, with a maximum term of office of six years. Strettea Independent Trustee Limited, Capital Cranfield Pension Trustee Limited and Pan Trustees UK LLP have been appointed by the NDA and the individual representatives of these companies are subject to the tenure rules. Directors will be eligible to stand again, or to be re-appointed, three years from the date which they last held office with the original six years limit being disregarded.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

The representative from Pan Trustees UK LLP reached their individual maximum tenure at the end of the previous Plan year. The individual was rotated with a new named individual appointed during the Plan year on 1 April 2022 following a selection process led by the NDA but with involvement of the Trustee.

Trustee Director resignations

P Greene, MND, resigned effective 30 June 2022
P Hatt, MND, resigned effective 20 September 2023

Trustee Director appointments:

J Crabtree as MND with effect from 1 July 2022
A Oldham has been reappointed as an END effective 12 February 2023
S Adams as MND with effect from 21 September 2023

Change of Corporate Trustee representative

PAN Trustees UK LLP – represented by R Nathan from 1 April 2022

The Trustee Directors are listed on page 1.

Trustee meetings

During the year the Trustee Board met 12 times. All decisions are taken by majority with the Chairman having the casting vote.

The Trustee has established the following committees:

- Communications sub-committee (did not meet during the year, they did meet just outside the year on 9 February 2022 & 17 April 2023)
- Investment sub-committee (met five times during the year).

In addition, a Discretionary sub-committee met as required.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

The Lead Company and Sponsoring Employers

The Lead Company of the Plan is the NDA. There were 11 Sponsoring Employers during the year and the sections in which they have participated are listed below:

Section	Sponsoring Employer
Closed	NDA
DSRL	Dounreay Site Restoration Limited
GPS DRS	Direct Rail Services Limited
GPS EnergySolutions	ATK Energy EU Limited (formerly EnergySolutions EU Limited)
GPS Nexia	National Nuclear Laboratory Limited
GPS SLC	International Nuclear Services Limited
	LLW Repository Limited
	Magnox Limited
	Sellafield Limited
GPS WEC	Springfields Fuels Limited (left Plan on 1 July 2022)
	Westinghouse Electric UK Holdings Limited (left Plan on 1 July 2022)
LLWR	LLW Repository Limited
Magnox	Magnox Limited
Nirex	NDA
Sellafield	Sellafield Limited
Springfields Fuels 2 (SFL2)	Springfields Fuels Limited (left Plan on 1 July 2022)

The Plan is provided for all eligible employees of the Sponsoring Employers.

The sponsoring employer of the GPS WEC and SFL2 Sections proposed to the Trustee that it wished to cease its participation in the CNPP. After several months assessing the proposal and a significant amount of due diligence, the Trustee agreed that there was no reason why the transfer should not proceed, subject to the necessary confirmation from the NDA in accordance with the Trust Deed and Rules. Approval was received from the NDA for the relevant sections to transfer to a new scheme and the transfer agreement was signed on 1 July 2022.

On the 1 April 2023 Dounreay Site Restoration Limited integrated with Magnox Limited and the sections formally combined.

Pension Protection Fund

The payment of the Pension Protection Fund levies are met by the Sponsoring Employers when due.

Plan Changes

The Plan was established under a Trust Deed and Rules on 1 October 2006. A second definitive Trust Deed and Rules was effected from 1 September 2009 and a third definitive Trust Deed and Rules dated 28 March 2012 incorporating all deeds of amendment to that date. There have been thirteen further Deeds of Amendment since the third definitive Trust Deed and Rules were effected. The Plan's governing documents are available on the Plan website.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Membership

Details of the membership of the Plan as at 31 March 2023 are given below:

DB Structure	Active members	Deferred members	Pensioners	Total
Members at the start of the year	6,781	2,372	5,779	14,932
New entrants in the year	14	1	53	68
Active to Deferred	(204)	204	-	-
Retirements	(263)	(275)	538	-
Deaths	(12)	(5)	(52)	(69)
Dependant Pensions ceasing	-	-	(44)	(44)
Transfer out	(426)	(313)	(539)	(1,278)
Total defined benefit	5,890	1,984	5,735	13,609
DC Structure				
Members at the start of the year	7,599	1,199	-	8,798
Adjustments	3	(4)	-	(1)
New entrants in the year	1,442	-	-	1,442
Deaths	(7)	(1)	-	(8)
Members leaving with preserved benefits	(458)	458	-	-
Deferred to Active	5	(5)	-	-
Refunds	(3)	-	-	(3)
Retirements	(10)	(4)	-	(14)
Transfer out	(295)	(111)	-	(406)
Cancelled/Declined	(5)	-	-	(5)
Ported	(3)	(10)	-	(13)
Total defined contribution	8,268	1,522	-	9,790
TOTAL MEMBERSHIP AT THE END OF THE YEAR	14,158	3,506	5,735	23,399

Notes on DB Movements:

The 14 new active members are made up of members who have opted out of and subsequently re-joined the Plan, and joiners from NDA who were granted special membership. The 53 new pensioners are dependant pension members.

Included within the closing pensioners figure are dependant pensioners. New entrants in the year include any opt-outs who re-joined the Plan via auto-enrolment.

The movements include the move of 1,168 members who left the Plan in a bulk transfer to Westinghouse Electric Pension Plan and the movement of the 10 Energy Solutions members.

Adjustments do not include movements notified to the Administrator after the completion of the annual renewal at 31 March 2023. Members whose retirement date was after the year end but their records were updated prior to the year-end have been adjusted back to previous status.

Notes on DC movements:

The 13 accounts ported were amalgamated with 13 already-existing accounts for the same members. Refunds are paid to members who leave within 30 days of joining the Plan.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Membership (continued)

The membership figures are broken down by section as follows:

DB Structure

	Active members	Deferred members	Pensioners	Total
Closed	-	522	799	1,321
DSRL	429	186	326	941
GPS DRS	102	99	82	283
GPS Nexia	2	1	2	5
GPS SLC	264	326	681	1,271
LLWR	73	18	35	126
Magnox	270	113	450	833
Nirex	-	47	103	150
Sellafield	4,750	672	3,257	8,679
Total	5,890	1,984	5,735	13,609

The pensioners figure includes dependant pensioners.

DC Structure

	Active members	Deferred members	Pensioners	Total
Closed	-	1	-	1
DSRL	926	138	-	1,064
GPS DRS	338	90	-	428
GPS SLC	78	21	-	99
GPS WEC	-	1	-	1
LLWR	282	44	-	326
Magnox	1,290	320	-	1,610
Sellafield	5,354	907	-	6,261
Total	8,268	1,522	-	9,790

The deferred members above includes one member under WEC due to an incorrect status following the transfer of GPS WEC and SFL2 to Westinghouse Electric Pension Plan, the correction will be reflected in the following year.

Benefits Changes

There were no changes to the Plan benefits during the year.

Pensions Increases

Pensions in payment and deferred pensions, other than the Nirex Benefit Structure, received a 4.9% increase from 1 April 2022 for all elements in excess of Guaranteed Minimum Pension (GMP). Pensions in payment and deferred pensions in the Nirex Benefit Structure received a 5% increase on 31 March 2022 for all elements in excess of Guaranteed Minimum Pension (GMP). GMP increases are based on the increase in the Consumer Price Index (CPI) in September each year. GMPs accrued prior to 1988 receive increases via a member's State Pension and as such this element does not attract any increases from the Plan. The Trust Deed and Rules of the Plan specify the increases for benefits in excess of GMP, which are based on the percentage increase of the Retail Price Index (RPI) in September each year for CPS and GPS Structures and the Limited Price Index (LPI) in December each year for the Nirex Structure. There were no discretionary increases awarded in the year.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to GMP. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Under the High Court's ruling, the schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. A further judgement was made by the High Court in relation to transfer value payments. It concluded that historic transfers since 17 May 1990, which contained GMP accrued after this date, will now need to be equalised.

The Trustee is aware that the issue will affect the Plan and has started to consider the next steps to address inequalities from GMPs. The 31 March 2022 actuarial valuation included an allowance for the estimated impact of GMP equalisation and it is expected to be immaterial because many of the sections commenced after 6 April 1997 and do not have GMP. For those sections that were contracted out before 6 April 1997, the significant amount of benefits accrued after this date will result in the impact of GMP equalisation being immaterial. The additional impact of having to equalise historic transfers is also likely to be immaterial.

To date only the GPS EnergySolutions Section has completed the GMP equalisation process undertaken due to the buy-out of these liabilities that occurred during November 2022. EQ is finalising its reconciliation of the GMP amounts for those Sections with members who have a GMP entitlement. After which, the Trustee will be able to progress with the Plan's GMP equalisation work.

Actuarial Review

The financial statements set out on pages 119 to 120 do not take into account the liabilities to provide pension benefits which fall due after the year end. In respect of the Defined Benefit Structure these liabilities are considered by the Plan Actuary who carries out an actuarial valuation of these liabilities every three years. This valuation considers the funding position of the Defined Benefit Structure and the level of contributions payable.

Actuarial valuations for all nine sections as at 31 March 2022 have been undertaken. The actuarial valuations for all nine sections were completed and submitted ahead of the statutory deadline of 30 June 2023. Eight sections were agreed by the Trustee of the Plan and Lead Employer by 19 May 2023 and the GPS Nexia Solutions section ("the GPS Nexia section") was signed by the Trustee and National Nuclear Laboratory Limited on 18 May 2023. Details of the liabilities as at 31 March 2022 are included in the Report on Actuarial Liabilities on pages 10 to 13. The actuarial valuations for the Springfields 2 and GPS WEC sections were not required given their transfers out of the Plan on 1 July 2022.

Since the 31 March 2022 actuarial valuation, gilt yields have increased significantly and long-term expectations of inflation have fallen and liabilities as at 31 March 2023 will have reduced. Overall, the funding position of the sections as at 31 March 2023 has improved relative to 31 March 2022 despite falls in the value of the assets and high-levels of short-term inflation.

Review of the financial developments during the year as shown by the audited financial statements

The financial statements on pages 119 to 120 show that the value of the Plan's assets decreased by £668,860,000 to £3,602,822,000 as at 31 March 2023. The decrease was comprised of net withdrawals from dealings with members of £68,429,000, together with a net decrease in the value of the returns from investments of £600,431,000.

The financial statements have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

Further details of the financial developments of the Plan may be found in the audited financial statements on pages 122 to 145.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

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

The most recent triennial actuarial valuations of the Sections of the Plan were carried out as at 31 March 2022.

Technical Provisions Valuation	31 March 2022 Liabilities (£000)	Assets (£000)	Surplus / (Deficit) (£000)
Closed Section	97,647	116,661	19,014
Magnox	163,805	159,165	(4,640)
LLWR	39,130	35,650	(3,480)
DSRL	174,675	157,852	(16,823)
Sellafield	2,114,144	2,010,132	(104,012)
Nirex	32,618	39,904	7,286
GPS SLC	596,263	727,140	130,877
GPS DRS *	108,619	111,124	2,505
GPS Nexia *	5,265	6,309	1,044
Total	3,332,166	3,363,937	31,771

* non-NDA backed Sections

Although there are no current plans to discontinue the Plan and buy-out liabilities with an insurance company, the Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities") and equivalent information on this basis at 31 March 2022 is provided below:

Solvency Valuation	31 March 2022 Liabilities (£000)	Assets (£000)	Surplus/(Deficit) (£000)
Closed Section	152,999	116,661	(36,338)
Magnox	262,685	159,165	(103,520)
LLWR	75,324	35,650	(39,674)
DSRL	303,646	157,852	(145,794)
Sellafield	3,766,606	2,010,132	(1,756,474)
Nirex	43,774	39,904	(3,870)
GPS SLC	893,262	727,140	(166,122)
GPS DRS *	181,712	111,124	(70,588)
GPS Nexia *	8,110	6,309	(1,801)
Total	5,688,118	3,363,937	(2,324,181)

* non-NDA backed Sections

The value of technical provisions is based on pensionable service to the valuation date and assumptions about various factors that will influence the Plan in the future, such as the levels of investment returns and Pensionable Earnings increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows:

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method. A three-year control period is used for the sections open to future accrual.

Significant actuarial assumptions

Discount rate

- All Sections:
 - Pre-retirement: The assumption is based on the yield available on fixed interest gilts with a similar duration to the Sections' liabilities plus an allowance for the higher return that would be expected from growth assets and after an allowance for prudence, reflecting an appropriate margin above fixed interest gilts at the valuation date.
 - For the GPS DRS and GPS Nexia Sections a deduction of 0.25% p.a. and 1.0% p.a. was made to reflect the strength of the employer covenant respectively.
 - Post-retirement: The assumption is based on the yield available on fixed interest gilts with a similar duration to the Sections' liabilities plus an allowance for the higher return that would be expected from the assets held to back the pensioner liabilities.

Discount rate in respect of future service

- DSRL, LLWR, Magnox and Sellafield Sections:
 - Pre-retirement for future service: The pre-retirement discount rate assumption for future service is set in the same manner as the pre-retirement discount rate for past service liabilities but includes an allowance for additional outperformance on the assets.

Inflation

The assumed rate of RPI price inflation is set by reference to the Bank of England's UK implied inflation spot curve data using a duration appropriate to the liabilities. An adjustment is made to allow for a possible inflation risk premium, reflecting the high demand for index linked gilts distorting the Bank of England's market-based calculation. The assumed rate of Consumer Price Inflation (CPI) was derived from the assumption for RPI less an adjustment, reflecting the differences in the method of calculation and the proposed changes to the derivation of RPI from 2030.

The inflation risk premium varies by section in the following manner:

- All Sections excluding the GPS Nexia Section: 0.3% p.a.
- GPS Nexia: 0.2% p.a.

The CPI inflation assumption has been determined as RPI less the following:

- All Sections excluding the GPS Nexia Section: 0.7% p.a.
- GPS Nexia: 0.6% p.a.

Pension increases

Set in line with RPI assumptions. An adjustment was made to the assumption for price inflation when looking at RPI inflation-linked pension increases to allow for any caps and collars that apply to the pension increases.

Revaluation of deferred pensions

Set in line with RPI for all sections other than the Nirex section where CPI was used.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Pensionable Earnings increases

Pensionable Earnings have been assumed to increase relative to the assumed rate of price inflation following discussions with the Lead Employer or Section Employer by an amount based on an experience analysis conducted for the 31 March 2022 valuation. Views from the Employer have been considered when setting the assumption.

Each section has an allowance for promotional increases which is in addition to the inflationary increase described above and is based upon analysis of the membership or is directed by the Section Employer.

Mortality

All Sections have used the standard tables SAPS S3 with a 110% weighting, the Continuous Mortality Investigation (CMI) 2021 projections, a long-term improvement rate of 1.50% p.a. and all other default parameters.

Recovery Plan

The arrangements for the Sections backed by the NDA were formalised in a Schedule of Contributions which the Scheme Actuary certified on 20 May 2023 and the wording below covers all contributions that were included in the Schedule of Contributions.

The Closed, Nirex, GPS SLC, GPS DRS and GPS Nexia sections were in surplus at the 31 March 2022 actuarial valuation and no recovery plans were required but Schedule of Contributions were certified on 18 May 2023 for the GPS Nexia section and 20 May 2023 for the other sections in surplus. The contributions required to each of these sections is set out below.

Section	Employer contributions
Closed	No employer contributions are required.
Nirex	No employer contributions are required.
GPS SLC	The employers' contribution rate is to be maintained at 25.0% p.a. of Pensionable Earnings.
GPS DRS	The employer contribution rate will be increased to 43.7% p.a. of Pensionable Earnings from the existing rate of 43.1% p.a. on 1 April 2024.
GPS Nexia	The employer contribution rate reduced to 42.7% p.a. of Pensionable Earnings from the previous rate of 49.5% p.a. on 1 April 2023.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

The contribution information for the sections requiring recovery plans is set out below.

Section	Recovery Plan
Magnox	The employer contribution rate will be increased to 35.7% p.a. of Pensionable Earnings from the existing rate of 30.9% p.a. on 1 April 2024. Employer contributions of £330,000 p.a. are to be paid over the 8-year period from 1 April 2024 until 31 March 2032.
LLWR	The employer contribution rate will be increased to 33.4% p.a. of Pensionable Earnings from the existing rate of 32.3% p.a. on 1 April 2024. Employer contributions of £370,000 p.a. are to be paid over the 6-year period from 1 April 2026 until 31 March 2032. An additional, one-off payment of £1,000,000 was paid by the Employer during March 2023.
DSRL	The employer contribution rate will be increased to 34.9% p.a. of Pensionable Earnings from the existing rate of 32.2% p.a. on 1 April 2024. Employer contributions of £2,550,000 p.a. are to be paid over the 6-year period from 1 April 2026 until 31 March 2032. An additional, one-off contribution of £2,110,000 was paid by the Employer during March 2023.
Sellafield	The employer contribution rate will be increased to 34.7% p.a. of Pensionable Earnings from 1 April 2024. Employer contributions of £4,000,000 p.a. are to be paid over the 6-year period from 1 April 2026 until 31 March 2032. An additional, one-off payment of £50,000,000 was paid by the Employer during March 2023.

Each of the above recovery plans includes an allowance for asset outperformance of 0.25% p.a. during the recovery plan period.

The next triennial valuations will be performed as at 31 March 2025.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

General investment matters

Investments for the Plan's DB Structure have been managed during the year by investment managers appointed by the Trustee. Investments for the DC Section, including Additional Voluntary Contributions (AVCs), Shift Pay Pension Plan (SPPP) and the DC Structure funds, were delivered from pooled investment funds accessed via Aegon and Prudential.

The Plan's DB Structure investment strategy is agreed by the Trustee after taking appropriate professional advice. The investment strategy specifies the target proportions of the fund which should be invested in the principal market sectors. It is the responsibility of the investment managers to manage the Plan's assets day-to-day and to invest within the confines of the agreed investment strategy.

Statements of Investment Principles

The Trustee has produced Statements of Investment Principles in accordance with Section 35 of the Pensions Act 1995. The statements dated December 2022 for DB and DC are available on the CNPP website. The main priority of the Trustee, when considering the investment policy, is to ensure that there are sufficient assets available to pay out members' and dependants' benefits when they fall due.

Custodial arrangements

The Trustee is responsible for ensuring that the Plan's assets continue to be securely held.

The investment managers appoint custodians for the safe custody of assets. The custodians who have been appointed by the investment managers for the DB Structure are:

Investment Manager	Custodian	
Barings	State Street Custodial Services (Ireland) Limited	
Insight	Bank of New York Mellon UK	
Highbridge (HPS)	No custodian is appointed due to the nature of the underlying investments. Harmonic Fund Services are used to record unit holdings	
Legal & General	HSBC Bank Plc and Citibank International Plc	
Aberdeen Standard (ASI)	Citigroup Inc	
Threadneedle	No custodian is appointed due to the nature of the underlying investments. BNP Paribas are used to record unit holdings	
Partners Group & Partners Group SA	Fund	Custodian
	CNPP PM LP	Partners Group (Guernsey) Limited
	PG GL Value 2014 LP	Partners Group (Guernsey) Limited
	PG Direct 2016 EUR G LP	Partners Group (Guernsey) Limited
	PG Direct Equity V EUR RAIF	Alter Domus Depositary Services S.à r.l.
	PG PM CRST 2 MAC 2017 IV GBP	RBC Investor Services Bank S.A.
	PG PM CRST MAC 2014 I GBP	RBC Investor Services Bank S.A.
Partners Group & Partners Group SA	PG PM CRST 2 MAC 2016 III GBP	RBC Investor Services Bank S.A.
Common Investment Platform	State Street Global Services	
Blackstone	No custodian is appointed due to the nature of the underlying investments. Blackstone complete the accounting process in respect to the Limited Partnership allocation.	
CVC Capital Partners	BNP Paribas Securities Services	
CBRE Investment Management	CACEIS Investor Services Bank S.A.	
Copenhagen Infrastructure Partners	Vistra (Luxembourg) S.à r.l.	

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

With effect from 1 July 2016, all Sections of the Plan (excluding the GPS EnergySolutions Section) participated in the Common Investment Platform (CIP).

AVCs, SPPP and the DC Structure funds are invested with Aegon and the Prudential Assurance Company Limited. Members are free to choose how their contributions are invested from a range of investment funds selected by the Trustee.

Investment stewardship and engagement

The Trustee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value. The investment managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies. The Trustee has reviewed the voting policies of their investment managers and determined that these policies are appropriate. The Trustee monitors voting and engagement activity and periodically reviews amendments to managers' policies. When appointing new managers, the Trustee considers the managers' approach to voting and engagement.

The Trustee recognises that the consideration of financially material factors, including Environmental, Social and Governance (ESG) factors, is relevant at different stages of the investment process. Within the context of the requirements for each Section, the Trustee considers strategies that provide a greater probability of delivering sustainable and predictable returns as likely to be most suitable, and this is reflected in the Trustee's approach to Responsible Investment. The Trustee has not at this stage made explicit allowance for climate change in framing its strategic asset allocation, although this is to be reviewed periodically. Instead, the Trustee expects the active managers to take into account all financially material factors, including climate change, in the selection of assets within their portfolios and to be able to demonstrate their approach when challenged.

In appointing new active managers, the Trustee will explicitly consider the managers' ability to integrate the consideration of ESG factors, and in particular climate change, within their investment process. The Trustee periodically reviews their investment managers and seeks evidence that managers are meeting the Trustee's expectations.

Taskforce on Climate-related Financial Disclosures ("TCFD")

The Taskforce on Climate-related Financial Disclosure ("TCFD") is an initiative that developed some best practice guidance for climate-risk reporting. Under these regulations the Plan has met the requirements as set out as part of the TCFD. The TCFD establishes a set of eleven clear, comparable and consistent recommended disclosures about the risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better-informed decision-making on climate-related financial risks. The requirements are oriented around four pillars that represent the core elements of how organisations operate.

Through the Plan's assessment of its climate related risks and opportunities, in line with the TCFD's recommended disclosures, the Trustee has undertaken a thorough process, which is described in the table below.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

TCFD pillar	Action undertaken by the Trustee
Governance	Developed a robust governance structure, to ensure that it can make informed decisions on climate-related financial risks and opportunities.
Strategy	<p>Concluded that climate related risks and opportunities impact all the different asset classes in which the Plan invests in. The Trustee is committed to working with its investment advisers and underlying investment managers to understand and manage these risks and integrate the opportunities within its investment strategy, where they are material.</p> <p>In addition, the Trustee considered a range of different climate scenarios and the impact these may have on the investment strategy – this impact was considered separately for the DB Structure and the DC Structure.</p>
Risk management	Created a Climate Risk Management Plan to integrate climate related risks into its various documents and processes. This is to enable the Trustee to identify, assess and monitor climate related risks and opportunities.
Metrics and Targets	Gathered the carbon metrics data from a range of different sources for the invested assets and set appropriate targets to monitor and improve information available to help its climate reporting.

To view the full TCFD report for Plan year-end 31 March 2023 please access via the following link:
<https://www.cnpp.org.uk/wp-content/uploads/2023/09/CNPP-TCFD-Report-31-March-2023.pdf>

More information on the Plan's other ESG activities can be found in the following documents on the Plan's website at www.cnpp.org.uk/document-library. This includes:

- Statement of Investment Principles (SIP) for both the DB and DC structures;
- Implementation Statements for the DB and DC Structures. These documents outline how the Trustee has fulfilled the objectives and policies outlined in the SIP, in addition to the voting and engagement activity undertaken over the year. The Implementation Statements are also reproduced in this document on pages 30 to 38 (DB) and pages 39 to 62 (DC).

Self-investment

The investments of the Plan are invested in accordance with Section 40 of the Pensions Act 1995.

Transfers

Members leaving service can normally transfer the value of their benefits under the Plan to another pension scheme that they join or to an insurance contract or personal/stakeholder pension.

The transfer value of a Plan member's benefits includes no allowance for any discretionary benefits which might be awarded in the future.

The transfer values paid during the year were calculated and verified by the Plan Actuary in accordance with statutory regulations.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Further information

Further information about the Plan is available, on request, to members and prospective members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the documents constituting the Plan, the Trust Deed and Rules and a copy of the latest actuarial report and the Trustees' Statement of Investment Principles can be inspected online at cnpp.org.uk. Hard copies can be provided on request to the Plan administrators at the addresses below.

Individual benefit statements are provided to active members annually. In addition to the information shown on these statements members can request details of the amount of their current transfer value and, if applicable, the current amount of any refund of contributions to which they would be entitled on leaving service. Such requests are available free of charge once a year.

If members have any queries concerning the Plan or their own pension position, or wish to obtain further information, they can contact the Trustee via the appropriate administrator at the address shown below. The administrator will be able to provide them with a further copy of the Plan Rules, should they require one, and answer any queries that they may have about entitlement to benefits.

DB Structure members:

The Trustee of Combined Nuclear Pension Plan
EQ
P.O. Box 5167
Lancing
BN99 9AY
Email: CombinedNuclearPensionPlan@equiniti.com

DC Structure members:

The Trustee of Combined Nuclear Pension Plan
Aegon Workplace Investing
Sunderland
SR43 4DH
Email: my.pension@aegon.co.uk

Members of the Nirex Section:

The Trustee of Combined Nuclear Pension Plan
Barnett Waddingham
St James' House
St James' Square
Cheltenham
Gloucestershire
GL50 3PR
Email: Nirex@barnett-waddingham.co.uk

EQ, Aegon and Barnett Waddingham, in their capacity as data processors, process personal data on behalf of the data controller, the Trustee of the Plan. Any personal data used in completion of this report and accounts complies with all relevant data protection legislation including any other applicable legislation and any instructions given by the data controller.

The Trustee or the Employer will ensure the data subjects for whom personal data is processed for the purposes of this Report and Financial Statements are informed of the processing activities in accordance with the requirements of the applicable data protection legislation.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

DB Structure Investment Performance

The table below shows the performance of the underlying Common Investment Platform (CIP) Funds to 31 March 2023 for the DB Structure.

CIP Fund	12 months %	3 years % p.a.	5 years % p.a.
Growth Fund Return	-5.7%	10.0%	5.9%
Growth Fund Target	-7.1%	8.3%	5.6%
Liquid Credit Fund Return	-9.0%	-1.2%	0.0%
Liquid Credit Fund Target	-10.2%	-1.8%	-0.4%
Illiquid Growth Fund Return	-1.0%	-	-
Illiquid Growth Target	8.2%	-	-
Gilt Fund Return	-45.8%	-	-
Gilt Fund Target	-46.6%	-	-

Note: Fund and Target returns are based on information provided by the underlying investment managers and are estimated by Aon. Returns over periods greater than 1 year are annualised. Performance only shown where CIP fund held over whole period.

At the start of the period two Sections were invested in the CIP Hedging Fund. On 1 July 2022 these Sections transferred out of the Plan and the assets held within the CIP Hedging Fund were also transferred out of the Plan. As such the CIP Hedging Fund had no assets at year end and was made dormant for cost reasons.

The Trustee's Statement of Investment Principles – Defined Benefit (SIP) was updated in April 2022 and in December 2022. The SIP includes inter alia the following information regarding the governance of the investment portfolio and can be accessed via the document library: <https://www.cnpp.org.uk/document-library/>

- **Financially material considerations:**

The Trustee recognises that the consideration of financially material factors, including ESG factors, is relevant at different stages of the investment process. Specifically, the differing maturity of sections within the Plan affects decisions on strategy and its implementation, both in terms of required return and term of investing.

Within the context of the requirements for each section, the Trustee considers strategies that provide a greater probability of delivering sustainable and predictable returns as likely to be most suitable, and this is reflected in the Trustee's approach to responsible investment.

The strategic asset allocation for each section has been determined using appropriate economic and financial assumptions for different asset classes. These assumptions apply at a broad market level and are considered to implicitly reflect all financially material factors. The Trustee recognises that climate change could pose systemic risks which could in turn affect the returns achieved from their investment strategy.

The Trustee has not at this stage made explicit allowance for climate change in framing its strategic asset allocation, although this will be reviewed periodically. Instead, the Trustee does expect the active investment managers to take into account all financially material factors, including climate change, in

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

the selection of assets within their portfolios and to be able to demonstrate their approach when challenged.

In appointing new active investment managers, the Trustee will explicitly consider the investment managers' ability to integrate the consideration of ESG factors within their investment process. The Trustee will also periodically review their investment managers and seek evidence that investment managers are meeting the Trustee's expectations.

In passive mandates the Trustee recognises that the choice of benchmark dictates the assets held by the investment manager and that the investment manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustee has considered a range of market benchmarks for the equity allocation and chosen one that explicitly takes into consideration ESG factors. The Trustee will review periodically the index benchmarks employed.

- **Non-financially material considerations:**

The Trustee has not imposed any constraints on the investment arrangements or investment managers employed relating to non-financial factors.

The Trustee regularly monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies, including those on non-financial matters.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and that are based on assessments of medium-and long-term financial and non-financial performance.

- **Stewardship and Engagement activities:**

The Trustee believes good management of companies should lead to more sustainable and predictable returns. The Trustee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The investment managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies. The Trustee has reviewed the voting policies of their investment managers and determined that these policies are appropriate. The Trustee will monitor voting and engagement activity and will periodically review amendments to investment managers' policies. When appointing new investment managers, the Trustee will consider the investment managers' approach to voting and engagement. The Trustee has a preference for fund managers who are signatories to the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment. Details of the implementation of the investment strategy and investment managers are set out in Appendix 1 of the Statement of Investment Principles - Defined Benefit.

The Trustee recognises the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as this ultimately creates long-term financial value for the Plan and its beneficiaries.

The Trustee regularly reviews the suitability of the Plan's appointed investment managers and takes advice from their investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed investment managers. If an incumbent investment manager is found to be falling short of the standards the Trustee has set out in its policy, the Trustee will engage with the investment manager and seek a more sustainable position.

The Trustee reviews the stewardship activities of their investment managers as often as required, covering both engagement and voting actions. The Trustee will review the alignment of the Trustee's

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

policies to those of the Plan's investment managers and ensure their investment managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting and, where relevant and appropriate, engaging with underlying investee companies and assets to promote good corporate governance, accountability and positive change.

The Trustee expects the Plan's appointed investment managers to consider adherence of invested companies and assets with the United Nations Global Compact and additionally, the Trustee has identified a key area of concern around climate related risks and will scrutinise their investment managers accordingly. It is the expectation of the Trustee that the Plan's investment managers will prioritise and actively monitor for this risk within the investment, providing transparency on engagement and voting actions with respect to mitigating these risks as appropriate.

The transparency offered for engagements should include objectives and relevance to the Plan, the methods of engagement and the processes for escalating unsuccessful engagements. The transparency for voting should include voting actions and rationale with relevance to the Plan, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; and voting differed from the voting policy of either the Trustee or the investment manager.

Where voting is concerned, the Trustee expects its investment managers to recall stock lending, as necessary, in order to carry out voting actions.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

- **Arrangements with asset managers:**

The Trustee regularly monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies, including those on non-financial matters. This includes monitoring the extent to which investment managers:

- make decisions based on assessments about medium-to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium-to long-term.

The Trustee is supported in this monitoring by their investment adviser and receives quarterly reports and verbal updates from the investment adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Plan's objectives and assesses the investment managers over longer periods.

The Trustee receives annual stewardship reports on the monitoring and engagement activities carried out by their investment managers, which supports the Trustee in determining the extent to which the Plan's engagement policy has been followed throughout the year. Furthermore, the Trustee shares the policies, as set out in this Statement, with the Plan's investment managers, and requests that the investment managers review and confirm whether their approach is in alignment with those of the Trustee. Where investment managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the investment manager but may ultimately replace the investment manager where this is deemed necessary.

Before appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Where it is not possible to make changes to the governing documentation, for example if the Plan invests in a collective vehicle, then the Trustee will express their expectations to the investment managers by other means (such as through a side letter, in writing, or verbally at Trustee meetings).

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers by other means (where necessary), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the investment managers to make decisions that align with the Trustee's policies and that are based on assessments of medium-and long-term financial and non-financial performance.

There is typically no set duration for arrangements with investment managers, although the continued appointment all for investment managers will be reviewed periodically. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

The Trustee is aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by their investment managers that can increase the overall cost incurred by their investments.

Targeted portfolio turnover is defined as the expected frequency with which each underlying investment managers' fund holdings change over a year. The Plan's investment adviser monitors this on behalf of the Trustee as part of the investment manager monitoring they provide to the Trustee and flags to the Trustee where there are concerns.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by investment manager style within an asset class. In both cases, a high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and investment manager's style and historic trends and performance. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

The Trustee evaluates the performance of their investment managers relative to their respective objectives on a regular basis via their investment monitoring reports and updates from the investment managers. The Trustee also reviews the remuneration of the Plan's investment managers on at least a triennial basis to ensure that these costs are reasonable in the context of the kind and balance of investments held.

In addition to regular reviews, the Trustee reviews the remuneration of their investment managers prior to appointment of a new mandate. The Trustee reviews the options available to remunerate their investment managers and decides on the most appropriate approach.

Current Investment Strategy – DB Structure

The table below sets out the Plan's asset allocations for the DB Structure as at 31 March 2023. 31 March 2022 is shown for comparison. The figures below reflect the Plan's underlying investments in Pooled Investment Vehicles (on a look through basis).

Asset class	Asset allocation 31 March 2023	Asset allocation 31 March 2022
Equities (Legal & General)	33.5%	37.5%
Private Equity (Partners, Blackstone)	9.6%	6.5%
Property (Legal & General, Columbia Threadneedle, ASI)	10.4%	8.8%

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Liquid Credit (Barings)	5.7%	5.1%
Illiquid Credit (Partners)	0.9%	1.0%
Secured Loans (Barings, HPS, CVC)	7.4%	7.2%
Corporate Bonds (Legal & General, Insight)	6.3%	7.6%
Index-Linked Gilts (Legal & General)	21.0%	21.6%
Ground rents (ASI)	1.9%	1.6%
Cash/liquidity funds (Legal & General, State Street)	3.3%	3.3%
Total	100.0%	100.0%

Source: Aon, State Street, Investment Managers.

Notes: Figures may not sum due to rounding. The asset allocation above excludes the buy-in insurance policy held by the GPS EnergySolutions Section.

Pooled Investment Vehicles

Pooled fund investment arrangements used by the Plan include, but are not limited to, unit-linked insurance contracts, authorised unit trusts, unauthorised exempt unit trusts, OEICs, SICAVs and Limited partnerships (LPs). As at 31 March 2023, all the Plan's investments were held in pooled investment vehicles. In May 2019 the Trustee purchased an insurance policy from Just Retirement to cover the buy-in arrangement for the GPS EnergySolutions Section members. The policy provides benefits for the subset of members and was purchased as an exact match for the future liabilities of these members. During the year, the buy-out was completed and members received their own policy with Just Retirement.

Market Background – 12 months to 31 March 2023

Global equities generated negative returns over the last twelve months, suffering a sharp sell-off over the first six months, as geopolitical risk continued to take centre stage with Russia's ongoing invasion of Ukraine and central banks sharply tightening monetary policy in response to elevated inflationary pressures. However, equity markets recouped more than half of the losses over the last six months of the year as markets felt confident that a deep recession would be avoided, and investor concerns on tighter monetary policy abated.

Significant volatility in the gilt market occurred following the UK's 'mini-budget' in September, affecting many UK schemes using leveraged liability driven investments (LDI). The resulting collateral calls were met by forced selling of gilts, swaps, and credit. The Bank of England (BoE) subsequently intervened to restore normal market function.

The Plan was not invested in any LDI vehicles at the time of the above-mentioned Gilt market turmoil and therefore was not impacted by the above-mentioned capital calls. The Sections of the Plan invested in unlevered Index-Linked Gilts fell in value significantly over the accounting period given the above-mentioned market events. This was accompanied by the value placed on the Section's liabilities reducing significantly over the same period and leading to marked improvements in the funding position of the Sections over the period.

In the US, Silicon Valley Bank (SVB) entered receivership with the Federal Deposit Insurance Corporation (FDIC) on 10 March 2023, with the regulator citing inadequate liquidity and solvency protection. SVB was the 16th largest bank in the US and represents the largest failure of a bank since the Global Financial Crisis. US Treasury Secretary Yellen approved actions that will enable the FDIC to resolve SVB in a way that fully protects all depositors. Shareholders and certain unsecured debt holders were not protected.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

The Fed also launched a new programme called the "Bank Term Funding Program" which will provide \$25 billion of liquidity should banks require it.

Shortly after SVB's demise, investor concerns regarding Credit Suisse accelerated amidst reports that its top shareholder had ruled out further funding. UBS later agreed to buy Credit Suisse for \$3.25bn at CHF0.76 per share on 19 March 2023, representing a significant discount to its pre-crisis share price, after Swiss regulators urgently stepped in to broker a deal. The Swiss National Bank has offered a CHF100bn liquidity line as part of the deal and the government will provide a loss guarantee of up to CHF9bn after UBS takes on the first CHF5bn of losses on certain assets. Under the deal's terms, CHF16bn of Credit Suisse's additional tier 1 capital bonds are being written off to zero.

UK prime minister Rishi Sunak and the European Commission President Ursula von der Leyen announced a new post-Brexit deal on Northern Ireland under the "Windsor Framework" on 27 February 2023. The agreement aims to ease trade barriers between Northern Ireland and the rest of the UK. The UK Parliament passed a vote on the deal on 22 March 2023 after Sunak gathered the support of some Democratic Unionist Party and Eurosceptic Tory members of parliament. The UK announced a deal to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership on 31 March 2023, becoming the first nation to join the group since its establishment in 2018. Current members of the group include Australia, Canada, Japan, and Mexico, amongst seven other countries. The UK government estimates that the agreement will increase UK GDP by only around 0.08% in the next 10 years.

Geopolitical tension remained elevated. In June 2022, the European Union (EU) agreed to implement the sixth package of sanctions on Russia. The package includes removing Sberbank, Russia's largest bank, from the SWIFT cross-border payment system and a ban on sea-borne oil purchases from Russia, which is almost two-thirds of Europe's imports from Russia. In September 2022, the Russia-Ukraine conflict escalated after Moscow announced the annexation of four regions in south-eastern Ukraine - Donetsk, Luhansk, Kherson, and Zaporizhzhia. President Vladimir Putin vowed to use "all the means" to defend the annexed territories. The European Union (EU) decided to implement a price cap on seaborne Russian oil while the US imposed sanctions on the governor of Russia's central bank. The US unveiled its plans to impose fresh sanctions on more than 200 entities throughout Europe, Asia, and the Middle East "that are supporting Russia's war effort" in February 2023. Russian President Vladimir Putin announced on 21 February 2023 that Russia would suspend its nuclear weapons treaty with the US and also unveiled its plans to deploy tactical nuclear weapons in Belarus by July in March 2023. Russia cut oil production by 500,000 barrels a day in response to a price cap imposed by Western nations. Elsewhere, the US imposed a ban on five Chinese entities from acquiring US technology and put 28 Chinese groups allegedly in breach of US sanctions on a trade blacklist. In a series of coordinated actions following a G7 meeting in February 2023, the UK also announced sanctions on selected Chinese entities, whilst the EU and Japan finalised similar trade bans. US-China trade tensions saw further escalation as Japan and the Netherlands entered into a trilateral agreement with the US that restricts exports of chip manufacturing tools to China. The agreement is designed to hinder the Chinese military's ability to develop advanced weapons.

Over the last year, the BoE raised its benchmark interest rate cumulatively by 350bps to 4.25%. The BoE noted that the need for further monetary policy tightening would depend on future evidence concerning the persistence of price pressures. Meanwhile, the BoE became the first major central bank to actively start to unwind quantitative easing as it sold £750m of government bonds in November 2022. The US Federal Reserve (Fed) increased its benchmark interest rate by 450bps to a range of 4.75%-5%, the highest level since 2007. In Q1 2023, the Federal Open Market Committee (FOMC) dropped its previous warning that "ongoing increases" would be needed to bring soaring inflation under control, instead noting that "some additional policy firming may be appropriate". The European Central Bank (ECB) raised its deposit rates by 350bps to 3.0% over the year, its highest level in 14 years. The ECB announced plans to start shrinking the €5tn of bonds it purchased over the last eight years from March 2023.

US equities were the worst performer over the year, falling 8.5% in local currency terms. Equities sold off sharply in 2022 as elevated inflation and expectations for higher interest rates weighed on the region, leading to the underperformance of sectors such as Information Technology and Consumer Discretionary. Following SVB's collapse in March 2023, investors shrugged off short-lived concerns over the banking sector and priced in a quicker end to the sharpest tightening cycle in recent memory.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

For a major part of last year, the US dollar exhibited strength due to its status as a safe haven, improving returns in sterling terms.

UK equities were the best-performing equity market over the year, rising 5.6%. Performance was supported the heavy-weighted energy sector as fears over the supply of energy grew as a result of the conflict in Ukraine. The energy sector was the best performer with a return of 22.5%. Economically sensitive sectors outperformed, with the industrials and consumer discretionary sectors returning 9.8% and 9.0% respectively.

Emerging markets (EM) were the second worst-performing market in local currency terms over the last twelve months, falling 6.2%. Increases in interest rates by major central banks and a strong dollar resulted in EM returns lagging other markets. Brazilian (-12.8%) and South Korean (-7.6%) equities underperformed while Chinese (-3.1%) and Indian (-4.2%) equities were among the best performers. Brazil experienced anti-government riots amidst softening economic data whilst Indian markets is the midst of allegations of share price manipulation and fraud at a major conglomerate in the country.

On a global sector level, Energy (11.0%) was the only sector to generate a positive return in local currency terms. Real Estate (-17.8%) was the worst-performing sector, followed by Communication Services (-14.2%) and Consumer Discretionary (-10.5%).

The UK gilt curve rose across all maturities over the year as inflationary concerns drove yields higher. In September 2022, the BoE temporarily announced an emergency £65bn bond-buying programme to stabilise the government debt market after an unexpected expansionary fiscal package was announced. The package increased investor concern over the sustainability of public finances, resulting in a considerable spike in yields. The sharpness of the sell-off was exacerbated by the forced unwinding of LDI positions, as UK pension schemes worked to provide collateral to LDI managers following sharp yield increases. However, in the fourth quarter, yields fell back across the curve following a government U-turn on fiscal policy and Liz Truss' resignation as prime minister. Later, in Q1 2023, the UK nominal gilt curve fell across all maturities except for the shortest end of the curve, as markets priced in additional rate increases in the immediate future but a lower terminal rate thereafter. Overall, according to FTSE All-Stocks indices, UK fixed-interest gilts fell by 16.3% and index-linked gilts fell by 26.7% over the last twelve months.

Credit markets declined over the past twelve months. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, widened by 37bps to 167bps. The index declined 10.2% as rising gilt yields and widening spreads outweighed the income yield.

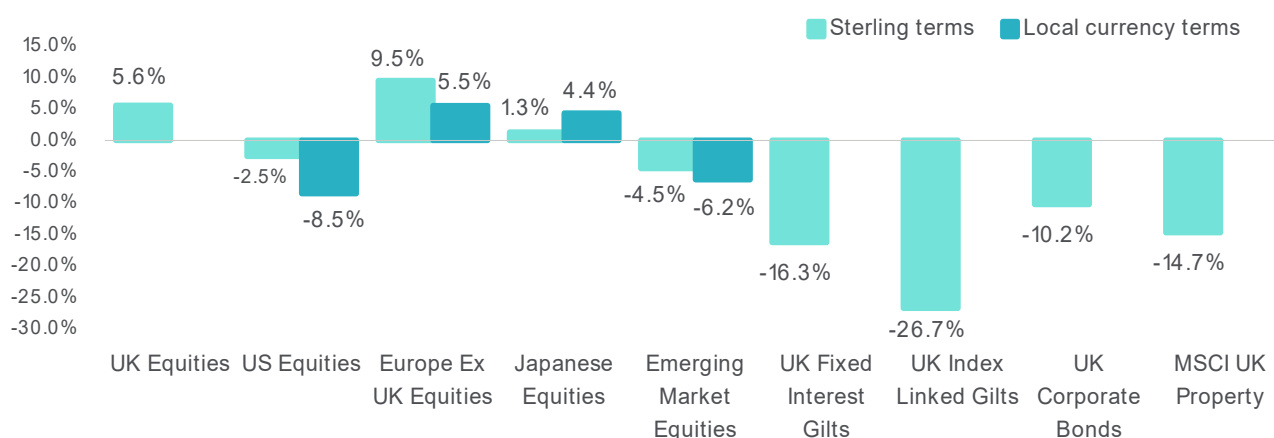
Sterling ended the twelve months 2.6% lower on a trade-weighted basis.

Brent crude oil prices fell by 26.1% to \$80/BBL over the last twelve months. In Q2 2022, OPEC+ agreed to a larger-than-expected oil production increase as oil prices surged. The group decided to increase production by 648,000 barrels per day for July and August. However, a sharp fall in oil prices in the third quarter amid growing fears of recession and weak oil demand from China due to its "zero-covid" policy prompted OPEC+ to agree to 100,000 barrels a day oil production cut from October. In Q4 2022, OPEC+ agreed to cut 2m barrels a day in oil production to keep oil prices from falling as a result of weaker global demand. In Q1 2023, OPEC+ announced surprise oil production cuts of more than 1 million barrels a day (b/d), including a 500,000 b/d cut by Saudi Arabia. The timing of the announcement was unusual as it wasn't made during a formal OPEC+ meeting.

The MSCI UK property index returned -14.7% over the year as capital values depreciated, following sharply higher capitalisation rates over the last year. The income return was 5.0% but the 18.8% decrease in capital values weighed over. The retail, office, and industrials sectors fell 7.8%, 13.2%, and 21.2% respectively.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023



Source: FactSet, MSCI (Equities, Property), iBoxx (Corporate Bonds), FTSE (Gilts).

DB Structure Investment Commentary

The following table summarises the broad asset classes in which the Plan was invested as at 31 March 2023, noting this excludes cash held in individual Section's Trustee bank account and the GPS EnergySolutions Section, as these asset are not held with State Street. This does include cash held at State Street.

From 1 July 2016, all sections of the Plan (excluding the GPS Energy Solutions Section) accessed investments through the CIP Growth and Bond funds. During March and April 2021, the CIP Funds were restructured to create a total of five funds in the Common Investment Platform. These were the CIP Growth, CIP Illiquid Growth, CIP Liquid Credit, CIP Gilt and CIP Hedging Funds. The CIP Hedging Fund was subsequently closed in July 2022 following the transfer out of the Plan by the two Section's that held investments in that Fund.

The table below shows which asset classes were held in each of the CIP Funds as at 31 March 2023.

Asset class	% of Defined Benefit Assets	CIP Growth	CIP Illiquid Growth	CIP Liquid Credit	CIP Gilt
Equities	33.5%	✓	✓		
Private equity	9.6%		✓		
Property	10.4%	✓			
Liquid credit	5.7%	✓			
Illiquid credit	0.9%		✓		
Secured loans	7.4%	✓			
Corporate bonds	6.3%			✓	
Index-linked gilts	21.0%				✓
Ground rents	1.9%	✓			
Cash	3.3%	✓	✓	✓	✓
Total	100.0%				

Source: Aon, State Street, Investment Managers.

Notes: Figures may not sum due to rounding. See description above table for assets included in breakdown, note this breakdown differs from others due to exclusion of Legal & General cash fund held by the GPS EnergySolutions Section outside of State Street.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Investment Managers

Since 1 July 2016, all participating Sections of the Plan (apart from the GPS EnergySolutions Section) have invested their assets in the CIP and therefore have different exposures to the same range of investment managers and funds.

State Street are the custodians to the CIP and manage its day-to-day operation. State Street are responsible for the following:

- managing cashflow to and from the CIP for each participating section (i.e., investment of contributions and disinvestment of assets required to meet benefits);
- investment and disinvestment of assets (specifically for liquid funds);
- unitisation of the assets;
- accounting and record keeping of section holdings.

In addition, State Street manage a series of cash accounts for the participating sections of the CIP Funds.

The following paragraphs describe the asset classes and investment funds which the Plan invests in.

Listed Equity

The Plan's exposure to global equities is expected to deliver investment growth in excess of government bonds over the longer term and is one of the main drivers of expected asset returns for the Plan. Investment in global markets aids diversification.

The Trustee invests assets with Legal & General within the CIP Growth Fund and CIP Illiquid Growth Fund through a passively managed global equity fund with a benchmark that aims to provide exposure to developed and emerging equity markets while reflecting significant environmental, social and corporate governance (ESG) issues.

The Plan's holding in the CIP Illiquid Growth Fund is an interim position that is held whilst private market opportunities are sought and subsequently call capital, which can be funded through disinvestments from the listed equity holdings with the aim of reducing the listed equity position to nil over time.

The Trustee fully disinvested from the global equity holding with MFS in September 2021, with the proceeds invested with Legal & General. A small holding in the Legal & General Transition CSUF is held following this transfer reflecting pending tax reclaims, which are expected to be settled over a period of several years.

Private Equity

The CIP Illiquid Growth Fund includes a private equity and credit mandate managed by Partners Group. Partners Group is a global private markets investment manager with investment programmes in private equity, private debt, private real estate and private infrastructure. The funds invested with Partners Group are now held as part of the client specific CNPP Private Markets LP. The Private Debt holdings invested with Partners are in the process paying out cash to the Plan and over the longer term the Trustee will instruct Partners to invest in Private Equity assets only.

The CIP Illiquid Growth Fund also includes a private equity mandate managed by Blackstone. Blackstone invests across a range of illiquid assets. The Plan invests in the Blackstone Strategic Capital Holdings II solution (BSCH II). BSCH II purchases minority stakes in alternative asset management companies (predominantly private equity managers). For this ownership stake, BSCH II receives a share of the long-term and contracted management/performance fees from the underlying asset managers. The BSCH II fund is an evergreen vehicle.

The private equity allocation is expected to outperform listed equities, but with significantly reduced levels of liquidity.

Private equity investment differs from other 'traditional' asset classes. It requires an initial commitment to a

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

mandate which then gets drawn down, usually over a period of several years, as the manager identifies attractive investments. When these investments mature and are sold the private fund distributes capital to its investors. As noted above, the BSCH II fund is an evergreen vehicle and so capital will remain invested in this mandate indefinitely. Whilst no formal mechanism is in place for investors to exit the BSCH II Fund the manager is required to assist investors who wish to exit some or all of their holding.

Property

The Plan's exposure to property is expected to deliver investment growth in excess of government bonds over the longer term, through a combination of income returns and capital growth. The Property allocation is also expected to offer diversification from the Plan's significant allocation to listed equity and credit assets.

The Trustee invests in the Legal & General Managed Property Fund which in turn invests in UK freehold and leasehold property, within the CIP Growth Fund. The ISC have made the decision to disinvest in full from this mandate to fund a new global property mandate, CBRE Global Alpha. The CBRE fund operates a drawdown process similar to the Private Equity funds as detailed above, at year end an initial commitment had been made that was expected to be drawn following Plan year end.

The Trustee invests in the Aberdeen Standard Long Lease Property Fund within the CIP Growth Fund. The objective of the Long Lease Property Fund is to provide long-term growth from a combination of income and capital appreciation by investing typically in properties with long leases from across the UK retail, office, industrial and other sectors. The Long Lease Property Fund is actively managed, and the investment manager looks to hold properties that have a high lease to value ratio, with inflation-linked rental uplifts where possible.

The Trustee invests assets in the Aberdeen Standard Ground Rent Fund within the CIP Growth Fund which is intended to provide a combination of capital growth and income (ground rents) through investment in UK Commercial Ground Rents from across a number of property sectors.

The Trustee invests in the Threadneedle Property Unit Trust within the CIP Growth Fund. The mandate aims to provide investors with an indirect investment exposure to a diversified, multi-sector portfolio of commercial assets throughout the UK. The objective is to outperform the benchmark on an annual basis and be within the top quartile on a rolling three-year basis.

Liquid Credit

The Trustee invests in the Barings Capital Global High Yield Fund within the CIP Growth Fund. The objective of the fund is to provide a positive absolute return against a cash-based benchmark, over a market cycle. The Fund will invest predominantly in floating rate and fixed-income instruments and the investment manager expects returns to be generated from ongoing interest income as well as original issue discount, closing payments, commitment fees, prepayments and related penalties. While the fund is actively managed, the manager is expected to pursue a buy and hold strategy.

Illiquid Credit

The illiquid credit funds provide an alternative form of credit exposure to traditional corporate bond funds, through private markets.

The Trustee invests in the Partners Group Multi Asset Credit 2014 Fund (I), Multi Asset Credit 2016 Fund (III) and Multi Asset Credit 2017 Fund (IV) for the CIP Illiquid Growth Fund. These funds are held within the client specific CNPP Partners Private Markets LP. The objective of the mandate is to obtain superior returns and achieve capital growth over the medium and long-term. Partners will ordinarily target senior secured and subordinated debt, with select investments in high yield bonds and distressed situations. Partners may invest in either pooled funds, or single line investments.

Secured Loans

The Plan's exposure to secured loans is expected to deliver growth in excess of cash over the longer term,

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

predominantly through interest returns. The secured loan funds provide an alternative form of credit exposure to traditional corporate bonds.

The Trustee invests assets in the Barings Capital Global Loans Fund, within the CIP Growth Fund. The objective of the fund is to provide a positive absolute return against a cash-based benchmark. The fund will invest principally in floating rate instruments and the investment manager expects returns to be generated from ongoing interest income as well as original issue discount, closing payments, commitment fees, prepayments and related penalties. While the fund is actively managed, the manager is expected to pursue a buy and hold strategy. The ISC have made the decision to disinvest from this fund and have been doing so in phases to make cash available to meet capital calls from the illiquid drawn down mandates (HPS and CVC).

The Trustee also invests in the HPS Specialty Loan Fund III LP, Private Loan Opportunities Fund, Core Senior Lending Fund and Core Senior Lending Fund II, the latter a new commitment over the last Plan year, within the CIP Growth Fund. The Trustee also committed to a new secured loan fund, CVC European Directly Lending III, over the Plan year. The objective of these funds is to provide positive absolute returns against a cash-based benchmark. The funds invest principally in floating rate fixed-income instruments and the investment manager expects returns to be generated from ongoing interest income as well as original issue discount, closing payments, commitment fees, prepayments and related penalties. The funds invest in private market issuances.

Corporate Bonds and Index-Linked Gilts

The Plan's exposure to corporate bonds and index-linked gilts is expected to deliver diversification from the Plan 'return seeking' assets. The corporate bonds provide a degree of interest rate protection coupled with an enhanced yield versus government bonds over the longer term. Index-linked gilts react to changes in interest rates and inflation expectations.

The Trustee invests in a passively managed corporate bond fund and a range of unlevered long-dated index-linked gilts funds with Legal & General, within the CIP Liquid Credit and CIP Gilt Funds respectively.

The Trustee invests assets in the actively managed Insight UK Corporate All Maturities Bond Fund, which invests predominantly in sterling investment grade bonds, with the Fund held in the CIP Liquid Credit Fund.

Cash

Over the Plan year the Trustee held cash in Sterling and US Dollar denominated institutional Liquidity Fund managed by Legal & General and State Street Global Advisors in relation to the CIP Funds, individual Sections of the Plan and the GPS EnergySolutions Section. This cash holding is held to maintain short term liquidity to meet Section benefit payments, expenses that may arise for the Plan and to meet capital calls from the Plan's draw down mandates.

DC Structure assets

The Plan's DC assets are held in respect of AVCs, SPPP and the DC Structure funds which are managed by Aegon and the Prudential Assurance Company Limited.

The investment objective of the AVC, SPPP and DC arrangements is to offer investment choice to members and provide an acceptable level of security. To this end, members may make a choice from a number of pooled funds which span a range of broad asset classes.

The pooled funds are in the form of unitised insurance policies with Aegon BlackRock and Prudential.

The Trustees regularly review the investment performance of the funds against appropriate benchmarks.

A summary of the AVC, SPPP and DC funds split between key asset classes, along with 12-month, 3-year and 5-year performance to 31 March 2023, is provided in the table below:

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Asset class	% of total assets held in respect of the AVC, SPPP and DC arrangements	12 month performance (% p.a.)[1]	3 year performance (% p.a.)[1]	5 year performance (% p.a.)
Global Equity	9.4%	2.3	14.4	6.9
UK Equity	3.7%	2.2	13.3	4.7
Global Equity (ex UK)	5.0%	-1.5	16.3	10.9
Emerging Markets Equity	0.5%	-6.6	8.0	1.4
Global Equity (Shariah compliant)	1.3%	-3.3	16.4	14.5
Multi-Asset	0.4%	-4.3	3.5	2.2
ESG Multi-Asset [2]	0.0%	n/a	n/a	n/a
Corporate Bonds	0.1%	-10.5	-3.3	-0.9
Index-Linked Gilts	1.7%	-29.6	-10.5	-4.2
Pre-Retirement (bonds)	1.0%	-17.4	-8.5	-2.8
With Profits [3]	0.4%	n/a	n/a	n/a
Cash	1.6%	2.0	0.6	0.6
Target Date Funds [4]	74.9%	-5.8	13.8	6.8
Total	100.0%			

Note: Numbers may not tally due to rounding.

[1] Based on performance for funds provided by Aegon in which the Plan invests. Self-select funds were inceptioned in September 2015.

[2] The ESG Multi-Asset fund was launched during the scheme year.

[3] Performance information for the Prudential With-Profits fund is reported annually as part of the fund's bonus declaration and relates to calendar year periods only.

[4] For the target date fund performance, the performance from a representative fund is included, namely the 2046-48 LifePath Flexi option. LifePath funds were inceptioned in April 2016.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

DB Implementation Statement

Introduction

The purpose of the Implementation Statement ("IS") is for us, the Trustee of the Combined Nuclear Pension Plan, to explain what we have done during the year ending 31 March 2023 to achieve policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

1. A summary of any review and changes made to the SIP over the year
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

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

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

Some investment managers did not provide us with the data as per the required guidance. There are areas where we would like to see some additional details, as set out in the engagement action plan. We will engage with the managers, through our appointed investment advisors, to encourage them to provide detailed and meaningful disclosures about their engagement activities and better understand their engagement practices at a fund and firm level.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Changes to the SIP during the year

We reviewed the SIP during the year and updated it in December 2022.

The changes made included removal of the CIP Hedging Fund following the transfer out of the Plan by two Sections.

The Plan's latest SIP can be found here: <https://www.cnpp.org.uk/document-library/>

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: An introduction to responsible investment: stewardship | Introductory guide | PRI (unpri.org)

How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP.

Plan Objective:	The Trustee, with the support of its investment advisor, undertook a detailed strategy review alongside the 2019 Actuarial Valuation. Over the 12-months to 31 March 2023 the Trustee continued to make the implementation changes required to implement the agreed strategy at a CIP Fund and Section level.
The primary objective of the DB structure of the Plan is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.	<p>The Investment Sub Committee ("ISC") has begun the process of reviewing the investment strategy of each Section alongside the 2022 Actuarial Valuation, focusing on the long-term funding plan for each Section, and will look to complete these reviews over the remainder of 2023 and share the outcome with the Trustee to obtain sign off.</p> <p>The ISC adopted and reviewed the implementation of a formal cashflow policy that outlines the process for meeting Section cashflow requirements as well as cashflow requirements from the Plan's illiquid managers.</p>
Risk Management:	The Trustee considered the investment risk that each Section is exposed to, including:
The Trustee has identified a number of key risks which it monitors in a number of different ways.	<ul style="list-style-type: none">▪ Maturity and cashflow profile of the Section,▪ Strength and longevity of the sponsoring employers,▪ Variation in interest rates and inflation expectations,▪ Environmental, Social and Governance ("ESG") issues, including climate change, and▪ Capital market risk and the benefits of diversification.
	The Trustee and ISC take account of these risks when adopting and monitoring the chosen investment strategy for each Section and within the CIP Funds.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

	<p>The Trustee maintains a risk register setting out the specific risks faced by the Plan and measures in place to monitor and mitigate these risks. The Trustee meets each quarter and reviews the risk register to ensure ongoing management of the risks faced by the Plan.</p> <p>The Trustee also reports on the risks associated with its investments annually in the investment risk disclosure report included in the Plan's Annual Report. The IS covers the action taken by the Trustee to monitor the risks associated within the DB Sections of the Plan, considering separately market risks, credit risk, interest rate risk, inflation risk and other price risk.</p>
<p>Implementing the strategy:</p> <p>The Trustee has delegated specific powers to the ISC around the implementation and monitoring of the investment strategy within agreed parameters.</p>	<p>The Trustee and ISC implement a diversified investment strategy for each Section across a wide range of assets and markets, with the investments held through the CIP to reduce the governance burden of implementing each Section's strategy.</p> <p>The ISC undertake a quarterly review of the asset performance and alignment of the asset allocation with the strategic target, taking advice from their investment advisors on an ongoing basis in relation to their asset arrangements. The ISC have also adopted a formal rebalancing policy and monitoring report that is produced monthly by their investment advisors, who report to the ISC any positions requiring action.</p> <p>The ISC undertake a more detailed review of each managers performance on an annual basis against its benchmark and target, focussing on those mandates that have underperformed relative to these measures.</p>
<p>Responsible Investment, including climate risk</p>	<p>The Trustee expects the active investment managers to consider all financially material factors, including climate change, in the selection of assets within their portfolios and to be able to demonstrate their approach when challenged.</p> <p>In passive mandates the Trustee recognises that the choice of benchmark dictates the assets held by the investment manager and that the investment manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustee has considered a range of market benchmarks for the equity allocation and chosen one that explicitly takes into consideration ESG factors.</p> <p>The Plan has met the requirements as set out as part of the Taskforce on Climate-related Financial Disclosures ("TCFD") and is completing its second-year submission. The TCFD establishes a set of eleven clear, comparable and consistent recommended disclosures about the risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better-informed decision-making on climate-related financial risks. The requirements are oriented around four pillars that represent the core elements of how organisations operate.</p>
<p>Stewardship and Engagement</p>	<p>The Trustee sets out, in its voting and engagement policy within the SIP, that it recognises the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies in which it invests.</p> <p>The investment manager's voting and engagement policies (and any amendments) were reviewed on the Trustee's behalf by their investment advisor</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

as part of the production of this implementation statement.

Further details relating to the voting and engagement behaviour of the investment managers are included in this statement.

Arrangements with Asset Managers

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Plan's appointed investment managers. The Trustee regularly monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies, including those on non-financial matters.

The Trustee has received quarterly reports and updates from its investment advisor and reviewed engagement information on an annual basis. As part of this, the Trustee focuses on the longer-term performance when considering suitability of managers, which is in line with its investment objectives.

Before appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation to achieve more alignment.

Cost monitoring

The Trustee is aware of the importance of monitoring their investment managers' total costs and the impact these costs have on the overall value of the Plan's assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by their investment managers that can increase the overall cost incurred by their investments.

The Trustee has collected annual cost transparency reports covering all of their investments in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class. This allows the Trustee to understand exactly what they are paying their investment managers, and challenge where necessary.

Our Engagement Action Plan

Based on the work done, we have decided to take the following steps over the next 12 months:

1. While LGIM provided a comprehensive list of fund-level engagement, which we find encouraging, these examples did not give as much detail as required by the Investment Consultants Sustainability Working Group ("ICSWG") industry standard. It also did not provide firm-level engagement information.

Our investment advisor, Aon will engage with LGIM to better understand its engagement practices and discuss the areas which are behind those of its peers.

2. Barings and Insight did not provide fund-level engagement examples. We recognise that fixed income managers have significant capacity for engagement with issuers of debt. Whilst upside potential may be limited in comparison to equities, the downside risk mitigation and credit quality are critical parts of investment decision-making.

Our investment advisor, Aon, will engage with managers to better understand its engagement practices and discuss the areas which are behind those of its peers.

3. For the illiquid and private market investments held by the Plan: Threadneedle and ASI did not provide fund-level engagement information. Blackstone and HPS did not provide any engagement themes (at the fund or

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

firm level). Whilst the opportunities for engagement with illiquid investments, such as property funds, are not as extensive as they are for other investments, such as equity and corporate bonds, we would still expect our investment managers of these funds to demonstrate and report on some level of engagement; for example, by engaging with tenants and the local community to address potential issues and drive change.

4. CVC stated that the nature of the request and strategy is out of its scope of reporting and hence was not able to provide the data.

Our investment advisor, Aon, will engage with CVC to better understand its engagement practices and encourage better disclosure in the future.

Our manager's voting and engagement activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

The Plan is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Plan's investment managers, which is in line with our policy. We reviewed the voting and engagement activity of the material investment managers carried out over the Plan year and, in our view, most of the investment managers were able to disclose reasonable evidence of voting and engagement activity.

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

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Voting statistics

The table below shows the voting statistics for each of the Plan's material funds with voting rights for the year to 31 March 2023.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Legal and General Investment Management ("LGIM") - Future World Global Equity Index Fund	54,368	99.9%	18.6%	1.0%

Source: Manager.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

The table below describes how the Plan's manager uses a proxy voting adviser.

	Description of use of proxy voting adviser
LGIM	LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. To ensure its proxy provider votes in accordance with its position on ESG, it has put in place a custom voting policy with specific voting instructions.

Source: Manager.

Significant voting examples

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

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the Plan.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Threadneedle - Property Unit Trust (TPUT) ¹	Not provided	177	Environment – Climate Change, biodiversity, Sustainable transition to clean energy Social - Human rights and supply chains Governance - Executive pay
LGIM - Managed Property Fund	34	Not provided	Environment - Climate change, Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Social - Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Shareholder rights, Capital allocation Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks)
LGIM - Future World Global Equity	791	Not provided	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion &

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
			diversity, employee terms, safety), Public health Governance - Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, ESG Scores, and others.
LGIM - Investment Grade Corporate Bond Stock	180	Not provided	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health Governance - Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, and others.
Aberdeen Standard Investments ("ASI") - Standard Life Commercial Ground Rent and Standard Life Long Lease Property ¹	Not provided	2,484	Environment - Climate Social - Human Rights & Stakeholders, Labour Management Governance - Corporate Behaviour, Corporate Governance Strategy, Financial and Reporting - Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting), Financial Performance, Risk management (e.g. operational risks, cyber/information security, product risks)
Barings - Global High Yield Credit strategies Fund and Global Loans Fund ¹	Not provided	741	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human and labour rights (e.g. supply chain rights, community relations) Governance - Board effectiveness - Diversity, Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks)
Insight - UK Corporate Bonds ¹	30	948	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness - Independence or Oversight, Leadership - Chair/CEO Strategy, Financial and Reporting - Capital allocation, Financial performance
Blackstone - BSCH II ²	Not provided	60	Not provided
HPS - Specialty Loan Fund III ²	Not provided	100	Not provided
Partners - Credit and Private Equity	24	Not provided	Restructuring progress; call with management (trading update), board meeting (restructuring progress); call with sponsor (trading update). Environment - Climate change, Natural resource use/impact Social - Human capital management (e.g. inclusion & diversity), Governance - Board effectiveness – Diversity, Risk management (e.g. cyber/information security)
CVC - European Direct Lending Feeder Fund III			Not provided

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Source: Managers.

Note:

1. Threadneedle, ASI, Barings and Insight did not provide fund-level themes; themes provided are at a firm-level.

2. Blackstone and HPS did not provide themes engaged at fund or firm level.

Data limitations

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

- CVC did not provide the requested information.
- HPS and Blackstone did not provide most of the information requested.
- Threadneedle, ASI, Barings and Insight did not provide fund-level engagement examples and LGIM did not provide firm-level engagement information.

We will engage with the managers to encourage improvements in reporting.

This report does not include commentary on the Plan's investment in gilts or cash, because of the limited materiality of stewardship associated with these asset classes.

Appendix – Significant Voting Examples

In the table below are a number of significant voting examples provided by the Plan's material listed equity manager. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, which is outlined in the example below.

LGIM - Future World Global Equity Index Fund

Company name	Amazon.com, Inc.
Date of vote	25 May 2022
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.7%
Summary of the resolution	Elect Director Daniel P. Huttenlocher
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.
Outcome of the vote	Pass
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria have you assessed this vote to be "most significant"?	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.
Company name	NVIDIA Corporation
Date of vote	02 June 2022

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.2%
Summary of the resolution	Elect Director Harvey C. Jones
How you voted	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. We are targeting the largest companies as we believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
Outcome of the vote	Pass
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria have you assessed this vote to be "most significant"?	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
Company name	Alphabet Inc.
Date of vote	01 June 2022
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.9%
Summary of the resolution	Report on Physical Risks of Climate Change
How you voted	For
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
Outcome of the vote	Fail
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Source: LGIM

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

DC Structure implementation statement

This Implementation Statement ("the Statement") has been prepared by the Trustee and relates to the DC Structure of the Plan, covering both the Shift Pay Pension Plan (and relevant additional voluntary contributions) and members in the Defined Contribution (DC) New Joiners Benefit Structure.

This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; the guidance published by the Pensions Regulator; and The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This Statement covers the Statement of Investment Principles ("SIP") in relation to the DC Structure only and any reference to SIP in this Statement will mean the SIP for the DC Structure. The Trustee has a separate SIP and relevant Implementation Statement for the DB Structure. The regulations state that the Statement must:

- Set out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year;
- Describe any review of the SIP undertaken during the year, explain any change made to the SIP during the year and the reason for the change (or where no such review was undertaken during the year, state the date of the last review) (see the section entitled "SIP review and update" below); and
- Describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and state any use of the services of a proxy voter during that year (see the section entitled "Voting Behaviour" below).

Based on regulatory requirements, the Statement will cover the period from 1 April 2022 to the end of the Plan's financial year on 31 March 2023.

The Statement is split into three sections:

1. An overview of the Trustee's actions and highlights during the period covered;
2. The policies set out in the Plan's SIP and the extent to which they have been followed in the reporting period, including the stewardship and engagement policies of the fund managers used by the Plan; and
3. The voting behaviour and significant votes undertaken by the fund managers on behalf of the Plan.

1. Overview of Trustee actions

During the relevant reporting period, the Trustee with support from the Plan's investment adviser:

1. Completed a value for members assessment in accordance with the statutory guidance for trustees published by the Department of Work and Pensions on 'Completing the annual Value for Members assessment and Reporting of Net Investment Returns' effective from 1 October 2021, which included an update to the relative weightings to assessment areas.
2. Demonstrated rigour in investment analysis, challenge to investment advice received and evidenced risk monitoring by adding more risk measures in quarterly discussions.
3. Reviewed the investment beliefs and confirmed they remain suitable for the Plan.
4. Reviewed member demographics and were satisfied with the choice of glidepath options for the default investment arrangement and fund range of self-select white-labelled funds.
5. Reviewed and were satisfied that the Prudential with-profits remain suitable for members.
6. Reviewed the 'portfolio alignment' climate metric for the Task Force on Climate-related Financial Disclosures ("TCFD") and approved the Implied Temperature Rise ("ITR") model for this purpose.
7. Implemented a reduction of fees for the default strategy, as well as the self-select range, which came into effect in June 2022.
8. Agreed the closure of the CNPP Property Fund and replacement Cash Fund in light of ongoing liquidity issues.

SIP review and update

The SIP was both reviewed and updated in December 2022 to:

- Recognise the growing importance of ESG and climate change risk for members.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Overview of Trustee actions (continued)

Financially material considerations

The Trustee has selected the LifePath Target Date Fund range by BlackRock (referred to as the manager below) as the default investment strategy for Plan members. This means that BlackRock has been delegated the responsibility of managing the mix of assets, where members' savings will be invested in, on a day-to-day basis.

The Trustee acknowledges that many members will have a long time until their retirement, therefore any investment decisions should be considered over a long period of time, with suitable growth targets across a range of asset types. The Trustee's long-term focus leads to the belief that, for investors, the most effective way of enforcing a strong ESG policy is through responsible ownership and proactive engagement with companies.

ESG integration

Within the default

BlackRock continue to develop how members' investments can be better positioned against potential risks arising from ESG factors. A formal ESG policy, which includes a climate objective and other sustainable related objectives, was adopted to LifePath funds within the fund prospectus effective 7 December 2022.

Within the self-select range

The Trustee launched the CNPP ESG Multi-asset Fund during the scheme year.

Non-Financial Factors

The Trustee continues to make one ethical fund available to members – the CNPP Sharia Law Fund.

The Default Investment Arrangement

During the scheme year the Trustee reviewed, on a quarterly basis, the performance of each fund against the stated performance objective for that fund. The most recent assessment as of the Plan Year was in Q2 2023. The Trustee concluded that the managers remained well suited for the purpose. The Trustee will continue to monitor the managers on a quarterly basis - considering both the funds' performance and other prevailing circumstances.

The last triennial review of the Plan's default investment options and self-select fund range was conducted by the Trustee in Q4 2020. Following the review, the Trustee was satisfied that both the default investment options and self-select fund range continue to remain suitable for the respective memberships of the Sections of the Plan. The next triennial review is scheduled for Q4 2023.

In light of the liquidity issues regarding the CNPP Property Fund, the Trustee reviewed the suitability of the Plan's Property Fund and considered alternative implementation routes in Q3 2021. At the time of the review the CNPP Property Fund remained suspended since the start of the Covid-19 pandemic due to the continuing suspension of one of the underlying funds, the Aviva Property Fund.

With the help of their adviser, the Trustee reviewed the Plan's self-select range and found it to be sufficiently broad without the inclusion of a property fund. For this reason, together with the liquidity issues with the CNPP Property Fund and the absence of a suitable alternative direct property fund on the Plan's platform, the Trustee agreed to close and remove the Fund from the Plan's self-select range.

Following the CNPP Property Fund's reopening in January 2022 the Trustee agreed to issue affected members a communication notifying them of the proposed change and giving them a month to select and alternate investment option. If members did not make an alternative choice within the month notice period, the Trustee agreed to move their savings to the members relevant default investment options. This also applies to members invested in the associated Replacement Cash Fund.

The communication was issued to members on the 26th of March 2022 with the switch of members funds completed on the 26th of April 2022.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

2. Review of policies contained in the SIP

This section sets out a summary of the policies which form the Plan's SIP and the Trustee's opinion as to how and the extent to which those policies (and, consequently, the SIP) have been followed during this reporting period.

Policy	Has the policy been followed?	How has the policy been followed during the Plan year?
Primary objective		
<p>The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee's objective is therefore to make available a range of investment options that, whilst avoiding excessive complexity, should assist the members in achieving the following objectives:</p> <ul style="list-style-type: none"> • Optimising the value of retirement benefits from the given contributions; • Protecting the value of those benefits in the years approaching retirement against market falls; • Protecting the value of those benefits in the years approaching retirement against fluctuations when turning fund values into retirement benefits; and • Tailoring their investments to meet their own needs. 	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to provide two default investment arrangements specific to the different needs of members in the New Joiners DC Structure and Shift Pay Pension Plan. Where the Default Options do not meet the needs of a wider cross-section of members, the Plan provides 11 self-select funds.</p> <p>This self-select range includes both passive and active funds covering multi-assets and single asset strategies as well as an option for members who wish to invest in accordance with Sharia Law. In the Plan Year, a new ESG Multi-asset fund was launched to the range.</p> <p>The last triennial review of the default investment options and self-select fund range was conducted by the Trustee in Q4 2020. The Trustee was satisfied that default investment options continue to remain suitable for the respective membership of the Plan.</p> <p>The next triennial review is scheduled for Q4 2023.</p>
Default arrangements		
<p>The main objective of the default arrangements is to support good member outcomes at retirement while subject to a level of investment risk appropriate to the majority of members who do not make active investment choices.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The LifePath Funds are sets of Target Date Funds ("TDFs"), each managed to an asset allocation appropriate to its target retirement age range and retirement benefits.</p> <p>To reflect the different ways that members in the New Joiners DC Structure and SPPP sections are likely to access their retirement benefits, the default strategy for these sections differs, targeting income drawdown and cash at retirement respectively.</p> <p>The Trustee continues to receive regular reporting from its DC investment advisers, Redington, on the investment performance. Member outcome modelling is assessed using the PLSA Retirement Living Standards. Performance of the BlackRock LifePath funds returns (after charges) has been broadly in line with their respective objectives. Based on the Plan's membership this is a suitable investment option with the propensity to deliver good retirement outcomes for members at competitive charges.</p>
<p>Manage the principal investment risks members face, gradually changing where they are invested as they approach retirement; and reflect that New Joiners DC Structure and Shift Pay Pension Plan ("SPPP") members are expected to choose different benefits at retirement.</p>		
<p>Designing and maintaining a default arrangement meets the expected different benefits at retirement for the membership.</p>		

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Choosing the default arrangements and other investment options

<p>The Trustee believes that understanding the Plan's membership is essential to designing and maintaining a default arrangement which meets the needs of the majority of members.</p>		<p>The last triennial review of the Plan's default investment options was conducted by the Trustee in Q4 2020. The Trustee was satisfied that default investment options continue to remain suitable for the respective membership of the Plan.</p>
<p>The Plan should offer members a choice of investment options because the default may: 1) not meet the needs of a wider cross-section of members; 2) members' attitude to risk and needs for returns will vary from member to member.</p>		<p>The next triennial review is scheduled for Q4 2023.</p> <p>The Trustee reviewed the self-select range twice over the Plan Year in Q3 and Q4 2021. As a result of this review the Trustee agreed the following:</p> <ol style="list-style-type: none"> 1) Closure and removal of the CNPP Property Fund from the range due to ongoing liquidity issues with the fund and the absence of a suitable alternative. 2) Closure and removal of the Replacement Cash fund, which had been where contributions were invested whilst CNPP Property Fund was suspended.
<p>The Trustee reviews the range of funds available on a regular basis. These reviews will consider a range of inputs such as the changing composition of members and potential member feedback. Advice is received as required from professional advisers. In addition, the Trustee reviews the performance of the Plan's investments on a regular basis.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The implementation of these changes was completed in April 2022.</p> <p>Performance of the Plan's investments were reviewed on a quarterly basis during Investment Sub-Committee meetings.</p> <p>Following two reviews of the self-select range in the previous year, the Trustee agreed to the introduction of an ESG Multi-asset fund to the self-select range for members to choose to invest in and this was launched in June 2022.</p>

Kinds of Investments to be held

<p>The investment managers may invest in UK and overseas investments including equities, property, fixed and index linked bonds and cash. However, the investments in each fund will depend on the nature of each fund, its objective and benchmark and the risk controls which operate.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>BlackRock as investment manager for the default investment options, make sure of the range of asset classes is as described in the Policy.</p> <p>In the Plan Year to March 2023 the Trustee's Investment Sub-Committee met on a quarterly basis to monitor, with the assistance of the Plan's investment advisers, how well each fund performed against its objective and relevant benchmark. Specifically, the Committee met on the 7th June 2022, 9th August 2022, 8th November 2022 and 7th March 2023 to discuss this.</p>
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COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Investment Risks

<p>The Trustee believes that the three principal risks most members will face are: inflation risk, benefit conversion risk and volatility/market risk. The Trustee has developed and maintains a framework for assessing the impact of all investment risks on long-term investment returns.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>In the Plan Year to March 2023 the Trustee received Quarterly Monitoring Reports from its DC investment adviser. These reports are centred around the monitoring framework that assesses the impact of all investment risks on long-term investment returns.</p> <p>This framework looks at member retirement outcome modelling, which considers the long-term investment returns in a base case and downside situations.</p> <p>These reports were discussed at their respective quarterly meetings on the 7th June 2022, 9th August 2022, 8th November 2022 and 7th March 2023. Following each discussion, the Trustee remained comfortable that the investment risks were suitably mitigated in the Plan's investments.</p>
<p>The default investment options manage the three main investment risks as members grow older by automatically switching from assets which are expected to give long-term growth relative to inflation into assets whose values should fluctuate less in the short-term relative to the benefits members are expected to take at retirement.</p>	<p>Yes, the Trustee is satisfied this policy has been followed.</p>	<p>The Plan continues to make use of target date fund structures to implement the default investment options for members.</p> <p>The last triennial assessment of the suitability of the default investment options, including the suitability of the automatic switching of assets (i.e. de-risking glidepath), was carried out in Q4 2020. The Trustee concluded, based on advice from the Plan's investment adviser, that the default options remain suitable for the membership of the Plan.</p> <p>The Trustee continues to monitor the target date fund structures as part of their quarterly monitoring and is satisfied the funds continue to work as expected and remain suitable for the membership of the Plan.</p>
<p>The self-select fund range provides members with a choice of funds with differing risk and return characteristics.</p>	<p>Yes, the Trustee is satisfied this policy has been followed.</p>	<p>The Trustee undertook member demographic review over the Plan Year in Q4 2022. The review found that the range of self-select options remain suitable for members, following the introduction of the new CNPP ESG Multi-asset Fund.</p> <p>Based on previous assessments of the self-select range and with the advice of their adviser the Trustee agreed to close and remove the CNPP Property Fund from the range due to ongoing liquidity issues with the fund and the absence of a suitable alternative.</p> <p>The implementation of these changes was completed in May 2022, followed by the introduction of the new CNPP ESG Multi-asset Fund.</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Non-financial Factors		
The Trustee recognises that some members will have strong personal views on religious convictions that influence where they believe their savings should, or should not, be invested.	Yes, the Trustee is satisfied that this policy has been followed.	The Plan continues to make available a self-select fund appropriate for members with Sharia beliefs.
The Trustee will take into account what, in its reasonable opinion, members' views of non-financial factors are likely to be. Noting that the arrangements for receiving member feedback on the Plan in general gives members an opportunity to express views on non-financial factors relating to the Plan's investments.	Yes, the Trustee is satisfied that this policy has been followed.	The Plan continues to seek member feedback annually in the annual newsletter publication. During the Plan Year, Aegon made DC presentations to employees and this was used as an opportunity to issue surveys for targeted member feedback.
Financially Material Considerations		
The Trustee regularly monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies.	Yes, the Trustee is satisfied that this policy has been followed.	Over the Plan Year with the help of their adviser, the Trustee has agreed and launched the CNPP ESG Multi-asset Fund. The addition of the fund reflects the Trustee's acknowledgement of growing appetite for ESG focused funds among members.
The Trustee recognises that the importance of financially material considerations, including ESG factors and climate risk and seeks to manage these risks and factors.		In line with the recommendations of the Task Force on Climate-related Financial Disclosures, in September 2022, the Trustee – with the help of its advisers - published the Plan's annual Task Force on Climate-related Financial

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

<p>The Trustee seeks to manage these financially material considerations, to protect long-term returns, by:</p> <ul style="list-style-type: none"> • Considering the extent to which ESG issues, including climate risk, where relevant, are integrated into the fund managers' investment processes and are satisfied that the fund managers follow an approach, which takes account of financially material factors; • For actively managed funds (where the fund manager decides where to invest), expect the fund managers to take financially material considerations into account when selecting which companies and markets to invest in; and • For passively managed funds, the Trustee recognises that the choice of benchmark dictates the assets held by the investment manager and that the manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark index (which may or may not include ESG factors) and believes this approach is in line with the basis on which their current strategy has been set. The Trustee will review periodically the choice of fund and index benchmarks used and the extent to which these reflect ESG factors. 	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Disclosures ("TCFD") Report. The results for the 4th 'Portfolio Alignment' metric were included as per the new regulations.</p>
<p>Implementation</p>		
<p>Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments. The Trustee reviews the governing documentation associated with any new investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the Plan Year the Trustee launched the CNPP ESG Multi-asset Fund in the self-select fund range.</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

The Trustee and the investment manager, to whom discretion has been delegated, exercise their powers (in line with the principles in the SIP) to encourage business strategies which should improve or protect the value of these investments where reasonably practicable.	Yes, the Trustee is satisfied that this policy has been followed.	Additional details are provided in the "Voting Behaviour" section of this Statement that highlights how the investment manager has encouraged business strategies, which should improve or protect the value of investments (where reasonably practicable).
When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short-term performance.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee has quarterly Investment Sub Committee meetings where its investment adviser shares an assessment of manager performance.</p> <p>To maintain the focus on long-term outcomes, these reviews are structured to show longer term performance (5-year, 3-year) before mention of shorter-term performance (12-month, 3-month).</p>
The following steps are taken to encourage alignment between the Plan and the managers:		
<ul style="list-style-type: none"> Before investing, the Trustee will seek to understand the manager's approach to ESG (including engagement and climate change). The Trustee has limited influence over managers' investment practices because all the Plan's assets are held in pooled funds. However, the Trustee will ensure the investment objectives and guidelines of the vehicle are consistent with its own objectives where practicable. 	Yes, the Trustee is satisfied that this policy has been followed.	Over the Plan Year the Trustee added CNPP ESG Multi-asset Fund to the Plan's self-select range. Before recommending the Fund, the Trustee's adviser reviewed the Fund's investment objectives and guidelines to ensure they were consistent with the Trustee's objectives.
<ul style="list-style-type: none"> To maintain alignment, managers are provided with the most recent version of the Plan's SIP, which includes the Trustee's policy on sustainable investment, on an annual basis and are required to explicitly confirm that the assets are managed in line with the Trustee's policies as outlined in those documents. 	Yes, the Trustee is satisfied that this policy has been followed.	Over the Plan Year the Plan's SIP – including the Trustee's policy on sustainable investment – was shared with the Plan's manager.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

<ul style="list-style-type: none">Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment and ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager may be terminated and replaced.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee receives regular reporting from its investment adviser on its managers' portfolios. The Trustee found that BlackRock's portfolio was aligned with the Trustee's policies.
Additionally, the Trustee has a preference for fund managers who are signatories to the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment.	Yes, the Trustee is satisfied that this policy has been followed.	All fund managers used by the DC section were signatories to both the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment over the period of the Plan Year.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

<p>Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee reviews the costs and value for money incurred in managing the Plan's assets annually, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate. On a quarterly basis the Trustee also monitors manager performance relative to the relevant benchmark, with a focus on long-term performance.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee assessed the costs and value for money in preparing the Chair's Statement – a publicly available document on the Plan's website. Further details around the findings (including details on portfolio turnover costs) can be located on the Plan's website. Chair's Statements for earlier Plan Years are publicly accessible through the document library on the Plan's website (https://www.cnpp.org.uk/document-library/).</p> <p>In summary, the Trustee is comfortable with the costs incurred and continues to believe that CNPP offers value for money for members. The main reasons that the Trustee reached this conclusion are:</p> <ul style="list-style-type: none"> • The continuation of strong governance and oversight from the Trustee Board, a competitive contribution structure and low charges. • The quality of the default investment options continues to improve with further ESG integration into the LifePath funds. • For members who choose to self-select they continue to receive a competitive range of self-select investment options. • In the context of the AVC assets, Prudential continues to offer one of the best performing and well rated with-profits funds, which represents good value for members of the Plan. <p>The costs associated with portfolio turnover are provided in the Chair's Statement – a publicly available document on the Plan's website. The Trustee is comfortable that these costs are aligned with the expected portfolio turnover costs for similar funds.</p> <p>The Trustee also monitors the manager performance relative to relevant benchmarks at quarterly Investment Sub-Committee meetings. To maintain the focus on long-term outcomes, these reviews are structured to show longer term performance (5-year, 3-year) before mention of shorter-term performance (12-month, 3-month). The purpose of this monitoring is to ensure that the performance of the BlackRock LifePath funds returns (after charges) are broadly in line with their respective objectives.</p>
Expected Return on Investments		
<p>The objective of the equity, property, and multi-asset funds is to achieve an attractive real return over the long term. The objective of the cash and bond funds is to provide for the payment of the tax-free lump sum on retirement and to reduce the volatility of the cost of the annuity that may be purchased, rather than to achieve a specified 'real' or 'nominal' return.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the Plan Year to March 2023 the Trustee's Investment Sub-Committee received quarterly reporting from its DC investment advisers, Redington. These reports include long-term retirement outcome modelling that uses an expected return approach that is aligned with the asset class objectives detailed in the Trustee's SIP policy on expected returns.</p> <p>Each quarterly monitoring report was discussed at the respective Investment Sub-Committee meeting on 7th June 2022, 9th August 2022, 8th November 2022 and 7th March 2023. Following these discussions, the Trustee's Investment Sub Committee remained comfortable that each of the asset class specific funds were performing in line with expectations.</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Realisation of Investments		
<p>The Trustee expects that the investment platform provider and the fund managers will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions where the investment platform or fund managers needs to impose restrictions on the timing of sales and purchases of funds in some market conditions to protect the interest of all investors in that fund.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>During the previous Plan Year the Trustee agreed to close and remove the CNPP Property Fund from the Plan's self-select fund due to ongoing liquidity issues prompted by the Covid-19 pandemic.</p> <p>Following the Funds reopening in January 2022, the Trustee agreed to issue affected members a communication notifying them of the proposed change and giving them a month to select and alternate investment option. If members did not make an alternative choice within the month notice period, the Trustee agreed to move their savings to the members relevant default investment options.</p> <p>The communication was issued to members on the 26th of March 2022 with the switch of members funds scheduled for the 26th of April 2022. The implementation of this change was completed in May 2022.</p>
Balance of Investments		
<p>Overall the Trustee believes that the Plan's investment options:</p> <ul style="list-style-type: none"> • Provide a balance of investments; and • Are appropriate for managing the risks typically faced by members. 	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The last triennial review of the default investment options and self-select range was conducted in Q4 2020 concluding that they remain suitable for the membership of the Plan. The next triennial review is scheduled for Q4 2023.</p> <p>In the meantime, the Trustee continues to review the default investment options on a quarterly basis. The Trustee undertook an assessment of the Plan's self-select range in Q3/Q4 of the previous Plan Year.</p> <p>Based on this assessment and with the advice of their adviser the Trustee agreed to close and remove the CNPP Property Fund from the range due to ongoing liquidity issues with the fund and the absence of a suitable alternative.</p> <p>The implementation of this changes was completed in April 2022.</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Stewardship		
<p>The Trustee recognises that an important part of its role as a steward of capital is to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as ultimately this creates long-term financial value for the Plan and its beneficiaries. The Trustee recognises that good stewardship practices, including engagement and voting activities, are important as they help preserve and enhance asset value over the long-term.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is satisfied that BlackRock, through the work of their Investment Stewardship team, comply with the requirements in the Shareholder Rights Directive II relating to engagement with public companies and other parties in the investment ecosystem.</p> <p>The key responsibilities of BlackRock's Investment Stewardship Team are to:</p> <ul style="list-style-type: none"> (i) Engage with company leadership and vote on proxies to maximise long-term value for their client. (ii) Encourage business and management practices that support sustainable financial performance over the long-term. (iii) Work with BlackRock's various investment teams to provide insight on ESG considerations. (iv) Participate in market-level dialogue to understand and contribute to the development of policies that support sustainable long-term value creation. <p>In 2021, BlackRock's Investment Stewardship Team held more than 3,600 engagements with more than 2,300 unique companies across 57 markets.</p> <p>The responsibilities of BlackRock's Investment Stewardship Team as outlined above, are aligned with the Trustee's policy to ensure high standards of governance and promote corporate responsibility, reflecting the Trustee's belief that it may be appropriate for fund managers to engage with key stakeholders including corporate management, regulators and governance bodies.</p>
Voting and Engagement		
<p>The Trustee has adopted a policy of delegating voting decisions on stocks to the underlying fund managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The fund managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to delegate voting decisions to underlying fund managers. Additional details on significant votes can be found in the "Voting Behaviour" section of this Statement.</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Where relevant, the Trustee has reviewed the voting and engagement policies of the fund managers as well as the approach to governance of the investment platform provider and determined that these policies are appropriate. On an annual basis, the Trustee will request that the investment platform provider and fund managers provide details of any change in their house policy.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee's fund manager reviews and updates their "Global Principles and market-specific voting guidelines" on an annual basis.</p> <p>The aim of these annual updates is to reflect the continuous strengthening of the fund manager's stewardship practices.</p> <p>The Trustee Secretariat has a copy of the fund manager's summary of the latest annual update.</p>
Where appropriate, the Trustee will engage with and may seek further information from the investment platform provider and fund managers on how portfolios may be affected by a particular issue. If an incumbent fund manager is found to be falling short of the Trustee's standards, the Trustee will undertake to engage with the fund manager and seek a more sustainable position.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee did not find cause to engage with the investment platform provider or investment managers for further information on how portfolios may be affected by particular issues.
Monitoring		
The Trustee receives reports from the investment platform provider on the fund managers' voting activity on a periodic basis.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee receives voting reports from the investment platform provider at least annually and further details on the managers' voting activity relevant to this period can be found in the "Voting Behaviour" section of this Statement.
The Trustee reviews the fund managers' voting activity on a periodic basis in conjunction with the Plan's investment adviser and uses this information as a basis for discussion with the investment platform provider and fund managers. Where the Trustee deems it appropriate, any issues of concern will be raised with the manager for further explanation.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has reviewed managers' voting activity and did not identify any issues of concern to be raised with the relevant managers.
The Trustee meets with the investment platform provider on a regular basis. The fund managers may be challenged both directly by the Trustee and by the Plan's investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio.	Yes, the Trustee is satisfied that this policy has been followed.	The investment adviser has regular engagement and meetings with the investment platform provider on behalf of the Trustee.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Voting

The fund managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy. The Trustee aims to review engagement activity undertaken by the fund managers as part of its broader monitoring activity.

Yes, the Trustee is satisfied that this policy has been followed.

Where appropriate, the Trustee will engage with and may seek further information from the Investment platform provider, and fund managers on how portfolios may be affected by a particular issue. The Trustee does not engage directly, but believes it is sometimes appropriate for the fund managers to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours.

Yes, the Trustee is satisfied that this policy has been followed.

The Trustee was provided with voting reports relating to the period of the SIP.

(See the section entitled "Voting behaviour")

Stewardship and Engagement

The Trustee, without prejudice, delegates to the manager the responsibility for the stewardship activities that apply to the Plan's investments. The Trustee expects the manager to exercise their voting powers with the objective of preserving and enhancing long-term shareholder value.

Use of Proxy Voting Services

Due to the delegation of responsibility for the stewardship activities to underlying asset managers, any use of proxy voting services on the Trustee's behalf is at the respective asset managers' discretion. The Trustee does not appoint or utilise a dedicated proxy voting service provider.

Investment Stewardship Engagements

The Trustee recognises that stewardship encompasses the exercise of engagement with the companies in which the Plan invests, as this can improve the longer-term returns of Plan's investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

Long-term perspective on the Plan's member's assets

In the Statement of Compliance for Shareholder Rights Directive II ('SRD II'), BlackRock states, "BlackRock takes a long-term perspective in its investment stewardship work informed by two key characteristics of our business:

- The majority of end beneficiaries are saving for long-term goals so the Trustee presumes they are long-term shareholders; and
- The majority of equity holdings are invested in index-tracked portfolios, so end beneficiaries are, by definition, are long-term shareholders."

The Trustee finds that BlackRock is well positioned to protect and enhance the long-term value of members' assets. Notably BlackRock has confirmed that they are enhancing their reporting and level of voting and engagement disclosures. They have focussed their improvement on three key themes:

- Moving from annual to quarterly voting disclosure,
- Prompting disclosure around key votes including an explanation of their voting decisions, and
- Enhancing disclosure of their company engagements.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

The topics listed below highlight the engagement themes that have been prioritised by BlackRock during the reporting period to encourage good governance practices and to deliver long-term financial performance.

Lifepath Flexi Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	1,580
Corporate Strategy	1,488
Remuneration	1,437
Environmental	
Climate Risk Management	1,529
Operational Sustainability	245
Social	
Human Capital Management	927

CNPP UK Equity Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	1,357
Corporate Strategy	1,281
Remuneration	1,243
Environmental	
Climate Risk Management	1,406
Operational Sustainability	239
Social	
Human Capital Management	843

CNPP Global Equity Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	897
Corporate Strategy	821
Remuneration	885
Environmental	
Climate Risk Management	901
Operational Sustainability	128
Social	
Human Capital Management	589

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

CNPP Global Equity (ex UK) Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	685
Corporate Strategy	648
Remuneration	681
Environmental	
Climate Risk Management	726
Operational Sustainability	96
Social	
Human Capital Management	499

CNPP Emerging Markets Equity Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	260
Corporate Strategy	329
Remuneration	151
Environmental	
Climate Risk Management	300
Operational Sustainability	82
Social	
Human Capital Management	106

BlackRock's Investment Stewardship ("BIS") team's approach is in line with the Trustees investment policies.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

3. Voting Behaviour

Voting

The Plan invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Trustee asks the managers to produce information that demonstrates the manager is exercising good stewardship.

Year to 31/03/2023:	CNPP Global Equity (ex UK) Fund	CNPP Global Equity Fund	CNPP UK Equity Fund	CNPP Emerging Markets Equity Fund
Number of meetings at which eligible to vote	1,991	2,581	1,087	2,782
Number of resolutions on which eligible to vote	25,196	34,376	15,027	25,350
Proportion of eligible resolutions on which voted	95%	96%	96%	98%
Of the resolutions on which you voted, what % did you vote with management?	93%	94%	94%	88%
Of the resolutions on which you voted, what % did you vote against management?	6%	5%	5%	11%
Of the resolutions on which you voted, what % did you abstain from voting?	0%	0%	1%	3%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.			

Most Significant Votes

BlackRock takes a thematic approach towards voting and engagement. The 5 themes that BlackRock prioritised in their voting behaviour over the Plan Year were:

- Board Quality and Effectiveness
- Strategy, Purpose and Financial Resilience
- Incentives Aligned with Value Creation
- Climate and Natural Capital
- Company Impacts on People

The Trustee considers voting to be significant on the basis of ESG factors, such as climate related themes, which aligns with the views of BlackRock.

Therefore, the most significant votes cast by the fund manager on behalf of the Trustee will relate to both some of the largest holdings as well as relevance to the 5 key themes listed above, with emphasis on the climate change and natural capital theme specifically.

Below are the examples of the most significant votes – as defined by BlackRock which aligns with the Trustee – cast over the period, split by fund. All first-person references (e.g. to us, we, our etc.) in the tables below will refer to BlackRock and their views as opposed to those of the Trustee of CNPP.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

LifePath Flexi Fund – Most Significant Votes

Company:	SHELL PLC
Date:	24 th May 2022
Resolution:	Item 20: Approve the Shell Energy Transition Progress Update (Management proposal) Item 21: Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions (Shareholder proposal)
BlackRock Vote:	BlackRock Investment Stewardship voted FOR Item 20 and AGAINST Item 21
Rationale:	<p>Item 20:</p> <p>BIS supported this proposal in recognition of the company's disclosed energy transition plan to manage climate-related risks and opportunities and the company's progress against this strategy.</p> <p>BIS considers Shell to be an industry leader on the management, oversight and disclosure of climate-related risks and opportunities. Shell's strategy is consistent with what BIS looks for from companies to demonstrate that their strategy is likely to be resilient under a range of scenarios, including likely decarbonisation pathways to limit global temperature rise to well below 2°C, ideally closer to the global aspiration of 1.5°C.⁷ In 2021, Shell included ambitious emissions reduction targets for all scopes (1, 2 and 3) across short-, medium-and long term timeframes, including an aspiration to reduce the net carbon intensity of the portfolio of energy products sold by 45% by 2035 and 100% by 2050 from a 2016 base year. This is equivalent to a target to reduce total absolute emissions to net-zero by 2050. Since then, Shell has updated the company's emissions reduction targets to reduce scope 1 and 2 emissions by 50% by 2030. In addition, the company removed a previous condition included in the original Energy Transition Strategy to achieve net-zero emissions by 2050.</p> <p>Specifically, Shell had tied the ability to achieve net-zero emissions by the mid-century with society's progress towards that aspiration. That conditional requirement is no longer included.</p> <p>Moreover, in the past year, Shell has made large investments in low-carbon fuels, renewables, and hydrogen, while also significantly growing their power business to 1.6 million retail customers by the end of February 2022.</p> <p>Overall, BIS recognises that Shell has a clearly disclosed plan to manage climate-related risks and opportunities and has started to make progress against the plan. Therefore, they believe their support for this proposal is in the best long-term economic interests of clients.</p> <p>Item 21:</p> <p>BIS did not support this shareholder proposal because they believe that it is not additive to Shell's Energy Transition Strategy and that the company's ability to set absolute short-and medium-term scope 3 emissions reduction targets is impeded by the current uncertainty around the pace of declines in oil and gas demand as well as energy security considerations.</p> <p>At this stage, however, they view scope 3 emissions differently from scope 1 and 2, given methodological complexity, regulatory uncertainty, concerns about double-counting, and lack of direct control by companies. In their view, Shell's ability to set aspirational absolute scope 3 emissions reduction targets is also impeded by the current context of significant uncertainty about the pace of declines in oil and gas demand as well as energy security considerations. They note that companies face particular challenges in the near-term, given under investment in both traditional and renewable energy, exacerbated by the current geopolitical environment.</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Company:	GLENCORE PLC.
Date:	28 th April 2022
Resolution:	Item 13: Approve Climate Progress Report
BlackRock Vote:	BlackRock voted FOR Item 13
Rationale:	<p>BIS supported this proposal in recognition of the company's disclosed plan to manage climate-related risks and opportunities and the company's progress against this plan. We do, however, believe there are areas where the company could enhance its disclosure.</p> <p>As expectations regarding the mitigation of climate risks increased for the sector, Glencore was one of the first mining companies to propose an advisory vote on its climate action plan at the company's 2021 AGM. Glencore was also one of the first large, diversified mining companies to publish a target for reducing scope 3 emissions. Many of Glencore's peers have since also proposed climate plan votes and disclosed scope 3 emissions reduction targets.</p> <p>Previously, Glencore had a target to reduce absolute scope 1, 2 and 3 emissions by 40% by 2035 (over a 2019 base year). The company raised this target to a 50% reduction in emissions over the same time period in the recent progress report.</p> <p>The updated target also includes a restated baseline to account for Glencore's 100% ownership of the Cerrejón coal mine in Colombia following the acquisition of the stakes of two joint venture partners. Although this will increase reported coal production in the short term, Glencore has clearly explained how acquiring full ownership is consistent with their commitment to a responsible and managed phase down of their coal portfolio and confirmed that the progressive expiration of the project's current mining concessions by 2034 is in line with Glencore's stated climate ambitions.</p> <p>There are areas where Glencore's disclosure through the progress report and underlying action plan could be enhanced. While we understand the potential sensitivities of mine closure plans, additional details on the key milestones for the phase down of coal operations would be helpful for investors to better understand the climate risks, challenges and opportunities Glencore is facing and to measure progress on an ongoing basis, as well as to foster confidence in the Climate Action Transition Plan.</p> <p>BlackRock will continue to engage with Glencore to monitor progress against the Climate Action Transition Plan and the above-mentioned areas for enhanced reporting on progress, which will be carefully considered in future voting decisions, as well as the consistency between corporate decisions and stated climate ambitions.</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Company:	EXXONMOBIL CORPORATION
Date:	25 th May 2022
Resolution:	Item 6: Reduce Company Emissions and Hydrocarbon Sales (Shareholder proposal) Item 7: Report on Low Carbon Business Planning (Shareholder proposal) Item 8: Report on Scenario Analysis (Shareholder proposal) Item 9: Report on Reducing Plastic Production (Shareholder proposal) Item 10: Report on Political Contributions (Shareholder proposal)
BlackRock Vote:	BlackRock Investment Stewardship voted AGAINST 6, 7, 9, 10 and FOR Item 8
Rationale:	<p>Item 6: BIS did not support this shareholder proposal in recognition of the steps the company has taken in the past year on setting scope 1 and 2 GHG emissions reduction targets. They also acknowledge the current complexities surrounding scope 3 emissions reduction targets for the oil and gas industry in particular. Exxon currently has an ambition to achieve scope 1 and 2 net zero GHG emissions from all operated assets by 2050 and to reach scope 1 and 2 net zero emissions in the Upstream Permian Basin by 2030. Exxon has also made notable improvements on their medium-term target setting since the 2021 AGM. The company has not set scope 3 emissions reduction targets; however, they recognise that the issue of scope 3 emissions targets is complex, particularly for the oil and gas industry. In the commentary, climate risk and the global energy transition, we describe our view that scope 3 emissions are a major global societal issue and, for companies where they are material, the prospect of future policy change could affect the economic viability of their business models. At this stage, however, BlackRock view scope 3 emissions differently from scope 1 and 2 emissions, given the methodological complexity, regulatory uncertainty, concerns about double-counting, and lack of direct control by companies.</p> <p>Item 7: BIS did not support this shareholder proposal based on their assessment that it is overly prescriptive in nature and unduly constraining on management, and therefore not in our clients' long-term economic interests.</p> <p>The shareholder proposal requested that Exxon "issue a report (at reasonable cost, omitting proprietary information) describing how the company could alter its business model to yield profits within the limits of a 1.5-degree Celsius global temperature rise by substantially reducing its dependence on fossil fuels. In particular, the proposal asks Exxon to report on how it can alter its business model specifically within the limits of a 1.5°Celsius temperature rise scenario. BlackRock do not believe that it is the position of shareholders to tell companies what their corporate strategies should entail, including whether changes to the business model are warranted. Rather, based on a company's disclosures, BIS assesses the robustness of their climate action plan, board oversight and capital allocation plan in addressing the risks and opportunities presented by the global energy transition.</p> <p>Given the proposal's focus on "how the company could alter its business model," which BlackRock found unduly constraining on the company, BIS did not believe this proposal was in the long-term economic interests of their clients. As a result, they did not support this proposal.</p> <p>Item 8: BIS supported this shareholder proposal because BlackRock believe shareholders would benefit from more fulsome information on the company's scenario planning in relation to a range of pathways of the global energy transition.</p> <p>The shareholder proposal requested that Exxon issue "an audited report assessing how applying the assumptions of the International Energy Agency's Net Zero by 2050 pathway would affect the assumptions, costs, estimates, and valuations underlying its financial statements, including those related to long-term commodity and carbon prices, remaining asset lives, future asset retirement obligations, capital expenditures and impairments."</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

They acknowledge that the IEA NZE 2050 scenario is one possible scenario and open to change and interpretation, as is typical of any long-term scenario planning exercise. However, thorough analysis and robust disclosure of this analysis is useful for investors to shed light on a company's preparedness and general position to mitigate the risks and capture opportunities from the energy transition - which supports the long-term shareholder value creation on which their clients, the asset owners, depend to meet their financial goals. It is for these reasons that they voted in favour of the proposal.

Item 9:

While BlackRock acknowledge the materiality of plastic pollution for the company, BIS did not support this shareholder proposal because they do not believe that the report as requested in the resolved clause set forth by the proponent would yield the most material information for investors. They also believe that the proposal is overly constricting on the Board.

The shareholder proposal requested that the Board issue "an audited report addressing whether and how a significant reduction in virgin plastic demand, as set forth in Breaking the Plastic Wave's System Change Scenario to reduce ocean plastic pollution, would affect the Company's financial position and assumptions underlying its financial statements."

Engaging on plastics pollution is an increasingly important topic for BIS, as discussed in their commentary on their approach to engagement on natural capital. BlackRock appreciate when companies who produce or rely heavily on plastics in their products or operations disclose information on how waste is managed. This disclosure might include how they are accelerating efforts related to recycling and reuse of plastic products to minimise waste, such as efforts to improve infrastructure support in challenged areas, efforts and investments around research and innovation to develop substitute products for single-use plastics such as biodegradable plastics, as well as targets established to limit runoff and waste and to support efforts to clean up existing plastics pollution.

While BIS believes that plastics pollution is a material risk for the company, BlackRock do not believe that the requested audited report focused on a single aspect of the issue, namely a significant reduction in virgin plastic demand, would provide them with the most decision useful information. Moreover, the proposal asks the company to assess the impacts on "the company's financial position and assumptions underlying its financial statements." They believe that this level of diligence on a limited scenario as encompassed in the "Breaking the Plastic Wave's System Change" is out of context with the type of disclosures typical of companies under relevant voluntary sustainability standards, such as the Sustainability Accounting Standards Board (SASB).

Item 10:

BIS did not support this shareholder proposal because, in our assessment, Exxon's enhanced disclosure regarding their political spending and lobbying activities provides sufficient information for investors to make informed investment decisions.

The shareholder proposal requested that the company "prepare and semi-annually update a report electoral contributions and expenditures (direct and indirect) with corporate funds, including the board's role (if any) in that process." Specifically, the proposal requests a report on Exxon's electioneering expenditures rather than their lobbying expenditures, which generally make up the majority of companies' expenditures made through trade associations. The company received a similar shareholder proposal in 2021 which received approximately 30% support, including from BIS, to which they believe the company has been responsive.

As explained in the commentary on "Our perspective on corporate political activities", BlackRock look to companies that engage in political activities to develop, maintain, and disclose robust processes, including effective board oversight, to guide these activities and mitigate associated risks. It is helpful to investors' understanding if companies provide accessible and clear disclosures so that investors can easily understand how companies' political activities support their long-term strategy, including on their stated public policy priorities.

Since the 2021 AGM, Exxon has enhanced their political activities and lobbying disclosure, building on their existing disclosure which provided a list of trade associations where dues were paid of \$100,000

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

or more and which used a portion of such payments for lobbying. Exxon publishes on their website a list of all third-party U.S. organisations in which they or their affiliates are members, and the portion of their membership fees that was reportedly used for lobbying. This list, along with an accounting of the company's direct and grassroots lobbying, is available as part of their newly published Lobbying Report, which was developed after discussion with investors.

Company:	ELECTRIC POWER DEVELOPMENT CO. (J-POWER)
Date:	28 th June 2022
Resolution:	<p>Item 8: Partial Amendments to the Articles of Incorporation (AOI) to formulate and disclose a business plan to reduce greenhouse gas (GHG) emissions and align with the Paris Agreement</p> <p>Item 9: Partial Amendments to the AOI to disclose alignment of capital expenditure with GHG emissions reduction targets</p> <p>Item 10: Partial Amendments to the AOI to disclose how the remuneration policies facilitate the achievement of the company's GHG emissions reduction targets</p>
BlackRock Vote:	BlackRock voted AGAINST items 8, 9, and 10
Rationale:	<p>Given that the company has provided disclosures aligned with the Taskforce on Climate-related Financial Disclosures (TCFD) framework since 2020, as well as the progress achieved against their 2050 decarbonisation strategy to date, BIS did not support the shareholder proposals. The climate-related proposals asked the company to amend their AOI to formulate and disclose a Paris Agreement-aligned business plan, to report on progress against the business plan in their annual report, and to disclose how remuneration policies facilitate the achievement of GHG emissions reduction targets. BlackRock considered these proposals to be overly prescriptive unduly restricting on management's ability to make business decisions.</p> <p>BIS did not support the three shareholder proposals as, in our assessment, J-POWER has published enhanced disclosures providing investors greater transparency in relation to their climate action plans and remuneration policies. In addition, we believe the three shareholder proposals are overly prescriptive and risk unduly restricting management's ability to make business decisions.</p> <p>While BIS evaluates every proposal on a case-by-case basis, those filed in Japan often require an additional degree of consideration as they could entail amending the company articles of incorporation (AOI), which would make them legally binding. This introduces a unique degree of personal liability for directors and management. It also creates material legal liability for a company should a proposal pass, particularly if the proposal language is vague or open to interpretation, which could make it harder to determine whether the requests have been met.</p> <p>They recognise that the energy transition presents different challenges and varying potential rates of change for companies across sectors. BlackRock's focus is therefore on engaging with companies on behalf of their clients to understand how they are managing the transition and monitoring their own progress — as well as how they are factoring it into their long-term business plans and emissions reduction targets. BIS will continue to engage with the company, including on progress against J-POWER's plans to manage climate-related risks and opportunities. Long-term investors like BlackRock's clients will benefit from greater transparency, particularly regarding how the board provides oversight of the company's climate plans and actions.</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Company:	MARATHON PETROLEUM CORPORATION
Date:	27 th April 2022
Resolution:	Item 7: Reduce Ownership Threshold for Shareholders to Call Special Meeting Item 8: Amend Compensation Clawback Policy Item 9: Report on Climate Strategy Consistent with ILO's "Just Transition Guidelines"
BlackRock Vote:	BlackRock voted AGAINST the shareholder proposals (Items 7-9)
Rationale:	<p>Item 7: Reduce Ownership Threshold for Shareholders to Call Special Meeting (AGAINST) BIS did not support this proposal because we believe that the company's 25% threshold for shareholders to call a special meeting is appropriate.</p> <p>The proposal asks MPC's board to "take the steps necessary to amend the appropriate company governing documents to give the owners of a combined 10% of our outstanding common stock the power to call a special shareholder meeting."</p> <p>As stated in their Proxy voting guidelines for U.S. securities, BlackRock believe that shareholders should have the right to call a special meeting in cases where a reasonably high proportion of shareholders (typically a minimum of 15% but no higher than 25%) share concerns about an issue that should go to a shareholder vote. In their view, MPC already provides shareholders the right to call a special meeting at an appropriate threshold of 25%, which they believe offers shareholders a reasonable opportunity to raise issues of substantial importance without having to wait for management to schedule a meeting. For these reasons, they did not support the proposal.</p> <p>Item 8: Amend Compensation Clawback Policy (AGAINST) BIS did not support this shareholder proposal because we believe that the company's existing clawback policy is aligned with market practice and they recognise the potential for near-term Securities and Exchange Commission (SEC) rule making on clawback policies.</p> <p>The shareholder proposal urges the company to amend the "recoupment/clawback policy to add that the [Compensation and Organization Development] Committee will review and determine whether to seek recoupment of long-term incentive and short-term incentive compensation paid, granted or awarded to an executive officer" in certain situations and that the company "disclose to shareholders the circumstances of any recoupment or decision not to pursue recoupment in those situations."</p> <p>BIS recognises that the U.S. Securities and Exchange Commission (SEC) reopened the comment period on the Dodd-Frank clawback rule on October 14, 2021, signalling that final rulemaking may be close at hand. BIS believes that their clients will be best served if companies that already have a market-standard clawback policy have the flexibility to incorporate changes to their policy with the full knowledge and benefit of a final Dodd-Frank rule once it becomes available. As companies adjust alignments with the final Dodd-Frank clawback rule, BIS encourages boards to keep in mind our preferences for clawback policy provisions as communicated in their proxy voting guidelines. In the interim, companies with market-meeting clawback policies should operate within their full recoupment authority for the long-term benefit of shareholders.</p> <p>Item 7: Report on Climate Strategy Consistent with ILO's "Just Transition Guidelines" (AGAINST) BIS did not support this shareholder proposal because they believe the company's recently published disclosure addresses the topic of a 'just transition' and provides BIS with meaningful information to understand the company's approach and risk oversight process.</p> <p>MPC received a shareholder proposal requesting that the board "prepare a report stating how Marathon is responding to the social impact of Marathon's climate change strategy on workers and communities, consistent with the "Just Transition" guidelines of the International Labour Organization ("ILO")."</p> <p>BlackRock believe that MPC's disclosure is sufficiently comprehensive for their assessment of their approach to supporting a just transition. In their view, it also seems to cover the information sought by</p>

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

the proponent. BIS did not, therefore, believe support was warranted. They recognise that reporting around a just transition is an evolving and complex topic, and BlackRock are closely following the development of reporting frameworks and standards which can help companies effectively disclose their management and oversight of this material business risk and opportunity. They will continue to discuss the subject with MPC as their approach evolves and the company has likewise assured investors of a "continued commitment to stakeholder listening and engagement."

ACS 5050 Global Equity Fund – Most Significant Votes

Company:	Glencore Plc
Date:	28 April 2022
Resolutions:	Item 13: Approve Climate Progress Report
BlackRock Vote:	BlackRock voted FOR this item in recognition of the company's disclosed plan to manage climate-related risks and opportunities and the company's progress against this plan. We do, however, believe there are areas where the company could enhance its disclosure.
Rationale:	<p>At the 2022 annual general meeting (AGM), management proposed an advisory, non-binding shareholder vote on the company's Climate Action Transition Plan. The proposal "provides an opportunity for shareholders to provide an advisory vote on Glencore's activities and progress against the company's Climate Action Transition Plan," which was first proposed to shareholders at the 2021 AGM and received 94% support, including from BlackRock.</p> <p>As expectations regarding the mitigation of climate risks increased for the sector, Glencore was one of the first mining companies to propose an advisory vote on its climate action plan at the company's 2021 AGM. Glencore was also one of the first large, diversified mining companies to publish a target for reducing scope 3 emissions. Many of Glencore's peers have since also proposed climate plan votes and disclosed scope 3 emissions reduction targets.</p> <p>Regarding scope 1 and 2 GHG emissions, Glencore's operations have a high carbon intensity relative to peers, and about 40% of the company's annual emissions are from the purchase of electricity. The Climate Progress Report describes how Glencore is addressing these emissions through a combination of initiatives including the electrification of the company's mining fleet and the increased usage of renewable power. By supporting this proposal, BIS recognises that the company has a clearly disclosed plan to manage climate-related risks and opportunities and has started to make progress against the plan, a transition that will entail a journey over years, not months.</p> <p>That said, we believe there are areas where Glencore's disclosure through the progress report and underlying action plan could be enhanced. While we understand the potential sensitivities of mine closure plans, additional details on the key milestones for the phase down of coal operations would be helpful for investors to better understand the climate risks, challenges and opportunities Glencore is facing and to measure progress on an ongoing basis, as well as to foster confidence in the Climate Action Transition Plan.</p> <p>We will continue to engage with Glencore to monitor progress against the Climate Action Transition Plan and the above-mentioned areas for enhanced reporting on progress, which will be carefully considered in future voting decisions, as well as the consistency between corporate decisions and stated climate ambitions.</p>

Conclusion

Overall, the Plan has demonstrated key actions by the Trustee during the relevant reporting period that highlight how it continues to make investment decisions in line with the policies set out in the SIP.

From a stewardship and engagement perspective, the Plan is limited in its scope to directly influence how asset managers invest and engage with underlying companies due to the use of pooled funds to implement the Plan's investments, however, the Plan will endeavour to engage with managers where possible and ensure alignment with the Trustees views on significant votes.

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2023

Statement of Trustee's Responsibilities for the financial statements

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

(i) show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Plan, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Plan prescribed by pensions legislation, which they should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Plan and financial information included on the Plan's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed for and on behalf of the Trustee:

Allan Whalley

representing Strettea Independent Trustee Limited

Trustee Director

Date: 16 October 2023

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Summary

This Statement covers the Trustee's stewardship of the Plan's Defined Contribution (DC), Shift Pay Pension Plan (SPPP) and Additional Voluntary Contribution (AVC) sections during the year ended 31 March 2023 (referred to as the Plan Year below) and the steps the Trustee has taken to improve value for members applied from 1 April 2023:

For the Plan Year covered by this statement, the Trustee confirms:

- The Plan's default arrangements remained suitable for members;
- The default for all New Joiners' DC Structure members are the appropriate Aegon BlackRock LifePath Flexi Fund based on the members expected retirement age;
- The net investment returns are reported for the default funds and for each fund which Plan members are, or have been able to, select, and in which scheme members are invested during the Plan Year. Net investment returns refer to the returns on funds net of all transaction costs and charges;
- The amounts of charges and costs borne by members are as set out in Annex 2;
- Financial transactions were, based on information provided to the Trustee and reviewed by the Secretariat, carried out accurately, promptly and efficiently;
- The Trustee has kept its knowledge of pension matters up-to-date; and
- The third Supervisory Return since the Plan became an authorised Master Trust was submitted to the Pensions Regulator for the year end 31 March 2023.

Removal of CNPP Property Fund and Replacement Cash Fund

During the previous Plan year to 31 March 2022, the Trustee took action in light of the Covid-19 pandemic in respect of the CNPP Property fund. Difficulties faced by independent valuers in valuing properties and property fund managers' ability to sell buildings to meet redemption requests had resulted in the suspension of the CNPP Property Fund. Members were initially notified in the Plan year ending 31 March 2021 that contributions were being redirected into the Replacement Cash Fund (Aegon BlackRock Cash) until such time as the CNPP Property Fund could reopen. Although the suspension of the CNPP Property Fund was lifted in January 2022, the Trustee had made the decision that the fund was no longer appropriate for members. A project was started in the Plan year ending 31 March 2022 to move assets of those with investment in both the CNPP Property Fund and the Replacement Cash Fund. This was completed in the current Plan year ending 31 March 2023 and the two funds were removed as self-select funds from the administration platform.

Master Trust Authorisation

The Plan is an authorised Master Trust. These are occupational pension schemes that provide benefits to the employees enrolled by non-associated employers i.e., multiple employers within a DC pension arrangement and regulated by the Pensions Regulator (TPR). Following the Plan's authorisation, the Trustee has increased further the levels of governance in regard to its DC benefits. The Plan continues to comply with the stringent Master Trust ongoing supervisory requirements and has the lowest level of TPR Supervision (Level 2), which means that the Plan passed Master Trust authorisation at the highest level. The governance includes:

- Monitoring against significant events, and ensuring prompt notification to TPR;
- Monitoring objectives in the business plan (which includes ensuring that the management, administration and governance of the Master Trust is delivered to a high standard, providing members with an appropriate default investment fund and a range of alternative investment options and providing value for members through a competitive charging structure and the delivery of high-quality services);
- Risk management; and
- Monitoring of service providers.

In preparation for the annual Master Trust supervisory return, the Trustee has developed and reviews a quarterly report of the actions undertaken to maintain its Master Trust Authorisation.

The Trustee's third supervisory return, as at 31 March 2023, was compiled and submitted to TPR on 30 June 2023, meeting TPR's required timescale.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The Trustee hopes that this Statement helps you to understand how your pension scheme is run. Please also see the Plan's website (cnpp.org.uk) for more background on the Plan, including the investment options and a glossary of terms.

If you have any questions on its contents, please contact the Scheme Secretary, Building 329 Thomson Avenue, Harwell Campus, Didcot, Oxfordshire OX11 0GD.

The rest of this Statement describes in more detail the Trustee's management of the Plan's DC, SPPP and AVC sections during the last year in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (SI 1996/1715), as amended.

Signed on behalf of the Trustee¹ by:

Allan Whalley *representing Strettea Independent Trustee Limited*

Allan Whalley
Chair of the Trustee of the Combined Nuclear Pension Plan

Date: 16 October 2023

¹ Reg 23(1)(e) Administration regulations

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

This part of the Statement describes the Plan's charges, costs and value for members, as well as considering the suitability of the default arrangement during the year to 31 March 2023. It will be published on-line. The web address is provided in members' annual benefit statements and in the members' newsletter.

(a) Default arrangements

The default arrangements are the investment options that the Trustee has chosen for DC members who do not make an active fund choice. Members who do not choose an investment option will automatically be put into the default for their Section of the Plan. Up to 27 March 2020, the Plan had two default arrangements for DC members who did not make an active fund choice, they were Aegon BlackRock LifePath Flexi Funds and the Aegon BlackRock LifePath Capital Funds.

Under pensions regulations, the Replacement Cash Fund was treated by the Trustee as a default arrangement from 27 March 2020, as it was the destination for diverted contributions for the suspended Property Fund during the Covid-19 pandemic. The Trustee made plans to remove the Replacement Cash Fund from the Plan and transfer accrued assets to relevant default arrangements for affected members.

The default arrangements in place during this Plan year are summarised in the following table:

Section	Default Target Date Fund Range
CNPP New Joiners DC Structure (includes both CPS and GPS Sections)	Aegon BlackRock LifePath Flexi Funds
CNPP DB Structure SPPP	Aegon BlackRock LifePath Capital Funds
Any DC members making regular contributions into the CNPP Property Fund in March 2020	Replacement Cash Fund (to end of May 2022 only)

At the start of the Plan year, the Replacement Cash Fund continued to be a default arrangement for AVC members who had directed contributions to the suspended CNPP Property Fund. Due to the prolonged closure of the Property Fund, the Trustee took the decision to transfer AVC member contributions and accrued assets to the relevant Aegon BlackRock LifePath Capital Fund. A project was started in the Plan year to move assets of those with investments in either of the CNPP Property Fund and/or Replacement Cash Fund, this was completed in May 2022 and then the two funds were removed from future funds available. The assets from this were reinvested into the Plan's default arrangement - LifePath Flexi. A full member communication took place during this process to keep members notified of all changes.

The main investment objectives governing the default arrangements are outlined below:

- To provide good member outcomes at retirement while subject to a level of investment risk appropriate to the majority of members who do not make active investment choices;
- To manage over time the principal investment risks faced by members: inflation, volatility in fund values (when this is material) and converting the fund value into benefits at retirement; and
- To target the retirement benefits that the majority of members in each section are expected to choose.

During the period in which it was available, the objective of the Replacement Cash Fund was to protect the absolute value of the members' investment by investing in deposits and other short-term money market instruments.

The most recent Statement of Investment Principles for the default arrangements is attached at Annex 1.²

The Trustee continues to monitor the performance of the default funds at its quarterly Investment Sub Committee (ISC) meetings and any issues requiring rectification would be managed by the ISC and reported to the Trustee. There were no default fund issues identified during the Plan year.

² Regulation 23(a)(i) Administration Regulations

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The Trustee believes that the default arrangements are appropriate for the majority of the Plan's members because they continue to meet the main objectives above. The performance over the period covered by this Statement has been assessed to ensure the defaults continue to be managed to a level of risk appropriate for members' proximity to retirement and the type of benefits they are expected to take. The last review of the default strategy took place in December 2020. The review found that the two default arrangements remained appropriate for each of the Sections of the Plan and the self-select fund range included the asset classes that were broadly in line with other DC schemes. However, the review identified that there was no self-select Environmental, Social and Governance (ESG) fund available. As a consequence, the Trustee considered and introduced a sustainable/ESG focused self-select option, CNPP Multi-Asset Fund³, in August 2022.²

(b) Charges and transaction costs

As shown below, members bear the full costs of the administration, investment and investment transactions. Members and employers share the costs of communication services and employers bear the costs of the Plan's management and governance by the Trustee:

Service	Paid for by members	Shared by members and the employers	Paid for by the Employers
Investment management	Y	-	-
Investment transactions	Y	-	-
Administration	Y	-	-
Communication	-	Y	-
Governance	-	-	Y

The presentation of the charges and transaction costs, including the illustrations of the impact of costs and charges, has taken into account the statutory guidance issued by the Department for Work and Pensions.⁴

Charges

The charges quoted are the funds' Total Expense Ratios (TERs). The TER consists of a fund's Annual Management Charge (AMC) and Operating Costs and Expenses (OCE). OCEs include, for example, the fund's custodian costs. While the AMC is usually fixed, the OCE and hence the TER, can vary slightly from day to day.

The Plan is a qualifying scheme for auto-enrolment purposes and the member-borne charges for the default arrangements complied with the charge cap during the year covered by this statement.

Transaction costs

Transaction costs are in addition to the funds' TERs and can arise when:

- The fund manager buys or sells part of a fund's portfolio of holdings; or
- The platform provider or fund manager buys or sells units in an underlying fund.

Transaction costs vary from day-to-day depending on how each fund is invested and market conditions at the time. Transaction costs include both explicit custodian fees on trades, stockbroker commissions and stamp duty (or other withholding taxes), and implicit impact/opportunity costs. Transaction costs are taken into account when the fund's unit prices are calculated. This means that transaction costs are not readily visible but will be reflected in a fund's investment performance.

The FCA requires fund managers and providers to calculate transaction costs using the 'slippage method', which compares the values of assets immediately before and after a transaction has taken place. This can give rise to negative transaction costs where favourable stock market movements during a transaction offset the rest of the trading costs (such as stockbroker commission).

² Regulation 23(a)(iv) Administration Regulations

⁴ Reg 23(1A) Administration Regulations

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Charges for the default arrangements⁵

The charges and transaction costs for the default arrangements for each Section during the Plan year to 31 March 2023 are given in Annex 2. The ranges of charges during the year were:

Section	Default arrangement	TER
CNPP New Joiners' DC Structure (includes both CPS and GPS Sections)	Aegon BlackRock LifePath Flexi Funds	0.23% p.a. or £2.30 per £1,000 fund value
CNPP Defined Benefit (DB) Structure SPPP	Aegon BlackRock LifePath Capital Funds	0.23% p.a. or £2.30 per £1,000 fund value
CNPP New Joiners Section (includes both CPS and GPS Sections), CNPP DB Structure SPPP and AVCs	Replacement Cash Fund	0.23% p.a. or £2.30 per £1,000 fund value

Source: Aegon

Transaction costs for the default arrangements⁶

The transaction costs borne by members in the default arrangements during the year were:

Section	Default arrangement	Transaction costs
1. CNPP New Joiners DC Structure (includes both CPS and GPS Sections)	Aegon BlackRock LifePath Flexi Funds	0.01% to 0.09% p.a. or £0.10 to £0.90 cost per £1,000 fund value
2. CNPP Defined Benefit (DB) Structure SPPP	Aegon BlackRock LifePath Capital Funds	0.00% to 0.08% p.a. or £0.00 to £0.80 cost per £1,000 fund value
3. CNPP New Joiners Section (includes both CPS and GPS Sections), CNPP DB Structure SPPP and AVCs	Replacement Cash Fund	0.02% p.a. or £0.20 per £1,000 fund value

⁵ Reg 23(1)(c)(i) Administration Regulations

⁶ Reg 23(1)(c)(i) Administration Regulations

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Charges for the investment options outside the default arrangements for the period to 31 March 2023⁷

The Plan offers members a choice of self-select/AVC funds. The table in Annex 2 gives the levels of charges and transaction costs applicable to all funds which are not part of the default arrangements. The ranges of charges for the investment options outside the default arrangements during the year were:

Plan Section	Self-select/AVC fund choices	TER	Note
CNPP New Joiners DC Structure (includes both CPS and GPS Sections) CNPP DB Structure SPPP and AVCs	14 fund choices (including the two LifePath default options)	From 0.15% to 0.81%	-
CNPP DB Structure AVCs	Prudential With Profits Fund (not open to new contributors)	1% (average)	With-profits investments are currently subject to an average fund charge of 1% per year. The charge isn't guaranteed to remain at this level and may change in the future.

Transaction costs for the self-select investment options outside the default arrangement⁸

The transaction costs for self-select investment options outside the default arrangements borne by members during the year were:

Plan Section	Self-select/AVC fund choices	Transaction costs
CNPP New Joiners DC Structure (includes both CPS and GPS Sections) CNPP DB Structure SPPP CNPP DB Structure AVCs	14 fund choices (including the two LifePath default options)	From -0.03% to 0.27% p.a. or from a saving of £0.30 to a cost of £2.70 per £1,000 invested.
CNPP DB Structure AVCs	Prudential With Profits Fund (not open to new contributors)	0.20% p.a. or a cost of £2.00 per £1,000 invested.

⁷ Reg 23(1)(c)(ii) Administration regulations

⁸ Reg 23(1)(c)(ii) Administration regulations

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

AVCs invested in With Profits

A closed group of Defined Benefit Structure members have AVCs invested in the Prudential With Profits Fund. The charges and transaction costs for With Profits Funds are deducted from the overall fund before bonus rates are set for all policyholders. As a result, the charges and costs are effectively averaged across all policy-holders and it is not possible to determine the exact charges and costs borne by the members of our Plan.

The Principles and Practices of Financial Management for the Prudential With Profits Fund state that the administration and investment charges should average 1.0%.

The transaction costs for AVCs invested in With Profits borne by members for the period 1 April 2022 to 31 March 2023 were 0.20% of the amount invested or, put another way, a cost of £2.00 per £1,000 invested.

It should be noted that the implicit costs and charges for the With Profits Fund cover the cost of guarantees and reserving as well as investment management and administration.

Impact of costs and charges

The Trustee has asked Aegon, as the Plan's provider, to illustrate the cumulative effect over time of the costs and charges borne by members.

These illustrations⁹ show projected fund values in today's money before and after costs and charges for typical members, at stages from joining the Plan at age 16 up to retirement.

The tables in Annex 3 to this Statement show these figures for the default arrangements, most popular self-select funds and a selection of self-select funds with differing levels of investment risk, together with a note of the assumptions used in calculating these illustrations.

As an example, for a member who joined the LifePath Flexi default arrangement at age 16 with future contribution of £12,778p.a. growing at 3.5% annually, the level of charges and costs seen in the last year (i.e. age 65) would reduce their projected investment value at retirement in today's money from £1,666,331 to £1,538,843.

Please note:

These illustrated values are not guaranteed and may not prove to be a good indication of how a member's own savings might grow.

The Trustee has processes in place to ensure that the Chair's annual statement is made available on the CNPP member website, providing details of the member borne charges, transaction costs and the Trustee's assessment of value for members.¹⁰ Members are notified of the availability of the Chair's annual statement in annual benefit statement correspondence.

⁹ Reg 23(1)(ca) Administration Regulations

¹⁰ Reg 29A(2) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

(c) Past performance¹¹

The Trustee must include the past performance of all funds available to members. The table below highlights the 1 year and 5 year annualised net performance (being after the deduction of charges and/transaction costs) of the funds in the Plan as well as the relative return, which is the difference between the benchmark return and the fund return.¹²

Funds in the Default Arrangement	1 Year (per year)	5 Years (per year)
Aegon Baillie Gifford Positive Change (BLK) Class I4	-9.36	-
MSCI All Country World Net Index in GBP	-1.25	-
Relative Return	-8.11	-
Aegon BlackRock 50/50 Global Equity Index (BLK) Class J	2.27	6.88
Aquila Life (50:50) Global Equity Benchmark	2.41	7.02
Relative Return	-0.14	-0.14
Aegon BlackRock Cash (BLK) Class G	1.98	0.59
SONIA Sterling Over Night Index Average	2.22	0.64
Relative Return	-0.24	-0.05
Aegon BlackRock Cash (BLK) Class H	2.04	0.64
SONIA Sterling Over Night Index Average	2.22	0.64
Relative Return	-0.18	-
Aegon BlackRock Cash (BLK) Class P	2.04	0.64
SONIA Sterling Over Night Index Average	2.22	0.64
Relative Return	-0.18	-
Aegon BlackRock Corporate Bond All-Stocks Index (BLK) Class J	-10.52	-0.92
iBoxx Sterling Non-Gilts Index	-10.20	-0.86
Relative Return	-0.32	-0.06
Aegon BlackRock Dynamic Allocation (BLK) Class I4	-4.34	-
Bank of England Base Rate Index - GBP	2.29	-
Relative Return	-6.63	-
Aegon BlackRock Emerging Markets Equity Index (BLK) Class I5	-6.59	1.36
Aquila Connect EM historic component	-6.03	1.53
Relative Return	-0.56	-0.17
Aegon BlackRock LifePath Capital (BLK) Class C2L	-	-
SONIA Sterling Over Night Index Average	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital (BLK) Class GL	1.98	0.58
SONIA Sterling Over Night Index Average	2.22	0.64
Relative Return	-0.24	-0.06

¹¹ Reg 23(1)(aa) Administration regulations

¹² As the share class for the funds that comprise the LifePath Flexi, Capital, and Retirement funds changed during the Plan year, the C2 share class does not have long term returns.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Aegon BlackRock LifePath Capital (BLK) Class HL	2.03	0.67
SONIA Sterling Over Night Index Average	2.22	0.64
Relative Return	-0.19	0.03
Aegon BlackRock LifePath Capital (BLK) Class PL	2.03	0.65
SONIA Sterling Over Night Index Average	2.22	0.64
Relative Return	-0.19	0.01
Aegon BlackRock LifePath Capital 2019-2021 (BLK) Class C2	-	-
Composite for LifePath Capital 2019 - 21	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2019-2021 (BLK) Class I4	-	-
Composite Benchmark	-2.32	-
Relative Return	2.32	-
Aegon BlackRock LifePath Capital 2019-2021 (BLK) Class Q	-	-
Composite Benchmark	-2.32	0.07
Relative Return	2.32	-0.07
Aegon BlackRock LifePath Capital 2022-2024 (BLK) Class C2	-	-
Composite for LifePath Capital 2022 - 24	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2022-2024 (BLK) Class I4	-2.93	-
Benchmark Return	-5.98	-
Relative Return	3.05	-
Aegon BlackRock LifePath Capital 2022-2024 (BLK) Class Q	-2.95	2.21
Benchmark Return	-5.98	1.34
Relative Return	3.03	0.87
Aegon BlackRock LifePath Capital 2025-2027 (BLK) Class C2	-	-
Composite for LifePath Capital 2025 - 27	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2025-2027 (BLK) Class I4	-5.97	-
Composite Benchmark	-8.18	-
Relative Return	2.21	-
Aegon BlackRock LifePath Capital 2025-2027 (BLK) Class Q	-5.97	2.89
Composite Benchmark	-8.18	2.21
Relative Return	2.21	0.68
Aegon BlackRock LifePath Capital 2028-2030 (BLK) Class C2	-	-
Benchmark Return	-	-
Relative Return	-	-

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Aegon BlackRock LifePath Capital 2028-2030 (BLK) Class I4	-7.95	-
Composite Benchmark	-9.42	-
Relative Return	1.47	-
Aegon BlackRock LifePath Capital 2028-2030 (BLK) Class Q	-7.97	3.69
Composite Benchmark	-9.42	3.15
Relative Return	1.45	0.54
Aegon BlackRock LifePath Capital 2031-2033 (BLK) Class C2	-	-
Composite for LifePath ACS 2031 - 33	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2031-2033 (BLK) Class I4	-9.28	-
Composite for LifePath ACS 2031 - 33	-8.30	-
Relative Return	-0.98	-
Aegon BlackRock LifePath Capital 2031-2033 (BLK) Class Q	-9.31	4.06
Composite for LifePath ACS 2031 - 33	-8.30	4.26
Relative Return	-1.01	-0.20
Aegon BlackRock LifePath Capital 2034-2036 (BLK) Class C2	-	-
Composite for LifePath ACS 2034 - 36	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2034-2036 (BLK) Class I4	-8.67	-
Composite for LifePath ACS 2034 - 36	-7.99	-
Relative Return	-0.68	-
Aegon BlackRock LifePath Capital 2034-2036 (BLK) Class Q	-8.69	4.60
Composite for LifePath ACS 2034 - 36	-7.99	4.75
Relative Return	-0.70	-0.15
Aegon BlackRock LifePath Capital 2037-2039 (BLK) Class C2	-	-
Composite for LifePath ACS 2037 - 39	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2037-2039 (BLK) Class I4	-8.02	-
Composite for LifePath ACS 2037 - 39	-7.63	-
Relative Return	-0.39	-
Aegon BlackRock LifePath Capital 2037-2039 (BLK) Class Q	-8.05	5.18
Composite for LifePath ACS 2037 - 39	-7.63	5.29
Relative Return	-0.42	-0.11
Aegon BlackRock LifePath Capital 2040-2042 (BLK) Class C2	-	-
Composite for LifePath ACS 2040 - 42	-	-
Relative Return	-	-

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Aegon BlackRock LifePath Capital 2040-2042 (BLK) Class I4	-7.30	-
Composite for LifePath ACS 2040 - 42	-7.26	-
Relative Return	-0.04	-
Aegon BlackRock LifePath Capital 2040-2042 (BLK) Class Q	-7.32	5.72
Composite for LifePath ACS 2040 - 42	-7.26	5.77
Relative Return	-0.06	-0.05
Aegon BlackRock LifePath Capital 2043-2045 (BLK) Class C2	-	-
Composite for LifePath ACS 2043 - 45	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2043-2045 (BLK) Class I4	-6.65	-
Composite for LifePath ACS 2043 - 45	-6.90	-
Relative Return	0.25	-
Aegon BlackRock LifePath Capital 2043-2045 (BLK) Class Q	-6.68	6.28
Composite for LifePath ACS 2043 - 45	-6.90	6.29
Relative Return	0.22	-0.01
Aegon BlackRock LifePath Capital 2046-2048 (BLK) Class C2	-	-
Composite for LifePath ACS 2046 - 48	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2046-2048 (BLK) Class I4	-5.75	-
Composite for LifePath ACS 2046 - 48	-7.10	-
Relative Return	1.35	-
Aegon BlackRock LifePath Capital 2046-2048 (BLK) Class Q	-5.77	6.79
Composite for LifePath ACS 2046 - 48	-7.10	6.55
Relative Return	1.33	0.24
Aegon BlackRock LifePath Capital 2049-2051 (BLK) Class C2	-	-
Composite for LifePath ACS 2049 - 51	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2049-2051 (BLK) Class I4	-5.55	-
Composite for LifePath ACS 2049 - 51	-6.37	-
Relative Return	0.82	-
Aegon BlackRock LifePath Capital 2049-2051 (BLK) Class Q	-5.57	7.06
Composite for LifePath ACS 2049 - 51	-6.37	6.98
Relative Return	0.80	0.08
Aegon BlackRock LifePath Capital 2052-2054 (BLK) Class C2	-	-
Composite for LifePath ACS 2052 - 54	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2052-2054 (BLK) Class Q	-5.05	7.26
Composite for LifePath ACS 2052 - 54	-6.29	7.09
Relative Return	1.24	0.17

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Aegon BlackRock LifePath Capital 2055-2057 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2055-2057 (BLK) Class Q	-4.76	7.33
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.36	0.17
Aegon BlackRock LifePath Capital 2058-2060 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2058-2060 (BLK) Class Q	-4.74	7.36
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.38	0.20
Aegon BlackRock LifePath Capital 2061-2063 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2061-2063 (BLK) Class Q	-4.73	7.35
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.39	0.19
Aegon BlackRock LifePath Capital 2064-2066 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2064-2066 (BLK) Class Q	-4.77	7.33
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.35	0.17
Aegon BlackRock LifePath Capital 2067-2069 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2067-2069 (BLK) Class Q	-4.82	7.35
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.30	0.19
Aegon BlackRock LifePath Flexi (BLK) Class C2	-	-
Composite for LifePath ACS	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi (BLK) Class I4	-10.59	-
Composite for LifePath ACS	-9.89	-
Relative Return	-0.70	-
Aegon BlackRock LifePath Flexi (BLK) Class Q	-10.60	1.90
Composite for LifePath ACS	-9.89	2.10
Relative Return	-0.71	-0.20
Aegon BlackRock LifePath Flexi (BLK) Class Y	-10.74	1.74

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Composite for LifePath ACS	-9.89	2.10
Relative Return	-0.85	-0.36
Aegon BlackRock LifePath Flexi 2019-2021 (BLK) Class C2	-	-
Composite for LifePath ACS 2019 - 21	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2019-2021 (BLK) Class I4	-	-
Composite for LifePath ACS 2019 - 21	-10.42	-
Relative Return	10.42	-
Aegon BlackRock LifePath Flexi 2019-2021 (BLK) Class Q	-	-
Composite for LifePath ACS 2019 - 21	-10.42	2.00
Relative Return	10.42	-2.00
Aegon BlackRock LifePath Flexi 2022-2024 (BLK) Class C2	-	-
Composite for LifePath ACS 2022 - 24	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2022-2024 (BLK) Class I4	-10.51	-
Composite for LifePath ACS 2022 - 24	-10.28	-
Relative Return	-0.23	-
Aegon BlackRock LifePath Flexi 2022-2024 (BLK) Class Q	-10.54	2.46
Composite for LifePath ACS 2022 - 24	-10.28	2.48
Relative Return	-0.26	-0.02
Aegon BlackRock LifePath Flexi 2025-2027 (BLK) Class C2	-	-
Composite for LifePath ACS 2025 - 27	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2025-2027 (BLK) Class I4	-10.06	-
Composite for LifePath ACS 2025 - 27	-10.04	-
Relative Return	-0.02	-
Aegon BlackRock LifePath Flexi 2025-2027 (BLK) Class Q	-10.08	3.01
Composite for LifePath ACS 2025 - 27	-10.04	2.98
Relative Return	-0.04	0.03
Aegon BlackRock LifePath Flexi 2028-2030 (BLK) Class C2	-	-
Composite for LifePath ACS 2028 - 30	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2028-2030 (BLK) Class I4	-9.54	-
Composite for LifePath ACS 2028 - 30	-9.76	-
Relative Return	0.22	-
Aegon BlackRock LifePath Flexi 2028-2030 (BLK) Class Q	-9.57	3.55
Composite for LifePath ACS 2028 - 30	-9.76	3.44
Relative Return	0.19	0.11
Aegon BlackRock LifePath Flexi 2031-2033 (BLK) Class C2	-	-
Composite for LifePath ACS 2031 - 33	-	-
Aegon BlackRock LifePath Flexi 2028-2030 (BLK) Class C2	-	-
Composite for LifePath ACS 2028 - 30	-	-
Relative Return	-	-

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Aegon BlackRock LifePath Flexi 2028-2030 (BLK) Class I4	-9.54	-
Composite for LifePath ACS 2028 - 30	-9.76	-
Relative Return	0.22	-
Aegon BlackRock LifePath Flexi 2028-2030 (BLK) Class Q	-9.57	3.55
Composite for LifePath ACS 2028 - 30	-9.76	3.44
Relative Return	0.19	0.11
Aegon BlackRock LifePath Flexi 2031-2033 (BLK) Class C2	-	-
Composite for LifePath ACS 2031 - 33	-	-
Aegon BlackRock LifePath Flexi 2028-2030 (BLK) Class C2	-	-
Composite for LifePath ACS 2028 - 30	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2028-2030 (BLK) Class I4	-9.54	-
Composite for LifePath ACS 2028 - 30	-9.76	-
Relative Return	0.22	-
Aegon BlackRock LifePath Flexi 2028-2030 (BLK) Class Q	-9.57	3.55
Composite for LifePath ACS 2028 - 30	-9.76	3.44
Relative Return	0.19	0.11
Aegon BlackRock LifePath Flexi 2031-2033 (BLK) Class C2	-	-
Composite for LifePath ACS 2031 - 33	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2031-2033 (BLK) Class I4	-9.22	-
Composite for LifePath ACS 2031 - 33	-8.30	-
Relative Return	-0.92	-
Aegon BlackRock LifePath Flexi 2031-2033 (BLK) Class Q	-9.25	4.07
Composite for LifePath ACS 2031 - 33	-8.30	4.26
Relative Return	-0.95	-0.19
Aegon BlackRock LifePath Flexi 2034-2036 (BLK) Class C2	-	-
Composite for LifePath ACS 2034 - 36	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2034-2036 (BLK) Class Q	-8.69	4.60
Composite for LifePath ACS 2034 - 36	-7.99	4.75
Relative Return	-0.70	-0.15
Aegon BlackRock LifePath Flexi 2037-2039 (BLK) Class C2	-	-
Composite for LifePath ACS 2037 - 39	-	-
Relative Return	-	-
Aegon BlackRock LifePath Capital 2037-2039 (BLK) Class I4	-8.02	-
Composite for LifePath ACS 2037 - 39	-7.63	-
Relative Return	-0.39	-
Aegon BlackRock LifePath Flexi 2037-2039 (BLK) Class Q	-8.05	5.20
Composite for LifePath ACS 2037 - 39	-7.63	5.29
Relative Return	-0.42	-0.09
Aegon BlackRock LifePath Flexi 2040-2042 (BLK) Class I4	-7.30	-
Composite for LifePath ACS 2040 - 42	-7.26	-
Relative Return	-0.04	-
Aegon BlackRock LifePath Flexi 2040-2042 (BLK) Class Q	-7.32	5.74
Composite for LifePath ACS 2040 - 42	-7.26	5.77
Relative Return	-0.06	-0.03

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Aegon BlackRock LifePath Flexi 2043-2045 (BLK) Class C2	-	-
Composite for LifePath ACS 2043 - 45	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2043-2045 (BLK) Class I4	-6.65	-
Composite for LifePath ACS 2043 - 45	-6.90	-
Relative Return	0.25	-
Aegon BlackRock LifePath Flexi 2043-2045 (BLK) Class Q	-6.68	6.29
Composite for LifePath ACS 2043 - 45	-6.90	6.29
Relative Return	0.22	-
Aegon BlackRock LifePath Flexi 2046-2048 (BLK) Class C2	-	-
Composite for LifePath ACS 2046 - 48	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2046-2048 (BLK) Class I4	-5.74	-
Composite for LifePath ACS 2046 - 48	-7.10	-
Relative Return	1.36	-
Aegon BlackRock LifePath Flexi 2046-2048 (BLK) Class Q	-5.77	6.79
Composite for LifePath ACS 2046 - 48	-7.10	6.55
Relative Return	1.33	0.24
Aegon BlackRock LifePath Flexi 2049-2051 (BLK) Class C2	-	-
Composite for LifePath ACS 2049 - 51	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2049-2051 (BLK) Class I4	-5.54	-
Composite for LifePath ACS 2049 - 51	-6.37	-
Relative Return	0.83	-
Aegon BlackRock LifePath Flexi 2049-2051 (BLK) Class Q	-5.57	7.08
Composite for LifePath ACS 2049 - 51	-6.37	6.98
Relative Return	0.80	0.10
Aegon BlackRock LifePath Flexi 2052-2054 (BLK) Class C2	-	-
Composite for LifePath ACS 2052 - 54	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2052-2054 (BLK) Class I4	-5.02	-
Composite for LifePath ACS 2052 - 54	-6.29	-
Relative Return	1.27	-
Aegon BlackRock LifePath Flexi 2052-2054 (BLK) Class Q	-5.05	7.30
Composite for LifePath ACS 2052 - 54	-6.29	7.09
Relative Return	1.24	0.21
Aegon BlackRock LifePath Flexi 2055-2057 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2055-2057 (BLK) Class I4	-4.73	-
Composite for LifePath Early Days Fund	-6.12	-
Relative Return	1.39	-
Aegon BlackRock LifePath Flexi 2055-2057 (BLK) Class Q	-4.76	7.37
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.36	0.21
Aegon BlackRock LifePath Flexi 2058-2060 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Relative Return	-	-
Aegon BlackRock LifePath Flexi 2058-2060 (BLK) Class I4	-4.72	-
Composite for LifePath Early Days Fund	-6.12	-
Relative Return	1.40	-
Aegon BlackRock LifePath Flexi 2058-2060 (BLK) Class Q	-4.74	7.36
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.38	0.20
Aegon BlackRock LifePath Flexi 2061-2063 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2061-2063 (BLK) Class I4	-4.71	-
Composite for LifePath Early Days Fund	-6.12	-
Relative Return	1.41	-
Aegon BlackRock LifePath Flexi 2061-2063 (BLK) Class Q	-4.74	7.35
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.38	0.19
Aegon BlackRock LifePath Flexi 2064-2066 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2064-2066 (BLK) Class I4	-4.71	-
Composite for LifePath Early Days Fund	-6.12	-
Relative Return	1.41	-
Aegon BlackRock LifePath Flexi 2064-2066 (BLK) Class Q	-4.73	7.36
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.39	0.20
Aegon BlackRock LifePath Flexi 2067-2069 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2067-2069 (BLK) Class I4	-4.73	-
Composite for LifePath Early Days Fund	-6.12	-
Relative Return	1.39	-
Aegon BlackRock LifePath Flexi 2067-2069 (BLK) Class Q	-4.73	7.34
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.39	0.18
Aegon BlackRock LifePath Flexi 2070-2072 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Flexi 2070-2072 (BLK) Class Q	-4.73	7.29
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.39	0.13
Aegon BlackRock LifePath Retirement (BLK) Class C2	-	-
Composite for LifePath Retirement	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement (BLK) Class Q	-12.62	-1.86
Composite Benchmark	-13.57	-2.26
Relative Return	0.95	0.40
Aegon BlackRock LifePath Retirement 2019-2021 (BLK) Class C2	-	-

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Composite for LifePath Retirement 2019 - 21	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2019-21 (BLK) Class Q	-	-
Composite Benchmark	-13.21	-1.99
Relative Return	13.21	1.99
Aegon BlackRock LifePath Retirement 2022-2024 (BLK) Class C2	-	-
Composite for LifePath Retirement 2022 - 24	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2022-2024 (BLK) Class I4	-12.81	-
Composite Benchmark	-12.82	-
Relative Return	0.01	-
Aegon BlackRock LifePath Retirement 2022-24 (BLK) Class Q	-12.82	0.06
Composite Benchmark	-12.82	-0.02
Relative Return	-	0.08
Aegon BlackRock LifePath Retirement 2025-2027 (BLK) Class C2	-	-
Composite for LifePath Retirement 2025 - 27	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2025-2027 (BLK) Class I4	-12.34	-
Composite for LifePath Retirement 2025 - 27	-12.55	-
Relative Return	0.21	-
Aegon BlackRock LifePath Retirement 2025-27 (BLK) Class Q	-12.36	1.32
Composite for LifePath Retirement 2025 - 27	-12.55	1.19
Relative Return	0.19	0.13
Aegon BlackRock LifePath Retirement 2028-2030 (BLK) Class C2	-	-
Composite for LifePath Retirement 2028-30	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2028-2030 (BLK) Class I4	-10.85	-
Composite for LifePath Retirement 2028-30	-11.12	-
Relative Return	0.27	-
Aegon BlackRock LifePath Retirement 2028-30 (BLK) Class Q	-10.87	2.80
Composite for LifePath Retirement 2028-30	-11.12	2.60
Relative Return	0.25	0.20
Aegon BlackRock LifePath Retirement 2031-2033 (BLK) Class C2	-	-
Composite for LifePath ACS 2031 - 33	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2031-2033 (BLK) Class I4	-9.21	-
Composite for LifePath ACS 2031 - 33	-8.30	-
Relative Return	-0.91	-
Aegon BlackRock LifePath Retirement 2031-33 (BLK) Class Q	-9.21	4.08
Composite for LifePath ACS 2031 - 33	-8.30	4.26
Relative Return	-0.91	-0.18
Aegon BlackRock LifePath Retirement 2034-2036 (BLK) Class C2	-	-
Composite for LifePath ACS 2034 - 36	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2034-36 (BLK) Class Q	-8.69	4.58
Composite for LifePath ACS 2034 - 36	-7.99	4.75
Relative Return	-0.70	-0.17

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Aegon BlackRock LifePath Retirement 2037-2039 (BLK) Class C2	-	-
Composite for LifePath ACS 2037 - 39	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2037-2039 (BLK) Class I4	-8.04	-
Composite for LifePath ACS 2037 - 39	-7.63	-
Relative Return	-0.41	-
Aegon BlackRock LifePath Retirement 2037-39 (BLK) Class Q	-8.05	5.18
Composite for LifePath ACS 2037 - 39	-7.63	5.29
Relative Return	-0.42	-0.11
Aegon BlackRock LifePath Retirement 2040-2042 (BLK) Class C2	-	-
Composite for LifePath ACS 2040 - 42	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2040-42 (BLK) Class Q	-7.33	5.70
Composite for LifePath ACS 2040 - 42	-7.26	5.77
Relative Return	-0.07	-0.07
Aegon BlackRock LifePath Retirement 2043-2045 (BLK) Class C2	-	-
Composite for LifePath ACS 2043 - 45	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2043-2045 (BLK) Class I4	-6.68	-
Composite for LifePath ACS 2043 - 45	-6.90	-
Relative Return	0.22	-
Aegon BlackRock LifePath Retirement 2043-45 (BLK) Class Q	-6.68	6.27
Composite for LifePath ACS 2043 - 45	-6.90	6.29
Relative Return	0.22	-0.02
Aegon BlackRock LifePath Retirement 2046-2048 (BLK) Class C2	-	-
Composite for LifePath ACS 2046 - 48	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2046-48 (BLK) Class Q	-5.78	6.77
Composite for LifePath ACS 2046 - 48	-7.10	6.55
Relative Return	1.32	0.22
Aegon BlackRock LifePath Retirement 2049-2051 (BLK) Class C2	-	-
Composite for LifePath ACS 2049 - 51	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2049-51 (BLK) Class Q	-5.57	7.09
Composite for LifePath ACS 2049 - 51	-6.37	6.98
Relative Return	0.80	0.11
Aegon BlackRock LifePath Retirement 2052-2054 (BLK) Class C2	-	-
Composite for LifePath ACS 2052 - 54	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2052-54 (BLK) Class Q	-5.05	7.26
Composite for LifePath ACS 2052 - 54	-6.29	7.09
Relative Return	1.24	0.17
Aegon BlackRock LifePath Retirement 2055-2057 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2055-57 (BLK) Class Q	-4.76	7.35
Composite for LifePath Early Days Fund	-6.12	7.16

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Relative Return	1.36	0.19
Aegon BlackRock LifePath Retirement 2058-2060 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2058-60 (BLK) Class Q	-4.75	7.34
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.37	0.18
Aegon BlackRock LifePath Retirement 2061-2063 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2061-63 (BLK) Class Q	-4.76	7.40
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.36	0.24
Aegon BlackRock LifePath Retirement 2064-2066 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2064-66 (BLK) Class Q	-4.93	7.31
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.19	0.15
Aegon BlackRock LifePath Retirement 2067-2069 (BLK) Class C2	-	-
Composite for LifePath Early Days Fund	-	-
Relative Return	-	-
Aegon BlackRock LifePath Retirement 2067-2069 (BLK) Class I4	-4.78	-
Composite for LifePath Early Days Fund	-6.12	-
Relative Return	1.34	-
Aegon BlackRock LifePath Retirement 2067-69 (BLK) Class Q	-4.84	7.30
Composite for LifePath Early Days Fund	-6.12	7.16
Relative Return	1.28	0.14

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Funds not in the Default Arrangement	1 Year (per year)	5 Years (per year)
Aegon BlackRock Over 5 Years Index-Linked Gilt Index (BLK) Class I4	-29.62	-4.23
FTSE Actuaries UK Index-Linked Gilts over 5 Years Index	-30.44	-4.13
Relative Return	0.82	-0.10
Aegon BlackRock Pre-Retirement (BLK) Class G	-17.35	-2.87
Benchmark Return	-17.66	-3.13
Relative Return	0.31	0.26
Aegon BlackRock UK Equity Index (BLK) Class I4	2.17	4.68
FTSE All-Share TR Index	2.92	5.04
Relative Return	-0.75	-0.36
Aegon BlackRock World (ex-UK) Equity Index (BLK) Class J	-1.44	10.94
FTSE All World Developed ex UK Net of Tax GBP	-1.06	11.01
Relative Return	-0.38	-0.07
Aegon HSBC Islamic Global Equity Index (BLK) Class J	-3.27	14.59
Dow Jones Islamic Market Titans 100 Total Return Index (GBP)	-2.86	15.18
Relative Return	-0.41	-0.59
Aegon Property (BLK) Class I4	-15.93	-
IPD All Balanced Funds Index - No Exposures	-14.47	-
Relative Return	-1.46	-
Aegon TargetPlan Cash Pathway Class E	1.86	-
SONIA Sterling Over Night Index Average	2.22	-
Relative Return	-0.36	-
CNPP Cash Class C2	-	-
SONIA Sterling Over Night Index Average	-	-
Relative Return	-	-
CNPP Corporate Bonds Class C2	-10.53	-0.93
iBoxx Sterling Non-Gilts Index	-10.20	-0.86
Relative Return	-0.33	-0.07
CNPP Emerging Markets Equity Class C2	-6.59	1.36
Aquila Connect EM historic component	-6.03	1.53
Relative Return	-0.56	-0.17
CNPP ESG Multi-Asset Fund Class C2	-	-
Bank of England Base Rate Index - GBP	-	-

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Relative Return	-	-
CNPP Global Equity (ex UK) Class C2	-1.45	10.93
FTSE All World Developed ex UK Net of Tax GBP	-1.06	11.01
Relative Return	-0.39	-0.08
CNPP Global Equity Class C2	2.26	6.86
Aquila Life (50:50) Global Equity Benchmark	2.41	7.02
Relative Return	-0.15	-0.16
CNPP Index-Linked Gilt Class C2	-29.63	-4.24
FTSE Actuaries UK Index-Linked Gilts over 5 Years Index	-30.44	-4.13
Relative Return	0.81	-0.11
CNPP Multi-Asset Class C2	-4.33	2.22
Bank of England Base Rate Index - GBP	2.29	0.79
Relative Return	-6.62	1.43
CNPP Pre Retirement Class C2	-17.35	-2.84
Benchmark Return	-17.66	-3.13
Relative Return	0.31	0.29
CNPP Property Class C2	-15.94	1.51
IPD All Balanced Funds Index - No Exposures	-14.47	2.48
Relative Return	-1.47	-0.97
CNPP Sharia Law Class C2	-3.29	14.54
Dow Jones Islamic Market Titans 100 Total Return Index (GBP)	-2.86	15.18
Relative Return	-0.43	-0.64
CNPP UK Equity Class C2	2.16	4.66
FTSE All-Share TR Index	2.92	5.04
Relative Return	-0.76	-0.38

(d) Value for Members³

Each year, with the help of its advisers, the Trustee carries out an assessment of whether the charges and transaction costs for the default arrangement and other investment options, which are borne in full or in part by members, represent good Value for Members (VfM). For a full breakdown of the cost sharing between members and employers please see the table provided in section (b) Charges and transaction costs. The table clearly denotes the services that are paid for by members, employers and those shared between both parties. Value is not simply about low cost – the Trustee also considers the quality of the services for which members pay.

³ Reg 23(1)(c)(iv) Administration Regulations

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The Trustee's approach toward assessing VfM is to consider 5 factors: Trustee Governance, Administration, Communication & Tools, ESG, and Investment. Through the charges disclosed in section (b) above, members pay for investment management, investment transactions, administration, and communication, either in full or in part. As such, these areas are the focus of the VfM assessment undertaken by the Trustee. Each area is graded from 1-5 with a lower score representing lower value for members and a higher value relating to better value, with 5 being best-in-class. The scores are determined based on peer analysis of a set of assessment factors. The peers are selected based on what members could typically access in a similar scheme (i.e. another authorised Master Trust).

Area Reviewed	Assessment Factors	CNPP Score 2022	CNPP Score 2023
		Average: 4.2	Average: 4.3
Trustee Governance (15% weighting)	<ul style="list-style-type: none"> Process in place for adding/removing/reviewing Trustees Management Information availability Progress of previous VfM analysis – areas of improvement 	4.1	4.2
Administration (25% weighting)	<ul style="list-style-type: none"> Administration prioritisation and flow of work Engagement with administration team and frequency of reviews Array of member support Service Level Agreements and their percentage completion 	4.0	4.0
Communication & Tools (10% weighting)	<ul style="list-style-type: none"> Member communications, their simplicity and understandability Engaging content and coverage of key information Measurement of communication methods Use of segmented communications 	4.3	4.3
ESG (15% weighting)	<ul style="list-style-type: none"> Beliefs related to ESG ESG focus within default strategy Range of alternative ESG funds or strategies being offered Charges across ESG funds 	4.3	4.5
Investment (35% weighting)	<ul style="list-style-type: none"> Charges for default option Charges for self-select options Suitability of default and self-select options Investment performance 	4.4	4.4

Overall, the Trustee has concluded that the Plan continues to deliver good value for members. The main reasons that the Trustee reached this conclusion are:

- Continuation of strong governance and oversight from the Trustee Board, a competitive contribution structure and low charges.
- The default investment options continue to improve with further ESG integration into the LifePath funds.
- Members who choose to self-select continue to receive a competitive range of self-select investment options, including the addition of an ESG-focused fund.
- In the context of the AVC assets, Prudential continues to offer one of the best performing and well rated with-profits funds.
- Implementation of a fee reduction for members from 0.26% to 0.23%.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Over the 2022-2023 Plan year, the Trustee undertook the following steps to improve value for members:

- During the year under review, the Trustee in conjunction with its advisers assessed the suitability of the Plan's weighting for each area within its VfM assessment and concluded that they still predominately remained appropriate but with the following adjustments to reflect the ISC's assessment on the previous weighting:
- The weighting to Administration should be increased from 20% to 25%; and
- The weightings to Trustee Governance should be reduced from 20% to 15%

In addition, with the help of its advisers, the Trustee agreed on the inclusion of the required 4th TCFD metric, Portfolio Alignment. This will be included in the upcoming TCFD report, to be published by October 2023.

The following table highlights the actions undertaken by the Trustee over the Plan year in relation to the value members receive from the Plan. These include both the actions listed in the 31 March 2022 Chairman's Statement (i.e. which were ongoing at the end of the previous Plan year) and any additional actions taken.

Actions from 31 March 2022 Chairman's Statement	Progress
The Trustee will continue to work with Aegon on a system upgrade to enable electronic communications with members.	Ongoing – The Trustee will continue to liaise with Aegon to enhance member communication experience.
Engage with BlackRock – the manager of the default LifePath Flexi and Capital Funds – to understand their approach towards ESG integration and the possibility of pursuing an emissions target within a Target Date Fund.	Complete – During the year under review, the Trustee, in conjunction with its adviser, continued to negotiate with BlackRock to improve the ESG integration for the Target Date Fund. As a result a formal ESG policy, which includes a climate objective and other sustainable related objectives, was adopted to LifePath funds within the fund prospectus effective 7 December 2022.
The Trustee will publish its first Task Force on Climate-related Financial Disclosures (TCFD) report, outlining the Trustee's approach for managing climate-related risks.	Complete – During the year under review, the Trustee has published the first TCFD report and received positive feedback from the Pensions Regulator.
The Trustee will continue to work with Aegon to prepare further member presentations, including a recorded presentation for new members that can be incorporated into the employers' induction process.	Complete – a short 20-minute presentation has been recorded by Aegon and shared with all participating employers to incorporate into their inductions process as appropriate. Aegon, the Secretariat and Employers continued to roll out the live DC presentation to members throughout the year.

Views of members

Good communication is very important to the Trustee and members are asked to provide their feedback on any aspect of the Plan through the CNPP annual member newsletter. Feedback was invited from the membership in the Plan year in the member newsletters sent by mail to every member in September 2022, providing easy contact details.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

(e) Processing financial transactions

Aegon are the provider for most of the Plan's DC benefits. Prudential continues to administer the With Profits Funds for the closed group of AVC members and EQ administer the DB Structure and the split of areas of responsibility are detailed in the table below.

Activity
EQ administer the Plan relating to the DB Structure, Shift Pay Pension Plan and AVC funds for the CPS Sections, with the exception of the Nirex Section which is administered by Barnett Waddingham.
Aegon are the Plan administrator of the DC New Joiners Structure for the CPS and GPS Sections (excluding With Profits Funds, which are provided by Prudential).

The Trustee is satisfied that the Plan's DC services and service levels are competitive. Set out below is an explanation of how, over the Plan year, the Trustee secured that core financial transactions were processed promptly and accurately.⁴

EQ Plan Administrator: The Trustee has a service level agreement (SLA) in place with Equiniti Paymaster (EQ) for administration and investment requirements. The processing of cases within the SLA is measured and controlled through EQ's case management system. Reports within the case management system provide evidence that the measurements and control of SLAs is in place and effective. All SLAs are subject to a right first-time quality measure set at 97%. The standard SLAs broadly cover the following areas: handling of new AVC and SPPP entrants, management of member records, leaver options (including retirements, deaths and transfer-outs), divorce activities and transfers-in. Other tasks undertaken by EQ under the SLA agreement broadly cover administration services (e.g. reconciliation of monthly contribution histories/annual renewals/benefit statements), accounting services (e.g. maintenance of bank accounts) and reporting services. Quarterly reporting highlights exceptions to SLAs and other expected service levels. Agreed processes ensure that any SLA exceptions are notified to the Trustee via the CNPP Secretariat and dealt with immediately.

The Trustee understands EQ monitors its performance against these service levels by:

- Daily monitoring of bank accounts for receipt of investment transactions when expected. Payment within 1 day of receiving required paperwork.
- Bank account monitoring for receipt of contributions.
- Recording when all necessary employer information is received.
- Monitoring that received monies are invested within 3 days of receipt of all required information.
- Monitoring that benefit payments are paid within 1 day of receiving the paperwork from the benefits team or on the due date, if later.
- Monitoring that received cheques are banked in the week of receipt.
- Monitoring daily transactions.
- Regular internal audits of administration procedures.
- Reviewing the level, causes and resolution of complaints.

Aegon Plan Administrator: The Trustee has an agreement for the provision of pension administration and investment services in place with Aegon, which was appointed Plan administrator of the DC New Joiners Structure for the CPS and GPS Sections (excluding With Profits Funds). The agreement details the pensions management and operational DC services that Aegon provides and confirms that Aegon shall use reasonable efforts to perform in accordance with the SLA provided in its tender documentation, in particular those under Regulation 24 of the Administration Regulations (such as contribution investment). Broadly, the SLAs cover handling of new entrants, DC contribution processing including allocation and unitisation of contributions and unit holding reconciliations, maintenance of DC and AVC investment choices, leaver options (including retirements, deaths and transfer-outs), divorce activities, transfers-in and provision of information to members (e.g. annual benefit statements).

⁴ Reg 23(1)(b) Administration Regulations

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Aegon reports quarterly to the Trustee on its performance against the metrics in the SLA. The Trustee understands that Aegon monitor their performance against these service levels by:

- Monitoring that received contributions are invested within 1 day (automatic process) and 3 days (part-automatic process) of receipt of all required information.
- Monitoring daily transactions and member movements.
- Monitoring the transfer of members assets out of the Plan.
- Monitoring transfer of assets relating to members between different investments within the Plan.
- Monitoring payments from the Plan to, or in respect of, members.
- Recording when all necessary employer information is received.
- Monitoring and reporting against agreed SLAs at weekly review meetings, formal monthly service reviews and quarterly steering group meetings.
- Monitoring that received cheques are banked within 7 days of receipt.
- Monitoring complaint reporting, investment allocations and payments made.

Peer review quality checks are completed as part of processing and procedures before an activity is deemed complete. Sample checking is completed by two senior individuals. The checking percentages vary depending on the work type, for example 100% checking on financially critical transaction (claims, transfers, switches) prior to completion. On large transactions, management sign-off is also required. 100% checking is completed on all free format text.

Barnett Waddingham Plan Administrator: The Trustee has a service level agreement in place with Barnett Waddingham with regards to the administration requirements for the Nirex Section. The SLAs broadly cover maintenance of member records, leaver options (including retirements, deaths and transfer-outs), divorce activities, reconciliation of AVCs on members' records against those shown on AVC provider statements and provision of information to members. Quarterly reporting is in place to highlight exceptions to SLAs and other expected service levels. Agreed processes ensure that any SLA exceptions are notified to the Trustee via the CNPP Secretariat should they occur and are dealt with. There were no service SLA exceptions in the Plan year. The Trustee understands Barnett Waddingham monitors its performance against these service levels by:

- Monitoring benefit payments are paid within 5 days of receiving the paperwork from the benefits team or on the due date, if later.
- Monitoring of bank account for receipt of investment transactions when expected.
- Monitoring the transfer of members assets out of the Plan.
- Regular internal audits of administration procedures.
- Reviewing the level, causes and resolution of complaints.

The Nirex Section has no active members and therefore no contributions are received.

In summary, the Trustee monitored core financial transactions and administration service levels during the Plan year by:

- Receiving quarterly reports from the Plan administrators on the processing of core financial transactions and other administration processes against the agreed service levels;
- Considering the reasons for and resolution of any breaches of service standards. However, as summarised above, the Trustee is not aware of breaches of the agreed service levels during the Plan Year;
- Considering member feedback and complaints received during the Plan year; and

The Trustee is aware that Aegon experienced service delivery challenges during the 2022 calendar year relating to increased staff turnover coupled with unprecedented member engagement and work volumes following the Covid Pandemic. This resulted in a drop in SLA performance. However, daily review and prioritisation of financial transactions continued, limiting material impact to members and it should be noted that SLAs returned to or above target by December 2022 and Aegon have continued to maintain those levels as reported monthly to the Trustee.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The Trustee is satisfied that during the Plan Year:

- Core financial transactions were processed accurately, promptly and efficiently.¹⁵
- The wider administration of the Plan has generally achieved the agreed service standards.

(f) Trustee knowledge and understanding ("TKU")¹⁶

Policies and practices which the Trustee has followed during the Plan year

The Trustee Board is made up of nine Trustee Directors (three Independent, three Member-Nominated and three Employer-nominated Trustee Directors). The Independent Trustee Directors are all representatives of professional Trustee Companies and have the required professional Trustee qualifications. All Independent Trustee Directors are required by TPR to maintain certain levels of understanding, Continuous Professional Development (CPD) to accredited professional bodies and to keep up-to-date with current pensions' events such as proposed and recently enacted legislation and guidance. For example, acquiring the Accredited Professional Trustee membership which, to maintain, requires regular 25 hours CPD per annum.

On appointment, all Trustee Directors receive an induction from the Secretariat focussing on key features of the Plan. The Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively and have done so through the Plan year by applying the following policies, practices and actions (as well as those set out under the following sub-headings):

- Trustee Directors are expected to be conversant with the Trust Deed and Rules of the Plan, the Plan's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustee relating to the administration of the Plan generally.
- Trustee Directors are expected to have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as trustee director, knowledge and understanding of the law relating to pensions and trusts, and the principles relating to investment of the assets of occupational pension schemes.
- All the Trustee Directors are familiar with and, during the Plan year have had access to, copies of the current Plan governing documentation, including the Trust Deed and Rules (together with any amendments), Articles of Association of the Trustee company, the Plan's Statements of Investment Principles and key policies and procedures.
- A Trustee secure website containing Trust documentation, all Plan documents, Articles of Association, meeting papers/minutes and setting out Trustee policies, was available during the Plan year and was accessed by all Trustee Directors as required.
- At the beginning of each Trustee meeting, the Trustee Directors apply the Trustee's conflicts of interest policy.
- The Trustee reviewed the Plan's Integrated Risk Management dashboard twice during the Plan year at its meetings on 6 April 2022 and 12 October 2022, with advice from the Plan Actuary enabling the Trustee to monitor the Plan's key DC risks. A third review was completed just outside the Plan year at its meeting on 26 April 2023.
- The Trustee refers to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan and, where relevant, deciding individual member cases.
- The Trustee, with the help of its advisers, reviews the DC Statement of Investment Principles at least every three years. The last review was carried out in 2022 and the Statement was updated in December 2022 to reflect the changes following the reduction in AMC's and the addition of the ESG Multi-Asset Fund; and
- All Trustee Directors have confirmed their completion of the Pensions Regulator's "Trustee Toolkit" or similar training provided by a Trustee adviser (which provides a grounding in the skills and knowledge new Trustee Directors need to perform their duties).

Trustee Directors are also encouraged to undertake further study and qualifications which support their work as Trustee, and the Trustee Directors have a plan in place for ongoing training appropriate to their duties.

¹⁵ Reg 23(1)(b) Administration Regulations.

¹⁶ Reg 23(1)(d) Administration Regulations

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The Trustee Directors are actively encouraged to supplement the formal training plan by accessing other resources including pensions-related publications and, where appropriate, industry conferences, seminars and publications. The Trustee Directors inform the Secretariat of the training they have undertaken, which is maintained on a central register. Details of the in-house training undertaken during the year, and which included training tailored to the Committee(s) on which the Trustee Directors serve, are included under the heading "*In-house training undertaken during the Plan year*" below.

Review of policies and practices and identification of knowledge gaps

The effectiveness of these practices and the training received are reviewed and updated annually by the Trustee (and have been reviewed in this Plan year).

The Trustee's three-year Work Plan was reviewed by the Trustee at its quarterly Trustee Board meetings. The Work Plan captures the Trustee Board workstreams for the current Plan year and the two consecutive years.

The Trustee undertook the biennial review of the training policy at its Trustee Board meeting on 1 February 2022. A requirement under the policy is an annual review of its Skills Matrices (covering DB and DC knowledge) to identify any knowledge gaps and training needs. The next review of the policy will be undertaken in February 2024. Some minor changes were adopted in 2022 mainly to reflect the increased level of TKU assessment, due to the greater governance requirements of being an Authorised Master Trust. In line with the new policy the following annual reviews were completed in this Plan year:

- As part of the Master Trust authorisation process, the Skills Matrices (covering DB and DC knowledge) were reviewed at its meeting on 6 April 2022.
- By reviewing against the Skills Matrices it identifies both individual training needs and knowledge gaps which are common across the Trustee. A need for collective training on the Energy Act requirements was identified following the review on 6 April 2022 and training was delivered at its 13 July 2022 Trustee Board meeting.
- Aligning the completion of the TPR online training (the Trustee toolkit) to no later than the first 6 months of being appointed
- Introductory training was provided in a series of meetings to new Directors in year.
- Completion of the TPR Trustee Toolkit was completed by new directors within 6 months of appointment.
- The Secretariat met with new Directors after six months of appointment to evaluate the effectiveness of the introductory training and discuss further training needs.

Training for new Trustee Directors

- There is an induction process for new Trustee Directors. The amount of material covered in the induction programme is significant and will usually take several months to complete. This is consistent with the law on Trustee Knowledge and Understanding (TKU), which allows 6 months for a new Trustee Director with little or no pension governance knowledge to be trained before they are expected to have achieved the required level of knowledge and understanding. All Trustee Directors who were appointed during the Plan year have undertaken this. The current induction programme involves:
 - where possible attending a meeting in a shadow capacity before formal appointment;
 - a briefing with the CNPP Secretariat during the nomination stage for Member Nominated Directors or, the NDA during the selection stage for Employer Nominated Directors and Independent Trustee Directors, to ensure there is a clear understanding of the role being pursued;
 - completing the TPR online training (the Trustee toolkit) which the Trustee normally expects new Trustee Directors to complete within the first 6 months of being appointed; and optional external training which broadly covers all of the TKU topics at a high level;
 - a minimum of three hour-long sessions with the CNPP Secretariat and separately a session with the Plan's legal adviser providing an overview of the duties of a trustee, key documents and other sources of information and training;

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

- depending on immediate items of business, training sessions with advisers are arranged, for example a session with advisers on the valuation process has been incorporated into the induction process for the Plan year;
- in a change to the process since February 2022, the Secretariat will meet new Trustee Directors after six months to evaluate the effectiveness of the introductory training and discuss further training needs as opposed to having previously issue a questionnaire. The effectiveness of the introductory training will be assessed and further training arranged as required
- Where appropriate, correspondence is undertaken with line managers of new Trustee Directors, to provide information on the requirements of a trustee and manage expectations in relation to the time commitment required.

Training records and assessment of knowledge and understanding

- In a change to its process, Trustee Directors will no longer be issued with a TKU self-assessment questionnaire every two years. In the Plan year TKU was assessed against the Skills Matrices required for the Master Trust regulations.
- Through the annual review it was identified that there was a need for collective Training on the Energy Act requirements training and this was delivered at its 13 July 2022 Trustee Board meeting.
- The Secretariat maintains a record of the individual training undertaken on behalf of the Trustee.

Specific knowledge and understanding in relation to the Plan's Master Trust status

- As part of Master Trust requirements, the Trustee utilises a Trustee Skills Matrix which is in place to identify knowledge gaps and allow for succession planning. It has been compiled by the Trustee's advisers and Secretariat, utilising TPR guidance developed for commercial master trusts (although the Plan is a non-commercial master trust). The Skills Matrix covers 32 identified relevant areas, including investment and pension administration knowledge, skills and experience (5+ years), and finance skills gained through role or professional qualifications. A review of the Trustee Skills Matrix takes place annually and was reviewed in the Plan year at the Trustee meeting on 6 April 2022 and included in the papers and minutes of that meeting. Additionally, each new Trustee Director is assessed and added to the Trustee Skills Matrix when they are appointed requiring ad hoc updates and follow the 6-month review point following appointment.
- The process is that each Trustee Director will initially be assessed against the criteria in the Trustee Skills Matrix, to establish whether or not they have each of the 'essential', 'desirable' or 'helpful' skills. The Secretariat has extracted skills from the Master Trust Code of Practice, Business Plan Milestones and TPR's example skills matrix that it believes are specific requirements for running a non-commercial Master Trust for employers in the nuclear decommissioning sector. The Secretariat will review the skills, knowledge and experience in the Trustee Skills Matrix annually and assess whether any additional skills are required by reviewing any new legislation, changes to the Business Plan, specific or short-term goals or updates to TPR's guidance on Master Trust trusteeship. Skills marked 'Essential' are required for the Trustee Board to effectively manage the Plan and achieve the objectives set out in the Business Plan. Additionally, at least two Trustee Directors must hold the 'Desirable' skills in order to effectively manage the Plan and at least one of the Trustee Directors must hold the 'Helpful' skills in order to effectively manage the Plan.
- If there are not enough Trustee Directors with the requisite skills above, in the short-term non-trustees or advisers may be appointed to assist the Trustee Board with the required skills and a plan to upskill or appoint a new Trustee Director with the requisite skills will be put in place. If the Trustee Board has enough Trustee Directors with the knowledge, skills and experience detailed in the Trustee Skills Matrix, then overall the Trustee Board is deemed to have the requisite skills required to exercise its function as the Trustee of the CNPP.

As required, all Trustee Directors have completed an "Individual Fit & Proper Assessment" which includes competency details for Trustee Directors. They must provide details of their professional qualifications, knowledge, skills and experience in respect of the Plan. Members can draw comfort from the legal requirement for Trustee Directors of a Master Trust to maintain their knowledge and understanding of pension matters.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The annual review of the Trustee Fit & Proper Assessments were undertaken and reported to the Trustee at its meetings on 6 April 2022 and 26 April 2023 and included in the corresponding minutes.

In-house training undertaken during the Plan year

Details of the in-house training undertaken during the Plan year, and which included training tailored to the Committee(s) on which the Trustee Directors serve, are set out in more detail below:

Date	Topic	Aim	Trainer
05/04/2022	Valuation Training Day – Providing an overview of the upcoming triennial valuation process and the history	Enabling better understanding to make informed decisions through the valuation process.	Deloitte
06/04/2022	Single code of practice	To provide the Trustee with the background to the new Single Code of Practice and how, once introduced, it will apply to the Plan.	Squire Patton Boggs
12/07/2022	Investment training day covering – Stewardship & Engagement, ESG wider asset opportunities, Market conditions update, CNPP Funding Journey, Alignment of investment strategy to maturity of liabilities, DB ESG.	To strengthen Trustee understanding.	DB and DC investment consultants, & Investment Managers
13/07/2022	Energy Act Overview	Following the identification of the Training need by the Trustee training was provided on the Energy Act and how it applies to the Scheme.	NDA Group Head of Pensions
20/09/2022	Asset Class - Infrastructure	Illiquid Growth Fund - Infrastructure - overview of recommended approach to Infrastructure investment and consideration of suitability of managers for selection.	Aon
29/11/2022	Valuation Training	To provide the Trustee with knowledge and understanding of the upcoming Triennial Valuation as at 31 March 2022.	Deloitte
13/12/2022	TCFD – Fourth metric for 2023 Disclosure. Training provided for the Trustee to make an informed decision on the fourth metric to report against in the annual TCFD disclosure.	Understanding the new regulatory requirement and enabling informed decision making.	DB and DC investment consultants
15/02/2023	Triennial Valuation Training	An overview and training on the recovery plan approach and options for agreement.	Deloitte

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Review of effectiveness of advisers

The Trustee has appointed a suitably qualified and experienced actuary, legal advisers, investment consultants, covenant advisers and benefit consultants to provide advice on the operation of the Plan in accordance with its Trust Deed and Rules, legislation and regulatory guidance. The actuary and legal advisers attend quarterly Trustee Board meetings and other additional Trustee Board meetings if requested. Investment consultants attend quarterly Investment Sub-Committee meetings and board meetings if requested, and benefit consultants attend Trustee Board meetings as required. All advisers and consultants are available to provide written and/or verbal advice as required. The Trustee has agreed that it will act as if it is a contracting authority for the purposes of Public Contract Regulations 2015 (PCR15) and accordingly complies with PCR15 when issuing public contracts for services.

The Trustee undertakes regular reviews of the effectiveness of all its advisers on a rolling basis and periodically reviews the appointment of its advisers. During the Plan year, the Trustee reviewed the Independent Medical Adviser and Insurer of Risk Benefits appointments, the outcome of which was to reappoint both existing advisers, Medigold and Legal & General, respectively.

The procurements of a Scheme Actuary and Legal Adviser under PCR15, previously scheduled for Q3 2023 and Q4 2024, have been deferred and are scheduled to commence in the the Plan year 2024/25. The reasoning for this was;

- Due to the transition of Deloitte Total Reward and Benefits (TRB) to Isio on 29 May 2023 the Trustee chose to defer the procurement exercise of the Scheme Actuary for a year.
- Then due to the significant knowledge of the incumbent Scheme Lawyer, who are essential for the PCR15 procurement of the Scheme Actuary the procurement was deferred.
- Additionally, the Trustee requires legal advice to run any procurement, and a separate legal adviser will need to be appointed in advance of the legal adviser review, which in itself, will require its own appointment.

Work on this procurement is now due to start in January 2025.

The are no formal PCR15 reviews currently scheduled for 2023/24.

During the Plan year, at the end of each Trustee Board meeting, the Trustee has evaluated the effectiveness of the advice provided to the Trustee at the meeting against the objectives of the item and the Trustee's business plan. Matters identified are advised to the Plan's Secretariat for development with the providers, to improve future effectiveness of advice provided.

Summary conclusions

The Trustee Directors have demonstrated their working knowledge of Trustee policies and documents throughout the Plan year including:

- Correct application of conflicts of interest policy and requirements at the beginning of each Trustee meeting;
- Reminder and acceptance of s172 duties at the start of each Trustee meeting and at each quarterly meeting the Trustee reviews the effectiveness of that meeting.
- Regular review of the Plan's Integrated Risk Management dashboard with advice from the Plan Actuary enabling the Trustee to monitor the Plan's key DC risks.
- Quarterly reviews of ongoing Master Trust requirements, including but not limited to reporting of significant events, quarterly and annual requirements, and submission of the Supervisory Return as at 31 March 2023.

Further, the Trustee Directors consider that they have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes and other required matters such as the identification, assessment and management of risks and opportunities arising from the effects of and steps taken because of climate change (whether by governments or otherwise), to fulfil their duties.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Taking into account the knowledge and experience of the Trustee Directors (which each have been assessed during the Plan year against the criteria in the Trustee Skills Matrix, to ensure they have sufficient coverage of the essential skills collectively across the Trustee Board) with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisers (e.g. investment consultants, legal advisers) and the reviews noted above, the Trustee Directors believe that throughout the Plan year they had all the necessary skills and knowledge to organise their business and which enables them to exercise the Trustee's function as trustee of the Plan. This has been evidenced by being able to make all necessary decisions and take all appropriate actions to exercise their functions as Trustee Directors of the Plan properly and effectively.

The Trustee is also satisfied that during the last Plan year it has:

- Taken effective steps to maintain and develop knowledge and understanding of all Trustee Directors as required by s248 of the Pensions Act 2004; and
- Ensured all Trustee Directors received suitable advice.

The Trustee is satisfied that the combination of its knowledge and understanding together with access to suitable advice enabled the Trustee to properly exercise its duties during the period covered by this Statement.

Affiliated/non-affiliated trustee director requirements of the Charges & Governance Regulations: The Plan, although a master trust scheme under the Pension Schemes Act 2017 and Master Trust Regulations, is not a 'relevant multi-employer scheme' for the purposes of the Administration Regulations and Charges & Governance Regulations. The Plan is not one which is promoted as a scheme where participating employers need not be connected employers and consequently, the requirements of the Administration Regulations in relation to the appointment of affiliated or non-affiliates trustee directors do not apply.

(g) Action plan

In the coming year (which will be covered by the next Statement), the Trustee is intending to undertake the following actions to improve Value for Members:

- The Trustee will continue to work with Aegon on a system upgrade to enable electronic communications with members.
- Engage with Redington, the investment adviser, to review the BlackRock Lifepath funds as the default investment strategy and its suitability for the members.
- The Trustee will publish their second Task Force on Climate-related Financial Disclosures report, outlining the Trustee's approach for managing climate-related risks, and address the comments received from the Pensions Regulator.
- The Trustee will continue to work with Aegon to prepare further member presentations which will continue to evolve and include any updates or changes to the funds.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Annex 1

Combined Nuclear Pension Plan – DC Sections Statement of Investment Principles

This Statement sets out the principles for investing the assets of the Defined Contribution (“DC”) Structure, Shift Pay Pension Plan (“SPPP”) and Additional Voluntary Contributions (“AVC”) sections of the Combined Nuclear Pension Plan (the “Plan”) as adopted by the Combined Nuclear Pension Plan Trustees Limited (the “Trustee”).

This Statement has been written in accordance with Section 35 of the Pensions Act 1995 (as amended by Section 244 of the Pension Act 2004) and is consistent with the Trustee’s investment powers as set out in the Trust Deed (clauses 11 and 12). It also takes into account the Pensions Regulator (“tPR”) DC Code of Practice.

In preparing this statement the Trustee has consulted with the Lead Company, the Nuclear Decommissioning Authority (“NDA”), as sponsor to the Plan, and has taken and considered written advice from the Plan’s Investment Advisers, Redington Ltd. Participating employers within the Plan have signed a ‘Deed of Participation’ allowing the NDA to act on their behalf in consultation with the Trustee.

The Trustee will review this Statement every three years or more frequently as considered appropriate by the Trustee, and specifically in response to legislative and regulatory changes, changes to the investment strategy or a marked change in the membership profile.

The Plan has a Defined Benefit (“DB”) Structure and a DC Structure. Some DB members also pay contributions based on shift pay to a defined contribution arrangement, the SPPP, and all DB members have the option to make AVCs. This Statement is in relation to the Plan’s DC Structure, SPPP and AVC sections only. The Trustee has prepared a separate Statement in relation to the Plan’s DB Structure that can be located in the publicly accessible document library on the Combined Nuclear Pension Plan website.

To ensure effective management of investment issues, the Trustee has established an Investment Sub- Committee (“ISC”) to deal with the investment issues facing the Trustee. They may be changed by the Trustee from time to time after consultation with the participating employers.

The power and obligation for deciding on the strategic investment policy rests with the Trustee. However, the Trustee has delegated specific powers to the ISC around the implementation of the investment strategy within certain parameters. The aim is to achieve a more efficient and effective implementation of any recommended changes to the Plan’s investment arrangements.

The appendices do not formally form part of the Statement of Investment Principles.

Allan Whalley

Allan Whalley

**Signed for and on behalf of the Trustee of the Combined Nuclear Pension Plan
December 2022**

This Statement of Investment Principles supersedes the previous version dated September 2021.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Aims and objectives for the DC Investment Options

Primary Objective

The primary objective for all investment options under the DC Structure, SPPP and AVCs is to provide, on a defined contribution basis, benefits for members on their retirement or benefits for their dependants on death before retirement.

The Trustee recognises that members have differing investment needs and that these may change over the course of their working lives. It also recognises that members have different attitudes to risk. The Trustee believes that members should be able to make their own investment decisions based on their individual circumstances. The Trustee's objective is therefore to make available a range of investment options that, whilst avoiding excessive complexity, should assist members achieve the following objectives:

- Optimising the value of retirement benefits from the given contributions;
- Protecting the value of those benefits in the years approaching retirement against market falls;
- Protecting the value of those benefits in the years approaching retirement against fluctuations when turning fund values into retirement benefits; and
- Tailoring their investments to meet their own needs.

Default arrangements

The Trustee has established default investment arrangements because:

- The Plan is a qualifying scheme for auto-enrolment purposes and so must have a default arrangement;
- It should be easy to become a member of the Plan and start building retirement benefits without the need to make any investment decisions; and
- The majority of the Plan's members are expected to have broadly similar investment needs.

Objectives for the default arrangements

- The main objective of the default arrangements is to support good member outcomes at retirement while subject to a level of investment risk appropriate to the majority of members who do not make active investment choices;
- The default arrangements manage the principal investment risks members face, gradually changing where they are invested as they approach retirement; and
- Reflect that DC Structure and SPPP members are expected to choose different benefits at retirement.

Choosing the default arrangements

The Trustee believes that understanding the Plan's membership is essential to designing and maintaining a default arrangement which meets the needs of the majority of members.

The Trustee has taken into account a number of aspects of the Plan's membership including:

- The members' age and salary profile;
- The likely sizes of pension pots at retirement;
- The level of income in retirement that members are likely to need; and
- Members' likely benefit choices at and into retirement.

Other investment options

In addition to the default arrangements, the Plan offers members a choice of investment options because:

- While the default arrangements are intended to meet the needs of a majority of the Plan's members, they may not meet the needs of all members;
- Attitudes to investment risks and the need for investment returns will vary from member to member and will also vary for each member over time and, in particular, as they approach retirement;
- Members have differing investment needs and these needs may change during their working lives;

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

- Some members will want to be more closely involved in choosing where their contributions are invested; and
- The Trustee recognises the growing importance of ESG and climate change risk for members.

The Plan offers members a number of investment options as alternatives to the default arrangements. The main objectives of the alternative options are to:

- Provide a choice of investment approaches for members who want to be more closely involved in choosing where their pension pot is invested;
- Complement the objectives of the default arrangements;
- Provide a broader choice of levels of investment risk and return;
- Provide a broader choice of investment approaches including ethical, faith-based and ESG funds; and
- Help members more closely tailor how their pension pot is invested to their personal needs and attitude to risk.

Nevertheless, the self-select fund range cannot be expected to cover all the investment needs of all members.

Choosing the investment options

In choosing the range of investment options to be made available to members, the Trustee has taken into consideration a number of aspects of the Plan's membership including:

- The members' age and salary profile;
- Previous sources of retirement income;
- Members' retirement dates and likely benefit choices at retirement;
- The levels of investment risk and return members may be willing to take;
- The degree to which members are likely to take an interest in where their contributions are invested; and
- The number of members who are likely to want responsible, ethical or faith-based investment.

Additional detail on the investment options can be found in Appendix 1.

The Trustee has appointed providers and fund managers authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Trustee has agreed the appropriateness of the asset allocation benchmarks, performance benchmarks and the various controls adopted by the managers for each fund in which members can invest. For each fund, the benchmark and guideline controls reflect the Trustee's views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk for that fund's strategic aim, in keeping with the Trustee's primary objective for all the investment options.

The Trustee reviews the range of funds available on a regular basis. These reviews will consider a range of inputs such as the changing composition of members and member feedback. In addition, the Trustee reviews the performance of the Plan's investments on a regular basis. Advice is received as required from professional advisers.

Investment options

A closed group of DB Structure members still have AVCs invested in the Prudential With Profits Fund but this is not open to new AVC investors.

Default arrangements

The default arrangements are mainly a series of target date funds, where members' contributions are invested in a mix of assets which are expected to deliver growth relative to inflation when members are younger and gradually switches into a mix of assets whose values are expected to be less volatile as members approach retirement.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

DC Structure – a series of target date funds which are suitable for members who are expected to use income drawdown in retirement.

Shift Pay Pension Plan – a series of target date funds which are suitable for members who are expected to take all their benefits in cash at retirement.

AVC – There is no default for members commencing AVCs.

Self-Select Options

A range of equity, bond, cash and multi-asset funds which provide appropriate choices for members' different savings objectives, risk profiles and time horizons.

Additional Voluntary Contributions

The Plan provides a facility for all members who are not new joiners to make Additional Voluntary Contributions to buy additional benefits on a money purchase basis.

Managing Risk

Risk and return

The expected levels of investment returns (after the deduction of charges) and risks for the funds used are consistent with the Trustee objectives for these investment options. The expected investment returns and approach to managing investment risks, including financially material considerations such as climate change, are described in greater detail in the relevant headings below.

Full details of the current investment options are provided in the documents DC New Joiners Benefit Structure Investment Guide, Shift Pay Pension Plan Investment Guide and AVC Investment Guide available on the CNPP website.

Choosing Investments

The funds in which members invest are pooled funds, which the Trustee believes are appropriate given the size and nature of the Plan.

The majority of the Plan's assets are invested using a passive (index tracking) approach, the objective of which is for an investment manager to seek to match, rather than exceed, the performance of the chosen benchmark index in relation to the particular fund, or underlying investments. Within each fund the investment manager invests in individual stocks in such a way as to replicate, as closely as possible, the composition of the benchmark index. In adopting this approach, the manager ensures a suitably diversified portfolio.

There are also investment options where the investment manager is expected to outperform a benchmark index through active management of investments. Such funds include those invested in multi-asset funds and cash.

The Trustee is satisfied that the range of funds and the assets held in each fund are suitable in relation to the needs of members.

Kinds of investment to be held

The investment managers may invest in UK and overseas investments including equities, property, fixed and index linked bonds, and cash. However, the investments in each fund will depend on the nature of each fund, its objective and benchmark and the risk controls which operate.

Principal Investment Risks

The Trustee believes that the three principal investment risks most members will face are:

Inflation risk – investment returns over members' working lives may not keep pace with inflation and, as a result, do not produce adequate retirement benefits.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Further from retirement, this risk should be countered by investing in funds which are expected to produce returns well in excess of inflation over the longer term. Approaching retirement, the impact of this risk needs to be balanced against the other main risks members face.

Benefit conversion risk – investment conditions just prior to retirement may increase the cost of turning members' fund values into retirement benefits.

For members taking cash at retirement, funds investing in cash deposits and other short-term interest-bearing investments provide a high degree of (but not complete) capital security. Funds investing in a mix of different assets are expected to be broadly suitable for members planning income drawdown during retirement. For members buying an annuity at retirement, the value of funds investing in longer-dated bonds may be expected to broadly follow changes in annuity rates caused by long-term interest rates.

Volatility/Market risk – falls in fund values prior to retirement lead to a reduction in retirement benefits. Funds investing in bonds or a mix of assets or investment techniques may be expected to be subject to lower levels of short-term fluctuation and reduction in values - although there may be occasions when this does not hold true.

Other investment risks

The Trustee has considered the other investment risks members may face. These include:

- The risk that market movements in the period just prior to retirement lead to an increase in the cost of turning members' fund values into retirement benefits.
- The risk that an investment manager will not deliver investment returns in line with the target for the fund, investment markets generally or other investment managers.
- The risk that funds which invest in more illiquid assets will not be able to accept investments or disinvestments requested by the Trustee and/or members.
- The risk that counterparties holding derivative based assets may default leading to a reduction in the value of a fund.
- Interest rate risk – the value of funds which invest in bonds will be affected by changes in interest rates.
- Default risk – for bond funds (where money is lent in return for the payment of interest), the company or government borrowing money fails to pay the interest due or repay the loan.
- The risk that environmental, social and corporate governance (ESG) issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.
- The risk that climate change causes a material deterioration in asset values as a consequence of factors including, but not limited to changes in government policy, physical impacts and the expected transition to a low-carbon economy.

Managing investment risks

The Trustee considers the impact of investment risks on long-term investment returns and member outcomes when making investment decisions.

Time horizon

The Trustees monitor the age profile of the Plan's membership to arrive at an appropriate investment horizon when considering all investment risks.

The Plan is open to new entrants from age 16. As a result, given the likelihood of increases in retirement ages in the future, investment risks need to be considered over a time horizon approaching 50 years.

The target date funds manage the three main investment risks as members grow older by automatically switching from assets which are expected to give long-term growth relative to inflation into assets whose values should fluctuate less in the short-term relative to the benefits members are expected to take at retirement. The self-select fund range provides members with a choice of funds with differing risk and return characteristics.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The Trustee manages the other investment risks as part of the process for selecting and ongoing monitoring of the funds used by the Plan. The funds used give a good spread of investments which will help manage risks associated with market conditions. The Trustee believes that the Plan's investment options are appropriate for managing the risks typically faced by members.

In selecting the funds made available to members, the Trustee has tried to ensure that there is a sufficient range of funds across asset classes and risk profiles which can be tailored to members' individual requirements at different ages and terms to retirement.

The decision to appoint only one investment manager for each asset class does involve some degree of manager risk relative to benchmark (which would arise from the potential underperformance of that manager). However, as the majority of the funds the Trustee has made available to members are managed on a passive (index tracking) basis, the risk of underperformance from the manager is materially reduced. Actively managed funds are used where passive management would not be appropriate or viable for the asset class concerned.

Financially material considerations

The Trustee, with their advisers, regularly monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies. This includes monitoring the extent to which investment managers:

- make decisions based on assessments about medium-to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium-to long-term.

The Trustee recognises that the consideration of financially material considerations, including ESG factors and climate risk, are relevant to the development, selection and monitoring of the Plan's investment options.

The Trustee seeks to manage these financially material considerations, to protect long-term returns, by:

- Considering the extent to which ESG issues, including climate risk, where relevant are integrated into the fund managers' investment processes and that the fund managers follow an approach, which takes account of financially material factors;
- For actively managed funds (where the fund manager decides where to invest), expect the fund managers to take financially material considerations into account when selecting which companies and markets to invest in; and
- For passively managed funds, the Trustee sets the benchmarks that incorporates its views and objectives on risk & return, ESG and climate change, etc. This process then drives the decisions of the manager. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark index (which may or may not include ESG factors) and believes this approach is in line with the basis on which their current strategy has been set. The Trustee will review periodically the choice of fund and index benchmarks used and the extent to which these reflect ESG factors.

Implementation

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments. The Trustee reviews the governing documentation associated with any new investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment.

The Trustee has entered into a contract with Aegon, who provide a platform that makes available to members target date funds that reflect the stage at which each individual member is in during their investment journey and a range of self-select funds. There is no direct relationship between the Plan and the underlying investment manager of the DC investment funds. The Trustee recognises that due to the collective nature of these pooled investments, there is less scope to directly influence how the asset manager invests.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

However, the Trustee's investment advisors ensure the investment objectives and guidelines of the manager are consistent with that of the Trustee where practicable.

The investment manager's primary role is the day-to-day investment management of the Plan's investments and they are authorised under the Financial Services and Markets Act 2000 (as amended) to carry out such activities.

The Trustee and the investment manager, to whom discretion has been delegated, exercise their powers (in line with the principles in this SIP) to encourage business strategies which should improve or protect the value of these investments where reasonably practicable.

The Trustee selects investment managers with an expectation of a long-term arrangement, which encourages active ownership of the underlying assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

Alignment between an investment manager's management of each pooled fund's assets and the Trustee's policies and objectives are a fundamental part of the appointment process of a new manager or strategy. The following steps are taken to encourage alignment between the Plan and the managers:

- Before investing, the Trustee will seek to understand the manager's approach to ESG (including engagement and climate change). The Trustee has limited influence over managers' investment practices because all the Plan's assets are held in pooled funds. However, the Trustee will ensure the investment objectives and guidelines of the vehicle are consistent with its own objectives where practicable.
- To maintain alignment, managers are provided with the most recent version of the Plan's SIP, which includes the Trustee's policy on sustainable investment, on an annual basis and are required to explicitly confirm that the assets are managed in line with the Trustee's policies as outlined in those documents.
- Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment and ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager may be terminated and replaced.

Additionally, the Trustee has a preference for fund managers who are signatories to the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment.

Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee reviews the costs and value for money incurred in managing the Plan's assets annually, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate. On a quarterly basis the Trustee also monitors manager performance relative to the relevant benchmark, with a focus on long-term performance.

Expected return on investments

The objective of the equity and multi-asset funds is to achieve an attractive real (above inflation) return over the long term. The objective of the cash and bond funds is to provide for the payment of the tax-free lump sum on retirement and to reduce the volatility of the cost of the annuity that may be purchased, rather than to achieve a specified 'real' or 'nominal' return.

The Trustee is also satisfied that these return objectives are consistent with the aims of members at different stages within the lifestyle process.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Asset class	Expected long-term investment returns relative to inflation	Expected shorter- term volatility in fund values
Equities (i.e. company shares)	Strong return relative to inflation	Most volatile in the short-term
Multi-asset funds (i.e. investing in a varying mix of asset classes)	Positive relative to inflation over the longer-term	Lower than equities
Corporate Bonds (i.e. loan stocks issued by companies)	Positive, but lower than equities and property	Lower than equities or property
Long-dated Bonds (e.g. UK Gilts and Corporate Bonds with a duration of 15 years or more)	Broadly in line with the financial factors influencing annuity rates	Lower than equities or property
Fixed Interest Government Bonds (e.g. UK Gilts)	Positive, but lower than equities, property or corporate bonds	Lower than equities, property or corporate bonds
Index-Linked Government Bonds (e.g. UK Index-Linked Gilts)	In line with inflation	Lower than equities, property or corporate bonds
Cash (and other short-term interest-bearing investments)	Return may not keep pace with inflation	Minimal with high degree (but not complete) of capital security

Investment beliefs

The Trustee's investment decisions are made in the context of their investment beliefs that:

- Managing the principal investment risks (inflation, benefit conversion and volatility) is the most important driver of good long-term member outcomes;
- As the Plan invests for members over the long-term, financially material considerations including ESG factors and the impact of climate change will have a bearing on funds' expected levels of risk and return;
- Investment markets may not always behave in line with long-term expectations during the shorter-term;
- Charges and costs (levied by fund managers and platform providers) can have a material effect on net returns.

Types of funds used and Delegation of investment decisions

The Plan uses unit-linked funds provided through an investment platform. This investment platform in turn invests in funds provided by a selection of fund managers where investments are pooled with other investors. This enables the Plan to invest in a range of funds giving a good spread of investments in a cost- effective manner. It does mean that the Trustee has delegated day to day investment decisions, including the management of financially material considerations, to the fund managers.

Security of assets

The security of funds is provided through policies of insurance issued to the Trustee by the investment platform provider and the With Profits Fund provider. As a result, the value of the funds may be affected in the event of the providers getting into financial difficulties.

The underlying funds used by the investment platform provider are mostly accessed through unit purchase agreements. In the event of a fund manager getting into financial difficulties, the values in these underlying funds will depend upon the nature of the contract with the platform provider and the fund vehicles used by the fund managers' funds.

Realisation of investments

The Trustee expects that the investment platform provider and the fund managers will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions where the investment platform or fund managers need to impose restrictions on the timing of sales and purchases of funds (most notably for funds investing in property) in some market conditions to protect the interests of all investors in that fund.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Nevertheless, the Trustee recognises that most members' pension accounts have a long investment timeframe, during which assets which are less easily traded (such as property) can be managed to deliver good long-term returns while avoiding the impact of liquidity issues at retirement.

Balance of investments

Overall, the Trustee believes that the Plan's investment options:

- Provide a balance of investments; and
- Are appropriate for managing the risks typically faced by members.

Stewardship

Stewardship

The Trustee recognises that an important part of their role as a steward of capital is to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as ultimately this creates long-term financial value for the Plan and its beneficiaries. The Trustee recognises that good stewardship practices, including engagement and voting activities, are important as they help preserve and enhance asset value over the long-term.

Members' financial interests

The Trustee expects that the investment platform provider and fund managers will have the members' financial interests as their first priority when choosing investments.

Voting and engagement

The Trustee believes that engagement with the companies in which the Plan invests, including the proactive use of shareholder voting rights, can improve the longer-term returns on the Plan's investments.

The Plan invests via an investment platform provider, who in turn invest in funds which are pooled with other investors to keep costs down and ensure adequate diversification. As a result, the Trustee has adopted a policy of delegating voting decisions on stocks to the underlying fund managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The fund managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.

The Trustee expects their investment managers to practice good stewardship. This includes monitoring, engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.

Where relevant, the Trustee has reviewed the voting and engagement policies of the fund managers as well as the approach to governance of the investment platform provider and determined that these policies are appropriate. On an annual basis, the Trustee will request that the investment platform provider and fund managers provide details of any change in their house policy.

Where appropriate, the Trustee will engage with and may seek further information from the investment platform provider and fund managers on how portfolios may be affected by a particular issue. If an incumbent fund manager is found to be falling short of the Trustee's standards, the Trustee will undertake to engage with the fund manager and seek a more sustainable position.

When selecting, monitoring and de-selecting asset managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The Trustee does not engage directly, but believes it is sometimes appropriate for the fund managers to engage with key stakeholders, or relevant persons, which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours, improve performance and mitigate financial risks. The Trustee aims to review engagement activity undertaken by the fund managers as part of its broader monitoring activity.

The Trustee expects the investment platform provider to adopt similar practices with regards to the inclusion and ongoing oversight of fund managers on their platform. The Trustee also expects the platform provider to be able to evidence their own governance practices on request.

Monitoring

The Trustee receives reports from the investment platform provider on the fund managers voting activity on a periodic basis.

The Trustee reviews the fund managers' voting activity on a periodic basis in conjunction with their investment adviser and uses this information as a basis for discussion with the investment platform provider and fund managers. Where the Trustee deems it appropriate, any issues of concern will be raised with the manager for further explanation.

The Trustee meets with the investment platform provider on a regular basis. The fund managers may be challenged both directly by the Trustee and by their investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio.

Non-financial factors

The Trustee recognises that some members will have strong personal views or religious convictions that influence where they believe their savings should, or should not, be invested.

The Trustee notes that a large majority of members have not made active investment choices and so the Trustee believes that most members are unlikely to have strong views on where their savings are invested. The Trustee will instead take into account what, in its reasonable opinion, members' views of non-financial factors are likely to be.

The Trustee notes that the arrangements for receiving member feedback on the Plan in general give members an opportunity to express views on non-financial factors relating to the Plan's investments.

The Plan offers a Sharia Law based fund for members who hold convictions in line with the Islamic faith.

The Trustee notes that non-financial factors can affect various investment risks which are borne by members and may under-perform other funds with broader-based investment approaches.

Fund managers are otherwise only expected to take non-financial factors into account when these do not conflict with the financial interests of members and the Plan's investment objectives.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Appendix 1: Investment Implementation Document

The funds available to members are:

Fund	TER (effective from 23/06/2022)
CNPP Global Equity (ex-UK) Fund	0.16
CNPP Emerging Markets Equity Fund	0.36
CNPP Global Equity Fund	0.16
CNPP UK Equity Fund	0.15
CNPP Sharia Law Fund	0.45
CNPP Property Fund	0.81
CNPP Multi-Asset Fund	0.55
CNPP Index-linked Gilt Fund	0.16
CNPP Corporate Bonds Fund	0.17
CNPP Pre-Retirement Fund	0.30
Aegon BlackRock Cash Fund	0.18
Aegon BlackRock LifePath Flexi FundTr	0.23
Aegon BlackRock LifePath Capital Fund	0.23
Aegon BlackRock LifePath Retirement Fund	0.23
Prudential With-Profits Fund**	1.00

* Default options.

** Only available for existing AVC investments – closed to future AVCs.

Notes

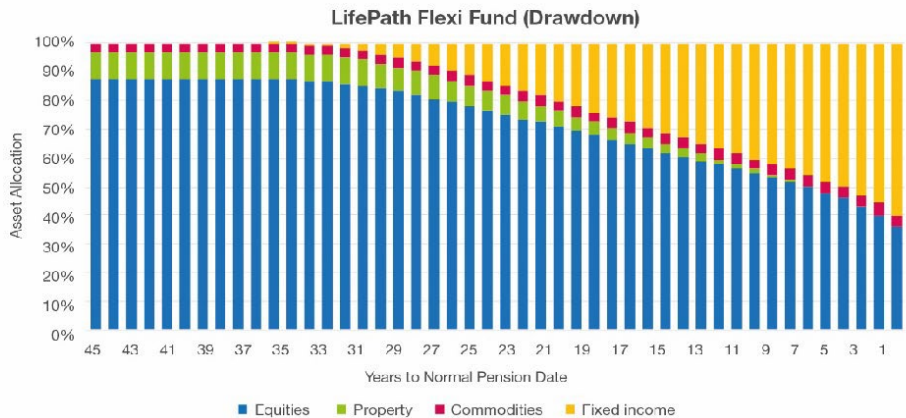
- The LifePath Funds are sets of 'target date' funds, each managed to an asset allocation appropriate to its target retirement age range and target retirement benefits.
- The CNPP and Aegon BlackRock funds are provided through the Aegon administration and investment contract.
- The CNPP labelled funds invest in underlying investment managers' funds through the Aegon platform.

COMBINED NUCLEAR PENSION PLAN

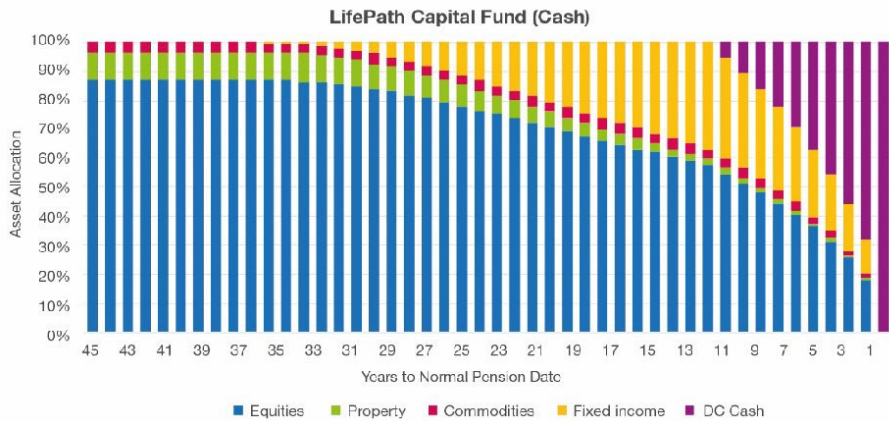
CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Default arrangements

For members who are invested in the Aegon BlackRock LifePath Flexi option the following chart illustrates the changes to fund allocations that will be implemented on members behalf up to their retirement date:



For members who are invested in the Aegon BlackRock LifePath Capital option the following chart illustrates the changes to fund allocations that will be implemented on members behalf up to their retirement date:



COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Annex 2

Tables of funds and charges

2a Default arrangements

The funds' annualised charges (as Total Expense Ratios) and transaction costs from 1 April 2022 to 31 March 2023 used in the default arrangement were:

Plan Section	Fund	ISIN *	TER		Underlying Fund**	Transaction costs	
			% p.a. of the amount invested	£ p.a. per £1,000 invested		% p.a. of the amount invested	£ p.a. per £1,000 invested
CNPP DC New Joiners Section (includes both CPS and GPS Sections)	Aegon BlackRock LifePath Flexi Fund	As this relates to a Target Date Fund range, the ISIN will depend on member retirement age.	0.23	2.30	BlackRock LifePath Flexi Fund	0.01 to 0.09	0.10 to 0.90
SPPP	Aegon BlackRock LifePath Capital Fund	As this relates to a Target Date Fund range, the ISIN will depend on member retirement age.	0.23	2.30	BlackRock LifePath Capital Fund	0.00 to 0.08	0.00 to 0.80
CNPP DC New Joiners Section (includes both CPS and GPS Sections) CNPP DB Structure SPPP and AVCs	Replacement Cash Fund	GB0030155393	0.23	2.30	BlackRock Cash (BLK)	0.02	0.20

Source: Aegon Investment Solutions Limited

* ISIN = the International Securities Identification Number unique to each fund.

** Underlying Fund = the fund in which the Plan's top level Fund invests.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

2b Lifestyle options outside the default arrangement

The funds' annualised charges (as Total Expense Ratios) and transaction costs from 1 April 2022 to 31 March 2023 used in the Aegon BlackRock LifePath Retirement Fund lifestyle option were:

Plan Section	Fund	ISIN *	TER		Underlying Fund**	Transaction costs	
			% p.a. of the amount invested	£ p.a. per £1,000 invested		% p.a. of the amount invested	£ p.a. per £1,000 invested
CNPP DC New Joiners Section (includes both CPS and GPS Sections); and CNPP DB Structure AVCs	Aegon BlackRock LifePath Retirement Fund	As this relates to a Target Date Fund range, the ISIN will depend on member retirement age.	0.23	2.30	BlackRock LifePath Retirement Fund	0.00 to 0.10	0.00 to 1.00

Source: Aegon Investment Solutions Limited

* ISIN = the International Securities Identification Number unique to each fund.

** Underlying Fund = the fund in which the Plan's top level Fund invests.

Tables of funds and charges

2c Self-select funds outside the default arrangement

The funds' annualised charges (as "Total Expense Ratios") and transaction costs from 1 April 2022 to 31 March 2023 for the self-select funds were:

Plan Section	Aegon BlackRock Fund	ISIN *	TER		Underlying Fund**	Transaction costs	
			% p.a. of the amount invested	£ p.a. per £1,000 invested		% p.a. of the amount invested	£ p.a. per £1,000 invested
CNPP DC New Joiners Section (includes both CPS and GPS Sections); and CNPP DB Structure AVCs	CNPP Global Equity (ex-UK) Fund	GB00BG49KD77	0.16	1.60	Aegon BlackRock World (ex-UK) Equity Index (BLK)	0.00	0.00
	CNPP Emerging Markets Equity Fund	GB00BYNV2W30	0.36	3.60	Aegon BlackRock Emerging Markets Equity Index (BLK)	-0.03	-0.30
	CNPP Global Equity Fund	GB00BG49KG09	0.16	1.60	Aegon BlackRock 50/50 Global Equity Index (BLK)	0.04	0.40
	CNPP UK Equity Fund	GB00BG49KF91	0.15	1.50	Aegon BlackRock UK Equity Index Tracker (BLK)	0.07	0.70
	CNPP Sharia Law Fund	GB00BYNV2Q79	0.45	4.50	Aegon HSBC Islamic Global Equity Index (BLK)	0.01	0.10
	CNPP Property Fund	GB00BYNV2S93	0.81	8.10	Aegon DC Property Fund	0.11	1.10

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

	CNPP Multi-Asset Fund	GB00BYNV2R86	0.55	5.50	Aegon BlackRock Dynamic Allocation (BLK)	0.27	2.70
	CNPP Index-linked Gilt Fund	GB00BG49KH16	0.16	1.60	Aegon BlackRock Over 5-year Index-Linked Gilt Index (BLK)	0.03	0.30
	CNPP Corporate Bonds Fund	GB00BYNV2V23	0.17	1.70	Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	0.04	0.40
	CNPP Pre-Retirement Fund	GB00BG49KJ30	0.30	3.00	Aegon BlackRock Pre-Retirement (BLK)	0.11	1.10
	Aegon BlackRock Cash Fund	GB0030155393	0.18	1.80	BlackRock Cash (BLK)	0.01	0.10

Source: Aegon Investment Solutions Limited

2d AVCs for members in the GPS Section up to 31 March 2023

The funds' charges (as Total Expense Ratios) and transaction costs in the last year for the Prudential AVC funds to 31 March 2023 were:

Prudential Fund (up to 31 March 2023)	ISIN *	TER		Underlying Fund	Transaction costs	
		% p.a. of the amount invested	£ p.a. per £1,000 invested		% p.a. of the amount invested	£ p.a. per £1,000 invested
Prudential With Profits Fund (closed to new investors)	OBMG	1.00 **	1.00	n/a	0.20	2.00

Source: Prudential Assurance Company Limited

* ISIN = the International Securities Identification Number unique to each fund.

** Average across all With Profits policyholders.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Annex 3

Illustrations of the impact of costs and charges

Background

The Trustee is required to produce an illustration for members of the DC structure as per Statutory Guidance, which shows the cumulative effect of costs and charges on the value of member savings within the Plan over different time periods.

This includes transaction costs which are a necessary part of buying and selling a fund's underlying investments in order to achieve their investment objective. These are not new or additional charges. They have always been there, within the unit price of the funds, but are now being made explicitly visible to allow comparison against similar funds and facilitate understanding of their impact on investment returns.

As each member has a different amount of savings within the Plan and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has made several assumptions about what these might be. Members should be aware that such assumptions may or may not be valid, so the illustrations do not promise what could happen in the future.

The tables on the following pages show potential impact of that the cost and charges might have on different investment options available to members through the DC structure and the illustration shows how they could affect the growth of members' pension pots. Please note, not all investment options are shown in the illustrations.

Illustration assumptions

1. The tables illustrate the potential impact fund costs may have on the projected value of monies invested in an average member's pension plan over various time periods.
2. All the figures illustrated here are only examples and are not guaranteed or projections of a member's pension plan – they are not minimum or maximum amounts. Please refer to member specific annual account statement for an estimate of member specific pension pots.
3. Members could get back more or less than the illustrations and members may also get back less than the amount invested.
4. Investment return in real terms: this is the effective annual growth rate of an investment after adjusting for the inflation rate.
5. The starting fund value¹⁷ used for the illustrations is £70,234 (this figure was used as the starting fund value in the 2021/2022 Chair's statement as being close to the median value of the total holdings within the DC structure as at the time relevant to that report. It has been used again as the starting fund value on the assumption that this remains broadly representative of the actual pot sizes of members of the scheme).
6. Contributions are paid monthly and are assumed to be 20.5% of the median salary as at the time of the 2021/2022 Chair's statement¹⁸ (£62,330), which is assumed to increase by 3.5% each year.
7. Inflation is assumed to be 2.0% each year.

¹⁷ Given we were unable to obtain updated figures from Aegon, we have assumed that the starting fund value are the same as the previous year.

¹⁸ We were unable to obtain updated figures from Aegon so have assumed that these figures remain broadly representative of the overall level of contributions

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

Fund transactional charges and costs total (%)

DEFAULT OPTION ASSUMPTIONS					
Default Name	Investment Returns**	Inflation*	TER**	Transaction costs**	Net (Real) Return***
Aegon BlackRock LifePath – Flexi (BLK)	0.70% - 5.25%	2.0%	0.23%	0.05%	-1.58% -2.97%
Aegon BlackRock LifePath – Capital (BLK)	0.70% - 5.25%	2.0%	0.23%	0.05%	-1.58% -2.97%

FUND ASSUMPTIONS					
Fund name	Investment Returns	Inflation	TER**	Transaction costs	Net (Real) Return
CNPP Global Equity ex UK	5.25%	2.0%	0.16%	0.02%	3.04%
CNPP Property	4.75%	2.0%	0.81%	0.01%	1.83%
CNPP UK Equity	5.25%	2.0%	0.15%	0.07%	3.03%
Aegon BlackRock Cash	0.70%	2.0%	0.18%	0.01%	-1.49%

Investment Returns: Statutory Money Purchase Illustration (SMPI) investment returns sourced from Aegon as at 31 March 2023

Inflation: standard inflation assumption for FCA

TER (Total Expense Ratio): Annual Management Charge including Additional Annual Expenses, sourced from Aegon as at 31 March 2023

Transaction costs: an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on actual transaction costs for the period 01/04/22 to 30/12/22, sourced from Aegon

Net (Real) Returns are gross of Transaction Costs

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The impact of transactional costs and charges on fund values (£)

The 'Before Charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

The default Aegon BlackRock LifePath Flexi and Aegon BlackRock LifePath Capital investment options are where the majority of members are invested.

STARTING FUND: £70,234; FUTURE CONTRIBUTION: from £12,778 p.a. growing at 3.5% annually				
Fund value at end of year	Aegon BlackRock LifePath Flexi (BLK)		Aegon BlackRock LifePath Capital (BLK)	
	Before charges	After all charges	Before charges	After all charges
1	£84,972	£84,777	£79,110	£78,926
3	£117,060	£116,295	£98,650	£97,972
5	£151,998	£150,443	£119,872	£118,561
10	£253,203	£248,513	£181,109	£177,479
15	£377,180	£367,245	£255,767	£248,500
20	£527,333	£509,388	£345,767	£333,155
25	£702,703	£673,421	£450,204	£430,222
30	£896,618	£852,448	£564,671	£535,213
35	£1,101,388	£1,038,894	£684,351	£643,434
40	£1,309,490	£1,225,628	£804,685	£750,611
45	£1,513,289	£1,405,701	£903,016	£835,843
49	£1,666,331	£1,538,843	£948,275	£872,503

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The CNPP Global Equity ex UK Fund and Aegon BlackRock Cash funds show the asset classes with the lowest and highest assumed growth. CNPP Property Fund is the fund with the highest charges, with CNPP UK Equity fund with the lowest charges.

STARTING FUND: £70,234; FUTURE CONTRIBUTION: from £12,778 p.a. growing at 3.5% annually								
Fund value at end of year	CNPP Global Equity ex UK		Aegon BlackRock Cash		CNPP Property Fund		CNPP UK Equity fund	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	£84,989	£84,845	£81,866	£81,732	£84,646	£84,018	£84,989	£84,841
3	£117,126	£116,561	£105,321	£104,836	£115,785	£113,354	£117,126	£116,544
5	£152,132	£150,984	£128,939	£128,023	£149,410	£144,533	£152,132	£150,949
10	£253,611	£250,137	£188,814	£186,484	£245,422	£231,144	£253,611	£250,032
15	£378,050	£370,673	£250,110	£245,902	£360,756	£331,362	£378,050	£370,451
20	£529,779	£516,406	£313,128	£306,597	£498,587	£446,875	£529,779	£516,005
25	£713,900	£691,786	£378,179	£368,894	£662,578	£579,559	£713,900	£691,125
30	£936,414	£902,001	£445,589	£433,128	£856,948	£731,498	£936,414	£900,976
35	£1,204,381	£1,153,099	£515,694	£499,644	£1,086,550	£905,009	£1,204,381	£1,151,577
40	£1,526,098	£1,452,123	£588,850	£568,797	£1,356,973	£1,102,663	£1,526,098	£1,449,937
45	£1,911,318	£1,807,277	£665,426	£640,958	£1,674,641	£1,327,314	£1,911,318	£1,804,214
49	£2,272,849	£2,138,178	£729,412	£701,112	£1,967,719	£1,528,587	£2,272,849	£2,134,226

Further notes

In order to meet each fund's investment objective, it will sometimes be necessary to buy and sell underlying investments. In doing so, the fund may need to pay broker commissions and transfer taxes (such as stamp duty reserve tax (SDRT))

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

In the case of shares, broker commissions and transfer taxes are paid by the fund on each transaction. In the case of fixed income securities such as bonds, transaction costs are incurred indirectly through what is known as the dealing spread – the difference between the prices paid to buy and sell the underlying investments in the fund.

Comparing the portfolio transaction costs for a range of funds may give a false impression of the relative costs of investing in them for the following reasons:

- Transaction costs do not necessarily reduce returns. The net impact of dealing is the combination of the effectiveness of the manager's investment decisions in improving returns and the associated costs of investment.
- Historical transaction costs are not an effective indicator of the future impact on performance.
- Transaction costs for buying and selling investments due to other investors joining or leaving the fund may be recovered by investors.

For further information please refer to the Pricing Policy notes which follow:

- Transaction costs vary depending on the types of investment in which a fund invests.
- As the manager's investment decisions are not predictable, transaction costs are also not predictable.

Note: Transaction costs may vary significantly from year to year and please note that transaction costs are not captured in the ongoing charges figures. They are an additional expense charged directly to the fund and are reflected in daily fund prices (and net performance). The transactions costs in this document relate only to explicit costs that are incurred as a result of trading activity.

COMBINED NUCLEAR PENSION PLAN

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2023

The assumptions used in the illustrations are:

Data Item	Assumption	Reason
Existing Account value	£70,234	Median existing account value across Plan. Calculated by listing the total holdings of each member in the Plan from the lowest to the highest value and selecting the middle value. This figure was used as the starting fund value in the 2021/2022 Chair's statement as being close to the median value of the total holdings within the DC structure as at the time relevant to that report. It has been used again as the starting fund value on the assumption that this remains broadly representative of the actual pot sizes of members of the scheme.
Member pensionable salary	£62,330	Median salary across Plan as at the time of the 2021/2022 Chair's statement. Calculated by listing the pensionable salary of each member in the Plan from the lowest to the highest value and selecting the middle value.
Illustration term	49 years	Age of youngest member (16) to Plan Normal Retirement Age (65)
Contribution rate	7% EE, 13.5% ER	Median contribution rates across Plan for employee and employer
Default Fund Option 1	Lifepath Flexi	Default investment option (and most popular investment option)
Default Fund Option 2	Lifepath Capital	Default investment option for shift pay / AVC members)
Alternative Fund 1	CNPP Global Equity ex UK	Fund with the highest assumed investment growth
Alternative Fund 2	CNPP Property	Fund with the highest charges (AMC + additional expenses)
Alternative Fund 3	CNPP UK Equity	Fund with the lowest charges (AMC + additional expenses)
Alternative Fund 4	Aegon BlackRock Cash	Fund with the lowest assumed investment growth
Fund growth rates (before inflation at 2%) for the selected funds above	Lifepath Flexi – calculated within illustration AGN BLK Cash 0.70% CNPP Global Equity and CNPP UK Equity 5.25% CNPP Property 4.75%	Growth rates are aligned with the growth rates in Aegon's annual SMPI assumptions.
Price inflation	2.0%	Standard price inflation assumption for FCA illustrations (in line with the guidance and only basis we can currently illustrate on).
Earnings inflation	3.5%	Standard earnings inflation assumption for FCA illustrations (in line with the allowable range in the guidance and only basis we can currently illustrate on).

COMBINED NUCLEAR PENSION PLAN

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE COMBINED NUCLEAR PENSION PLAN

Opinion

We have audited the financial statements of the Combined Nuclear Pension Plan ("the Plan") for the year ended 31 March 2023, which comprise the Fund Account, the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year ended 31 March 2023 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Plan in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Plan, and as it has concluded that the Plan's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Plan and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Plan will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee, as to the Plan's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.

COMBINED NUCLEAR PENSION PLAN

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE COMBINED NUCLEAR PENSION PLAN

- Reading Trustee Board and sub-committee meeting minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its delegates including the Plan Secretariat and the Plan administrators) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and its delegates (as required by auditing standards) and discussed with the Trustee and its delegates the policies and procedures regarding compliance with laws and regulations.

As the Plan is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Plan's procedures for complying with regulatory requirements and reading the minutes of Trustee Board and sub-committee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Plan is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Plan is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Plan's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Plan's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and its delegates and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the schedule of contributions in our statement about contributions on page 146 of the report and financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and

COMBINED NUCLEAR PENSION PLAN

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE COMBINED NUCLEAR PENSION PLAN

regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities, the DB and DC implementation Statements, the TCFD report and the summary of contributions), the Chair's Statement, and the actuarial certification of the schedule of contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on page 63, the Plan Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to wind up the Plan, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Plan Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan Trustee for our audit work, for this report, or for the opinions we have formed.

Pamela Marco

Pamela Marco
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Challenge House,
Sherwood Drive, Bletchley,
Milton Keynes, MK3 6DP

Date: 17 October 2023

COMBINED NUCLEAR PENSION PLAN

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

		DB Structure	DC Structure	For the Year Ended 31 March 2023 £'000	For the Year Ended 31 March 2022 £'000
	Note	2023 £'000	2023 £'000	2023 £'000	2022 £'000
Contributions and Benefits					
Members' Contributions	5	26,791	23,032	49,823	54,610
Employers' Contributions	6	235,300	48,426	283,726	197,392
Total Contributions		262,091	71,458	333,549	252,002
Other Income	7	30	906	936	461
		262,121	72,364	334,485	252,463
Benefits paid or payable	8	(79,516)	(1,709)	(81,225)	(54,606)
Payments to and on account of Leavers	9	(289,334)	(32,256)	(321,590)	(69,926)
Administrative Expenses	10	(99)	-	(99)	(19)
		(368,949)	(33,965)	(402,914)	(124,551)
Net (Withdrawals)/Additions from Dealings with Members		(106,828)	38,399	(68,429)	127,912
Returns on Investments					
Investment Income	11	18,157	-	18,157	28,403
Change in Market Value of Investments	13	(573,499)	(37,507)	(611,006)	253,899
Investment Management Expenses	19	(7,582)	-	(7,582)	(4,731)
Net Returns on Investments		(562,924)	(37,507)	(600,431)	277,571
Net (Decrease)/Increase in the Fund During the Year		(669,752)	892	(668,860)	405,483
Net Assets of the Plan at 1 April 2022		3,758,587	513,095	4,271,682	3,866,199
Net Assets of the Plan at 31 March 2023		3,088,835	513,987	3,602,822	4,271,682

The notes on pages 122 to 145 form an integral part of these financial statements.

COMBINED NUCLEAR PENSION PLAN

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
DB Structure			
Investment Assets			
Pooled Investment Vehicles	14	2,894,062	3,562,646
Insurance Policies	15	-	17,170
AVC and SPPP Investments	17	121,238	149,778
Cash Deposits	13	66,271	64,443
Cash in Transit	13	-	289
Other Investment Balances	13	148	-
		3,081,719	3,794,326
Investment Liabilities			
Other Investment Balances	13	(145)	-
Total Net Investments		3,081,574	3,794,326
Current Assets	22	11,463	29,953
Current Liabilities	22	(4,202)	(65,692)
Total Net Assets of DB Structure		3,088,835	3,758,587
	Note	31 March 2023 £'000	31 March 2022 £'000
DC Structure			
Investment Assets			
Pooled Investment Vehicles	14	514,142	513,268
Cash in Transit	13	-	203
Total Net Investments		514,142	513,471
Current Assets	22	-	454
Current Liabilities	22	(155)	(830)
Total Net Assets of DC Structure		513,987	513,095
Total Net Assets of the Plan at 31 March		3,602,822	4,271,682

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year.

COMBINED NUCLEAR PENSION PLAN

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2023

The actuarial position of the Plan, which does take account of such obligations for the DB Structure, is dealt with in the Report on Actuarial Liabilities on pages 10 to 13 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 122 to 145 form an integral part of these financial statements.

Signed for and on behalf of Combined Nuclear Pension Plan Trustees Limited.

Trustee Director: *Allan Whalley* *representing Strettea Independent Trustee Limited*

Trustee Director: *Mark Condon* *representing Capital Cranfield Pension Trustee Limited*

Date: 16 October 2023

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. BASIS OF PREPARATION

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

The financial statements have been prepared on a going concern basis. The Trustee considers this to be appropriate as it believes that the Plan has adequate resources to meet pension payments and other expenses in the normal course of affairs for at least the next twelve months.

The nature of the participating employers in the Plan is to provide nuclear decommissioning services and their activities should be relatively immune from wider changes in the economy. In particular, the Lead Employer, the Nuclear Decommissioning Authority, is a non-departmental public body.

In addition, during the 2022 Valuation the Trustee has received advice from an independent covenant expert for all Participating Employers within the Plan and on the non-NDA Participating Employers which concluded that their covenant strength was as follows:

- DRS' covenant to the GPS DRS section is rated as Slightly Strong
- INS' covenant to the GPS SLC sections is rated Fairly Strong; and
- NNL's covenant to GPS Nexia section is rated as Strong.

It is therefore expected that the Participating Employers can continue to support the Plan and continue to make contributions as they fall due, but the Trustee will monitor the situation. At the date of signing these financial statements the Trustee believes that, due to the Plan's well-hedged investment strategy and funding, the Plan can cover its expected outgoings for at least 12 months from the date of signing. Based on initial results as at 31 March 2023, all sections are expected to be fully funded on their technical provisions basis. As a result, the Trustee considers the preparation of the financial statements on a going concern basis to be appropriate.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Plan is established as a trust under English Law. The address for enquiries to the Plan is included in the Trustee's Report.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT

	Note	DB Structure 2022 £'000	DC Structure 2022 £'000	For the Year Ended 31 March 2022 £'000
Contributions and Benefits				
Members' Contributions	5	33,215	21,395	54,610
Employers' Contributions	6	158,480	38,912	197,392
Total Contributions		191,695	60,307	252,002
Other Income	7	9	452	461
		191,704	60,759	252,463
Benefits paid or payable	8	(53,547)	(1,059)	(54,606)
Payments to and on account of Leavers	9	(64,191)	(5,735)	(69,926)
Administrative Expenses	10	(19)	-	(19)
		(117,757)	(6,794)	(124,551)
Net Additions from Dealing with Members		73,947	53,965	127,912
Returns on Investments				
Investment Income	11	28,403	-	28,403
Change in Market Value of Investments	13	213,695	40,204	253,899
Investment Management Expenses	19	(4,731)	-	(4,731)
Net Returns on Investments		237,367	40,204	277,571
Net Increase in the Fund During the Year		311,314	94,169	405,483
Net Assets of the Plan at 1 April 2021		3,447,273	418,926	3,866,199
Net Assets of the Plan at 31 March 2022		3,758,587	513,095	4,271,682

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4. ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements.

- 4.1 The financial statements have been prepared on an accruals basis with the exception of individual transfers which are recognised when received or paid.

4.2 **Contributions**

Employee contributions, including those where members are auto-enrolled, are accounted for when they are deducted from pay by the employer.

Employer normal contributions, including AVC and SPPP contributions, are accounted for on the same basis as the employees contributions at rates agreed between the Trustee and the employer based on the Schedule of Contributions.

Employer augmentation payments are accounted for in the period they fall due as payable to the Plan.

Employer deficit funding contributions are accounted for on the due date on which they are payable or received in accordance with the Schedule of Contributions and the recovery plan under which they are being paid. Any amounts received earlier than or in excess of the requirements of the Schedule of contributions and the recovery plan will be accounted for as agreed between the Trustee and the Employer.

Employer additional contributions are accounted for on the due date on which they are payable or received in accordance with the Schedule of Contributions.

4.3 **Payments to Members**

Benefits are accounted for in the year in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Lump sum payments on death are accounted for on an accruals basis.

4.4 **Transfers**

Individual transfers in or out are accounted for when paid or received, which is normally when liability is accepted or discharged.

Group transfers are accounted for in accordance with the terms of the transfer agreement.

4.5 **Foreign Currencies**

The functional and presentational currency of the Plan is sterling.

Assets and liabilities in foreign currencies are expressed in sterling at the relevant rates of exchange ruling at the year end.

Transactions denominated in foreign currencies are translated into sterling at the spot exchange rate prevailing at the date of the transaction.

Gains and losses arising on conversion or translation are shown within the change in market value of investments.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4.6 Expenses

With the exception of the GPS EnergySolutions Section, DB administration and investment manager expenses have been met separately by the employers.

Direct administration costs for DC administration are met by members through the total expense ratio levied by Aegon (the DC platform administrator).

Costs, charges or expenses or any amount required to reimburse the Trustee related to the GPS EnergySolutions Section are met from the Section funds.

4.7 Investments

The investments are included at fair value. The value of pooled investment vehicles is taken as the bid price as quoted by the investment managers at the period end, or single price where there is no bid price as provided by the investment manager.

The AVCs, SPPP and DC Structure funds are shown as the total of the funds valued by the investment manager at the period end.

The changes in investment market values are accounted for in the period in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the period end.

Annuities purchased in the name of the Trustee which fully provide the pension benefits for certain members are included in these Financial Statements at the value of the related obligation, determined using the market value basis (namely, best estimate reserve basis). Annuity valuations are provided by the Annuity provider, Just Retirement.

4.8 Investment Income

Investment income on cash deposits is accounted for on an accruals basis.

Income arising from the underlying investments of the pooled investment vehicles that is reinvested within the pooled investment vehicles is reflected in the unit price. Such income is reported within the change in market value.

Income received from pooled investment vehicles which are not accumulation funds is recognised in investment income.

Receipts from insurance policies held by the Trustee to fund benefits payable to Plan members are included within investment income on an accruals basis.

4.9 Critical Accounting Estimates and Judgements

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Net Assets date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the financial statements.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5. MEMBERS' CONTRIBUTIONS

	DB Structure 2023 £'000	DC Structure 2023 £'000	For the Year Ended 31 March 2023 £'000
Normal	17,352	23,032	40,384
AVCs	4,834	-	4,834
SPPP contributions	4,605	-	4,605
	26,791	23,032	49,823

	DB Structure 2022 £'000	DC Structure 2022 £'000	For the Year Ended 31 March 2022 £'000
Normal	18,751	21,395	40,146
AVCs	9,686	-	9,686
SPPP contributions	4,778	-	4,778
	33,215	21,395	54,610

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

6. EMPLOYERS' CONTRIBUTIONS

	DB Structure 2023 £'000	DC Structure 2023 £'000	For the Year Ended 31 March 2023 £'000
Normal	111,320	48,426	159,746
Additional	242	-	242
Augmentations	281	-	281
SPPP Contributions	3,952	-	3,952
Deficit Funding	119,505	-	119,505
	235,300	48,426	283,726

The deficit contributions for the year ended 31 March 2023 include:

- £ 2,175,000 for the CNPP SFL2 Section
- £ 4,220,000 for the CNPP DSRL Section
- £ 100,000 for the GPS Nexia Section
- £ 550,000 for the CNPP Closed Section
- £ 1,420,000 for the CNPP LLWR Section
- £ 110,000 for the CNPP Magnox Section
- £ 109,920,000 for the CNPP Sellafield Section
- £ 1,010,000 for the GPS DRS Section

The deficit contributions for CNPP DSRL and CNPP LLWR sections also include the acceleration of deficit contributions payable into the Plan under the Schedule of contributions certified by the Plan actuary on 27 October 2020 following agreement between the Trustee and the Sponsoring Employer as part of the finalisation of the 2022 valuation. Similarly, for the CNPP Sellafield section, the deficit contribution include £50,000,000 received in March 2023 and £40,000,000 received as a contribution in advance in March 2022 under the Schedule of contributions certified by the Plan actuary on 27 October 2020.

A summary of the Schedule of Contributions can be found on pages 10 to 13 for further information on the future deficit contributions required. These were certified on the following date:

19 May 2023: Magnox
 LLWR
 DSRL
 Sellafield

The Closed, Nirex, GPS SLC, GPS DRS and GPS Nexia sections were in surplus at the 31 March 2022 actuarial valuation and no recovery plans were required for them.

Additional contributions represent the additional salary linkage liabilities paid to the SFL2 Section arising due to increases in Pensionable Earnings being above RPI inflation during the 12-month period to the prior 31 March.

Augmentation payments are principally made when employees retire under the employers' severance arrangements. The augmentation payments relate to the cost of providing some elements of the severance benefits through the Plan which includes details of contributions due in future years. This includes lump sum payment, annual pension payments made whilst under normal pension age and pension payments relating to enhanced service. The total cost is calculated and paid by the employer to the Plan at the time of premature retirement.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

6. EMPLOYERS' CONTRIBUTIONS (continued)

	<i>DB Structure</i>	<i>DC Structure</i>	<i>For the Year Ended 31 March</i>
	<i>2022</i>	<i>2022</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Normal	120,589	38,912	159,501
Additional	835	-	835
Augmentations	71	-	71
SPPP Contributions	4,565	-	4,565
Deficit Funding	32,420	-	32,420
	<u>158,480</u>	<u>38,912</u>	<u>197,392</u>

The deficit contributions for the year ended 31 March 2022 include:

- £	8,200,000	for the CNPP SFL2 Section
- £	2,110,000	for the CNPP DSRL Section
- £	100,000	for the GPS Nexia Section
- £	550,000	for the CNPP Closed Section
- £	420,000	for the CNPP LLWR Section
- £	110,000	for the CNPP Magnox Section
- £	19,920,000	for the CNPP Sellafield Section
- £	1,010,000	for the GPS DRS Section

7. OTHER INCOME

	<i>DB Structure</i>	<i>DC Structure</i>	<i>For the Year Ended 31 March</i>
	<i>2023</i>	<i>2023</i>	<i>2023</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Claims on Term Insurance Policies	-	906	906
Other Income	30	-	30
	<u>30</u>	<u>906</u>	<u>936</u>

	<i>DB Structure</i>	<i>DC Structure</i>	<i>For the Year Ended 31 March</i>
	<i>2022</i>	<i>2022</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Claims on Term Insurance Policies	-	452	452
Other Income	9	-	9
	<u>9</u>	<u>452</u>	<u>461</u>

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8. BENEFITS PAID OR PAYABLE

	DB Structure 2023 £'000	DC Structure 2023 £'000	For the Year Ended 31 March 2023 £'000
Pensions	35,710	-	35,710
Commutations and lump sums	26,760	348	27,108
Taxation where Lifetime or Annual Allowance Exceeded	40	-	40
Purchase of Annuities	15,653	-	15,653
Death Benefits	1,353	1,361	2,714
	79,516	1,709	81,225

On 24 November 2022, the Scheme moved to buy-out and all GPS EnergySolutions Section members transferred out totalling £11,980,000.

	DB Structure 2022 £'000	DC Structure 2022 £'000	For the Year Ended 31 March 2022 £'000
Pensions	32,502	-	32,502
Commutations and lump sums	17,030	5	17,035
Taxation where Lifetime or Annual Allowance Exceeded	102	-	102
Purchase of annuities	2,682	331	3,013
Death benefits	1,231	723	1,954
	53,547	1,059	54,606

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Plan in exchange for the Plan settling their tax liability.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	DB Structure 2023 £'000	DC Structure 2023 £'000	For the Year Ended 31 March 2023 £'000
Transfers Out - Individual	49,073	6,067	55,140
Transfers Out - Group	240,258	26,188	266,446
Refunds	3	1	4
	289,334	32,256	321,590

On 1 July 2022, members of the GPS WEC and Springfields Fuels 2 Sections ("SFL2 Section") of the Combined Nuclear Pension Plan transferred into the Westinghouse Electric UK Pension Plan. As a result, the Trustee agreed with the Westinghouse Trustee to the transfer of investment assets and cash to the Westinghouse Electric UK Pension Plan totalling £266,446,000.

	DB Structure 2022 £'000	DC Structure 2022 £'000	For the Year Ended 31 March 2022 £'000
Transfers Out - Individual	64,190	5,734	69,924
Transfers Out - Group	-	-	-
Refunds	1	1	2
	64,191	5,735	69,926

10. ADMINISTRATIVE EXPENSES

	DB Structure 2023 £'000	DC Structure 2023 £'000	For the Year Ended 31 March 2023 £'000
Bank Charges	2	-	2
Administration and Processing	94	-	94
Other	3	-	3
	99	-	99

£90,000 was in relation to the administrative expenses for the GPS EnergySolutions Section.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. ADMINISTRATIVE EXPENSES (continued)

	<i>DB Structure</i>	<i>DC Structure</i>	<i>For the Year</i>
	<i>2022</i>	<i>2022</i>	<i>Ended</i>
	<i>£'000</i>	<i>£'000</i>	<i>31 March</i>
			<i>2022</i>
			<i>£'000</i>
Bank Charges	2	-	2
Administration and Processing	17	-	17
	<u>19</u>	<u>-</u>	<u>19</u>

Except as noted above, administrative expenses of the Plan are borne by the sponsoring employers.

11. INVESTMENT INCOME

	<i>DB Structure</i>	<i>DC Structure</i>	<i>For the Year</i>
	<i>2023</i>	<i>2023</i>	<i>Ended</i>
	<i>£'000</i>	<i>£'000</i>	<i>31 March</i>
			<i>2023</i>
			<i>£'000</i>
Income from Pooled Investment Vehicles	17,834	-	17,834
Interest on Cash Deposits	11	-	11
Annuity Income	312	-	312
	<u>18,157</u>	<u>-</u>	<u>18,157</u>

	<i>DB Structure</i>	<i>DC Structure</i>	<i>For the Year</i>
	<i>2022</i>	<i>2022</i>	<i>Ended</i>
	<i>£'000</i>	<i>£'000</i>	<i>31 March</i>
			<i>2022</i>
			<i>£'000</i>
Income from Pooled Investment Vehicles	27,875	-	27,875
Interest on Cash Deposits	2	-	2
Annuity Income	526	-	526
	<u>28,403</u>	<u>-</u>	<u>28,403</u>

12. TAX

The Plan is a registered pension scheme for tax purposes under the Finance Act 2004. The Plan is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

13. INVESTMENTS

MOVEMENTS IN INVESTMENTS

DB Structure

	Value at 1 April 2022 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value at 31 March 2023 £'000
Pooled Investment Vehicles	3,562,646	1,130,670	(1,240,371)	(558,883)	2,894,062
Insurance Policy	17,170	-	(11,980)	(5,190)	-
AVC and SPPP Investments	149,778	13,652	(32,766)	(9,426)	121,238
	<u>3,729,594</u>	<u>1,144,322</u>	<u>(1,285,117)</u>	<u>(573,499)</u>	<u>3,015,300</u>
Cash Deposits	64,443				66,271
Cash in Transit	289				-
Other Investment Balances	-				3
	<u>3,794,326</u>				<u>3,081,574</u>

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

There were no direct transaction costs incurred during the year. Indirect transaction costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identified.

The sales and purchases include switches between investments amounting to £240,663,411 for the pooled investment vehicles managed by Legal & General.

Switches between funds for the AVC and SPPP Investments of £107,251,705 have been excluded from the sales and purchases in the table above.

DC Structure

	Value at 1 April 2022 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value at 31 March 2023 £'000
Pooled Investment Vehicles	513,268	71,662	(33,281)	(37,507)	514,142
Cash in transit	203				-
	<u>513,471</u>				<u>514,142</u>

All investments in the DC Structure are allocated to members.

Switches between funds for the Pooled Investment Vehicles of £387,696,666 have been excluded from the sales and purchases in the table above.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14. POOLED INVESTMENT VEHICLES

	DB Structure 2023 £'000	DC Structure 2023 £'000	31 March 2023 £'000
Client Specific Funds (Note 16)	128,615	-	128,615
Bond Funds	1,133,986	14,115	1,148,101
Equity Funds	989,668	92,875	1,082,543
Property Funds	363,174	-	363,174
Private Equity Funds	184,359	-	184,359
Private Debt Funds	60,815	-	60,815
Liquidity Funds	33,445	7,211	40,656
Multi Asset	-	399,941	399,941
	2,894,062	514,142	3,408,204

	DB Structure 2022 £'000	DC Structure 2022 £'000	31 March 2022 £'000
Client Specific Funds (Note 16)	135,407	-	135,407
Bond Funds	1,503,545	17,028	1,520,573
Equity Funds	1,363,425	87,033	1,450,458
Property Funds	375,604	587	376,191
Private Equity Funds	140,738	-	140,738
Liquidity Funds	43,927	6,262	50,189
Multi Asset	-	402,358	402,358
	3,562,646	513,268	4,075,914

15. INSURANCE POLICY

The Trustee purchased an insurance policy from Just Retirement in May 2019 to cover the Buy-In arrangement for a subset of members. The policy provided benefits for the subset of members and was purchased as an exact match for the future liabilities of these members. No collateral arrangements were in place as part of this policy. On 24 November 2022, the Scheme moved to buy-out.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16. CLIENT SPECIFIC FUNDS

The table below shows the breakdown of the underlying assets held in the client specific funds.

	DB Structure 2023 £'000	DC Structure 2023 £'000	31 March 2023 £'000
Partners			
Private Equity Funds	87,900	-	87,900
Multi Credit Funds	30,379	-	30,379
Cash	9,233	-	9,233
Net Derivatives Assets	576	-	576
Other Investment Balances	527	-	527
	128,615	-	128,615

	DB Structure 2022 £'000	DC Structure 2022 £'000	31 March 2022 £'000
Partners			
Private Equity Funds	95,662	-	95,662
Multi Credit Funds	34,505	-	34,505
Cash	5,055	-	5,055
Net Derivatives Assets	(678)	-	(678)
Other Investment Balances	863	-	863
	135,407	-	135,407

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. AVC AND SPPP INVESTMENTS

The Trustee holds assets which are separately invested from the main fund in the form of individually earmarked funds. These secure additional benefits, on a defined contribution basis, for those members who have elected to pay AVCs or who are in the SPPP.

The total amount of AVC and SPPP investments at the year-end is shown below.

	DB Structure	DC Structure	For the Year Ended 31 March 2023 £'000
	2023 £'000	2023 £'000	
Prudential AVC			
With-Profits Funds	2,570	-	2,570
Unit-Linked Funds	4	-	4
Prudential SPPP			
With-Profits Funds	58	-	58
Aegon AVC and SPPP			
Bond Funds	3,577	-	3,577
Equity Funds	25,619	-	25,619
Liquidity Funds	2,723	-	2,723
Multi Asset	86,687	-	86,687
	121,238	-	121,238

	DB Structure	DC Structure	For the Year Ended 31 March 2022 £'000
	2022 £'000	2022 £'000	
Prudential AVC			
With-Profits Funds	2,815	-	2,815
Unit-Linked Funds	3	-	3
Prudential SPPP			
With-Profits Funds	57	-	57
Aegon AVC and SPPP			
Bond Funds	5,678	-	5,678
Equity Funds	28,455	-	28,455
Property Funds	158	-	158
Liquidity Funds	5,873	-	5,873
Multi Asset	106,739	-	106,739
	149,778	-	149,778

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

18. CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Plan's net assets as at 31 March 2023.

	Market Value 2023 £'000	2023 %	<i>Market Value 2022 £'000</i>	<i>2022 %</i>
Legal & General Future World Global Equity Index Fund GBP Hedged	503,729	14.0%	674,642	15.8%
Legal & General Future World Global Equity Index Fund	485,939	13.5%	688,783	16.1%
Blackstone Strategic Capital Holdings II L.P.	184,359	5.1%	140,739	3.3%

19. INVESTMENT MANAGEMENT EXPENSES

	DB Structure 2023 £'000	DC Structure 2023 £'000	For the Year Ended 31 March 2023 £'000
Administration, Management & Custody	8,185	-	8,185
Investment Fee Rebate	(603)	-	(603)
	7,582	-	7,582

	<i>DB Structure 2022 £'000</i>	<i>DC Structure 2022 £'000</i>	<i>For the Year Ended 31 March 2022 £'000</i>
Administration, Management & Custody	5,459	-	5,459
Investment Fee Rebate	(728)	-	(728)
	4,731	-	4,731

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20. FAIR VALUE

The fair value of finance instruments has been calculated using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability either directly or indirectly;

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

	At 31 March 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
DB Structure				
Pooled Investment Vehicles	31,165	2,032,922	829,975	2,894,062
Insurance Policies	-	-	-	-
AVC and SPPP Investments	-	118,606	2,632	121,238
Cash Deposits	66,271	-	-	66,271
Other Investment Balances	3	-	-	3
	97,439	2,151,528	832,607	3,081,574

DC Structure

Pooled Investment Vehicles	-	514,142	-	514,142
	-	514,142	-	514,142

	At 31 March 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
DB Structure				
Pooled Investment Vehicles	40,202	2,810,187	712,257	3,562,646
Insurance Policies	-	-	17,170	17,170
AVC and SPPP Investments	-	146,903	2,875	149,778
Cash Deposits	64,443	-	-	64,443
Cash in Transit	289	-	-	289
	104,934	2,957,090	732,302	3,794,326

DC Structure

Pooled Investment Vehicles	-	512,681	587	513,268
Cash in Transit	203	-	-	203
	203	512,681	587	513,471

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20. FAIR VALUE (continued)

As a result of the Covid-19 pandemic some of the Plan's pooled investment funds were suspended in March 2020 and the majority of the suspensions were lifted in previous financial years. The Property funds held with Scottish Equitable (formerly branded as Aegon) also suspended trading for the funds in March 2020, and this was subsequently lifted in January 2022. However, having considered the appropriateness of the funds the Trustee took the decision to withdrawn them as a self-select fund. No new monies were added following the unsuspension and a project has been completed to transition all assets out of the fund and into the appropriate default LifePath Fund, unless members made a different decision in advance of a given deadline. This was completed in Plan year.

These funds were classified as level three for the purposes of the Fair Value Hierarchy.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21. INVESTMENT RISK

Investment Risks

FRS 102 requires certain disclosures in relation to investment risks arising from financial instruments.

Retirement benefit plans need to disclose information that enables users of its financial statements to evaluate the nature and extent of the market risk and credit risk arising from the investments at the end of the reporting period.

It defines market risk as:

“the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk.”

- Interest rate risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates
- Currency risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates
- Other price risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market”

It defines credit risk as:

“the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.”

The key risks associated with the current investment strategy are:

Defined Benefit Structure

Interest rate risk

The Plan is subject to indirect interest rate risk due to the assets invested in bonds, secured loans and gilts, held through pooled investment vehicles.

The majority of the Plan’s interest rate risk hedging is delivered through the investment in Index-linked Gilt (ILG) pooled funds managed by Legal & General Investment Management.

The level of exposure to ILGs depends on the underlying strategies for each Section of the Plan, with the proportion of assets invested in the CIP Gilt or Hedging Fund (in which the ILGs are held) ranging from 20% to 40% (depending on the investment strategy adopted for each Section).

The Plan is not subject to direct interest rate risk.

Currency risk

The Plan has direct exposure to currency risk, as some of the pooled funds in which it invests are denominated in currencies other than Sterling. Currency risk is the risk that the fair value or future cash flows of the pooled fund will fluctuate because of changes in foreign exchange rates. The Trustee is satisfied that the expected benefits from allowing the Plan to invest in funds denominated in foreign currencies compensate for the associated currency risk.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21. INVESTMENT RISK (continued)

Currency risk (continued)

The table below summarises the Plan's direct investments in currency other than sterling at the dates shown and therefore exposed to direct currency risk as at 31 March 2022 and 2023.

Currency	31 March 2023 (£'000) (*)	31 March 2022 (£'000)
US Dollar	291,229	201,246
Euro (on a look through basis)	91,533	95,662

Note: (*). GBP equivalent values are estimated using the mid-rate from WM/Reuters on 31 March 2022 and 2023 respectively where GBP equivalent values are not provided by the investment managers.

The Plan is also exposed to indirect currency risk due to a proportion of its investments in equities and other financial instruments being denominated in overseas currencies. The Plan mitigates this risk by investing a proportion of the fund in domestic equities, and in sterling hedged overseas pooled funds.

Other price risk

Indirect other price risk arises principally from the Plan's return seeking portfolio, which includes indirectly held equities, secured loans and property. A number of the Plan's investment managers may use derivatives as a way of obtaining efficient exposure to investment markets. The Trustee manages other price risk by constructing a diverse portfolio of investments across various markets and with various investment managers.

Liquidity risk is one area of other price risk and refers to the risk that should an investor be forced to sell an asset, the realisable value upon sale may differ from the reported value of the asset due to the relative illiquidity of the asset or the market in which it is being sold. The Trustee manages liquidity risk by investing in a diversified range of assets, with varying liquidity profiles, as well as implementing a formal cashflow policy to mitigate against being a forced seller of assets where the pricing obtained is adversely impacted by reduced liquidity.

Credit risk

The Plan is subject to direct credit risk through investment in pooled investment vehicles, and indirect credit risk in relation to the pooled investment vehicles' holdings in bonds, secured loans, gilts and cash. The pooled vehicles in which the Plan invests are unrated.

The Trustee manages indirect credit risk by constructing a diverse portfolio of investments across various markets and with various investment managers, with the appointed managers themselves implementing and monitoring a diverse portfolio of underlying assets across geography, sector and credit rating. Where managers use derivatives arrangements, these are generally collateralised to reduce risk.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate, and diversification of investments amongst a number of pooled arrangements, although the pooled investment vehicles themselves are not credit rated. The Trustee carries out due diligence checks prior to the appointment of new managers and, on an ongoing basis, monitors any changes to the operating environment of the pooled manager. In addition, there is direct credit risk arising from the insurance policy purchased for the GPS EnergySolutions section.

Pooled fund investments arrangements used by the Plan include unit linked insurance contracts, authorised unit trusts, unauthorised exempt unit trusts, OEIC and SICAVs.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21. INVESTMENT RISK (continued)

The table below illustrates the extent to which the Plan's investments are subject to the above indirect risks.

Asset class	31 March 2023 £'000	31 March 2022 £'000	Credit risk	Interest rate risk	Currency risk	Other price risk
Equities (Legal & General)	989,668	1,363,425	No	No	Yes	Yes
Private Equity (Partners, Blackstone)	272,259	236,401	No	No	Yes	Yes
Property (Legal & General, Columbia Threadneedle, Aberdeen Standard)	307,475	317,361	Yes	Yes	No	Yes
Liquid Credit (Barings)	168,653	184,205	Yes	Yes	Yes	Yes
Illiquid Credit (Partners)	30,379	34,504	Yes	Yes	Yes	Yes
Secured Loans (Barings, Highbridge, CVC)	219,707	260,808	Yes	Yes	Yes	Yes
Corporate Bonds (Legal & General, Insight)	185,249	278,140	Yes	Yes	No	Yes
Index-Linked Gilts (Legal & General, Insight)	621,192	780,391	Yes	Yes	No	Yes
Ground rents (Aberdeen Standard)	55,699	58,244	Yes	Yes	No	Yes
Liquidity (Legal & General)	2,279	3,725	No	Yes	No	No
Cash (State Street, Partners)	40,399	45,257	No	Yes	No	No
Derivatives (Partners)	66	(678)	No	No	Yes	No
Other Investment Balances (Partners)	1,037	863	No	Yes	No	No
Total (excluding DC, AVC and SPPP funds)	2,894,062	3,562,646				

Source: Aon, State Street, Investment Managers.

Notes:

The valuations exclude the insurance policy held by the GPS EnergySolutions Section.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21. INVESTMENT RISK (continued)

AVC and SPPP arrangements

Direct credit risk

The AVC and SPPP assets are all subject to direct credit risk in relation to holdings in unit linked insurance funds held with Prudential and Aegon (formerly BlackRock).

The Plan's holdings in pooled investment vehicles are not rated by a credit rating agency, as the Plan owns units in the pooled vehicles rather than directly owning the underlying credit.

Prudential and Aegon are regulated by the Financial Conduct Authority and maintain separate funds for their policy holders.

Indirect credit risk and other market risks

The following table illustrates the extent to which the AVC and SPPP are subject to indirect credit risk and other market risks:

Asset class	31 March 2023 £'000	31 March 2022 £'000	Credit risk	Interest rate risk	Currency risk	Other price risk
Equities	25,623	28,458	No	No	Yes	Yes
Property	-	158	Yes	Yes	No	Yes
Multi-asset	1,271	1,183	Yes	Yes	Yes	Yes
With-profits	2,628	2,872	Yes	Yes	Yes	Yes
Bonds	3,577	5,678	Yes	Yes	No	Yes
Cash	2,723	5,873	No	Yes	No	No
Target date funds	85,416	105,556	Yes	Yes	Yes	Yes
Total (AVC and SPPP funds)	121,238	149,778				

Defined Contribution Structure

Direct credit risk

The DC assets are all subject to direct credit risk in relation to holdings in unit linked insurance funds held with Prudential and Aegon.

Prudential and Aegon are regulated by the Financial Conduct Authority and maintain separate funds for their policy holders.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21. INVESTMENT RISK (continued)

Indirect credit risk and other market risks

The following table illustrates the extent to which the DC Structure investments are subject to indirect credit risk and other market risks:

Asset class	31 March 2023 £'000	31 March 2022 £'000	Credit risk	Interest rate risk	Currency risk	Other price risk
Equities	92,875	87,033	No	No	Yes	Yes
Property	-	587	Yes	Yes	No	Yes
Multi-asset	1,538	1,098	Yes	Yes	Yes	Yes
Bonds	14,115	17,028	Yes	Yes	No	Yes
Cash	7,211	6,262	No	Yes	No	No
Target date funds	398,403	401,260	Yes	Yes	Yes	Yes
Total (DC funds)	514,142	513,268				

The analysis of the risks set out above is at Plan level. Member level risk exposures will depend on the funds invested in by members.

The Trustee has selected the above funds and has considered the indirect risk in the context of the investment strategy described in the Trustee's Report.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22. CURRENT ASSETS AND LIABILITIES

	DB Structure 2023 £'000	DC Structure 2023 £'000	For the Year 31 March 2023 £'000
Current Assets			
Cash Balances	11,384	-	11,384
Pensions Paid in Advance	79	-	79
	<u>11,463</u>	<u>-</u>	<u>11,463</u>
Current Liabilities			
Unpaid Benefits	3,284	155	3,439
Accrued Expenses	390	-	390
HM Revenue & Customs	528	-	528
	<u>4,202</u>	<u>155</u>	<u>4,357</u>
Total Current Assets and Liabilities	<u>7,261</u>	<u>(155)</u>	<u>7,106</u>

	DB Structure 2022 £'000	DC Structure 2022 £'000	For the Year 31 March 2022 £'000
Current Assets			
Cash Balances	29,953	-	29,953
Due from Other Sections	-	454	454
	<u>29,953</u>	<u>454</u>	<u>30,407</u>
Current Liabilities			
Unpaid Benefits	555	830	1,385
Accrued Expenses	933	-	933
HM Revenue & Customs	540	-	540
Due to Other Sections	454	-	454
Contributions Received in Advance	63,210	-	63,210
	<u>65,692</u>	<u>830</u>	<u>66,522</u>
Total Current Assets and Liabilities	<u>(35,739)</u>	<u>(376)</u>	<u>(36,115)</u>

Included in the DC structure above is nil (2022: £454,000) which is designated to members.

COMBINED NUCLEAR PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

23. RELATED PARTY TRANSACTIONS

The Plan has received contributions in respect of three Trustee Directors (C Toole, P Hatt and J Crabtree) who were contributing members of the Plan during the year. During the year, one Trustee Director (P Greene) resigned on 30 June 2022.

The Trustee fees paid in respect of the year to 31 March 2023 totalled £198,963 (2022: £177,813), all of which related to Independent Trustees. Combined Nuclear Pension Plan Trustees Limited settle the costs relating to the Plan which are then reimbursed by the employers.

The NDA provide secretariat services for the Plan.

Balances due between the DB Structure and the DC Structure are shown in Note 22.

There were no other related party transactions during the year.

24. EMPLOYER RELATED INVESTMENTS

There were no employer related investments at any time during the year.

25. CAPITAL COMMITMENTS

As at 31 March 2023, the Plan has five outstanding capital commitments.

	Total Commitment	Outstanding Commitment	
	£'m	£'m	
Partners	340.8	194.5	
CVC	150.0	92.5	
	Total Commitment	Outstanding Commitment	
	\$'m	\$'m	£'m
Highbridge	240.0	73.4	59.5
Blackstone	400.0	188.9	153.0
CBRE	40.0	40.0	32.4

26. GMP EQUALISATION

As explained on page 9 of the Trustee's report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Plan is aware that the issue will affect the Plan and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. A further judgement was made by the High Court in relation to transfer value payments. It concluded that historic transfers since 17 May 1990, which contained GMP accrued after this date, will now need to be equalised based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined. This requirement will be included in the review of GMP equalisation and any liabilities.

COMBINED NUCLEAR PENSION PLAN

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE COMBINED NUCLEAR PENSION PLAN FOR THE YEAR ENDED 31 MARCH 2023

Statement about contributions

We have examined the summary of contributions payable under the schedules of contributions to the Combined Nuclear Pension Plan in respect of the Plan year ended 31 March 2023 which is set out on page 147.

In our opinion contributions for the Plan year ended 31 March 2023 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the actuary.

Scope of work

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

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 147, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the plan in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid under the schedule of contributions to the plan and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Plan's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee, for our work, for this statement, or for the opinions we have formed.

Pamela Marco

Pamela Marco
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Challenge House,
Sherwood Drive, Bletchley,
Milton Keynes, MK3 6DP

Date: 17 October 2023
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COMBINED NUCLEAR PENSION PLAN

ACTUARIAL STATEMENTS

Statement of Trustee Responsibilities in respect of Contributions

The Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan and the dates on or before which such contributions are to be paid. In view of the complexity of the arrangements and the number of employers participating in the Plan, the Trustee has decided to maintain Schedules* relevant to each of the participating employers and sections of the Plan as if the Pensions Act 2004 applied to those individual Schedules and employer. The Plan's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Plan and for monitoring that contributions are made to the Plan in accordance with the schedule.

Trustee's Summary of Contributions payable under the schedules in respect of the Plan year ended 31 March 2023

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

The Summary of Contributions sets out the employer and member contributions payable to the Plan in respect of the Plan year ended 31 March 2023. The Plan auditor reports on these in the Auditor's Statement about Contributions.

Contributions payable under the Schedules in respect of the Plan year

	DB Structure £'000	DC Structure £'000
Employers' Contributions		
Normal	111,320	48,426
Additional	242	-
Deficit	119,505	-
SPPP contributions	3,952	-
Augmentations	281	-
Members' Contributions		
Normal	17,352	23,032
SPPP contributions	4,605	-
Additional voluntary contributions	4,834	-
Total contributions payable under the Schedules as reported in the financial statements (as reported on by the Plan Auditor)	262,091	71,458

* Schedules of Contributions dated:

- 12 May 2020 for GPS Nexia section
- 25 June 2020 for GPS EnergySolutions section
- 27 August 2020 for Closed, DSRL, GPS SLC, LLWR, Magnox, Sellafield and Nirex sections
- 9 September 2020 for DRS section
- 26 September 2020 for GPS WEC section
- 28 October 2020 for SFL2 section

Signed on behalf of the Trustee:

Allan Whalley representing Strettea Independent Trustee Limited

Trustee Director:

Date: 16 October 2023

COMBINED NUCLEAR PENSION PLAN

ACTUARIAL STATEMENTS

The Actuary's following certification of Schedule of Contributions has been provided for the Sections of the Combined Nuclear Pension Plan listed below:

Closed
DSRL
GPS DRS
GPS Nexia
GPS SLC
LLWR
Magnox
Nirex
Sellafield

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

Adequacy of rates of contributions for sections; GPS SLC, GPS DRS, Closed, Nirex and GPS Nexia sections

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to be met on 31 March 2022 and continue to be met for the period for which the schedule is to be in force.

Adequacy of rates of contributions for sections; DSRL, LLWR, Magnox and Sellafield sections

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to be met by the end of the periods specified in the Recovery Plans dated 19 May 2023.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statements of Funding Principles dated 18 May 2023 or 19 May 2023.

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

Signature: MARK McCLINTOCK
Date: 18 May 2023 and 20 May 2023

Name: M. McClintock
Qualification: Fellow of the Institute and Faculty of Actuaries

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