Registered number: 10275683

COMBINED NUCLEAR PENSION PLAN

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

COMBINED NUCLEAR PENSION PLAN

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COMBINED NUCLEAR PENSION PLAN

TRUSTEE AND ITS ADVISERS
YEAR ENDED 31 MARCH 2024

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 (reappointed 20 November 2023) Capital Cranfield Pension Trustee Limited - Independent (represented by M Condron, Chair with effect from 1 January 2024) J Crabtree – Member Nominated J Gilmour – Employer Nominated (reappointed 1 April 2024) P Hatt – Member Nominated (resigned 20 September 2023) A Oldham – Employer Nominated PAN Trustees UK LLP – Independent (represented by R Nathan) I Park – Member Nominated (appointed 1 April 2024) Strettea Independent Trustee Limited - Independent (represented by A Whalley, Chair) (resigned 31 December 2023) C Toole - Member Nominated (resigned 31 March 2024)
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 Group Limited 1 Donegall Square South Belfast BT1 5LR
Plan Administrator DB Structure (for sections other than Nirex)	EQ Retirement Solutions (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

TRUSTEE AND ITS ADVISERS
YEAR ENDED 31 MARCH 2024

Auditor	KPMG LLP Challenge House Sherwood Drive Bletchley, Milton Keynes MK3 6DP
Investment Managers	**Defined Benefit (DB)** Aberdeen Standard Investments ("Abrdn") Barings Asset Management ("Barings") Columbia Threadneedle Investments (Channel Islands) Limited ("Threadneedle") HPS Investment Partners LLC ("HPS") Insight Investment Management (Global) Limited ("Insight") (Fully disinvested 31 January 2024) Legal & General Assurance (Pensions Management) Limited ("Legal & General") 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”) CBRE Investment Management (“CBRE”) Copenhagen Infrastructure Partners (from 31 March 2023) Robeco Institutional Asset Management B.V (“Robeco”) (from 16 January 2024) **Defined Contribution (DC)** Aegon Asset Management UK Holdings Limited (“Aegon Asset Management”) BlackRock Investment Management (UK) Limited (“BlackRock”) The Prudential Assurance Company Limited (“Prudential”)
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 (to 26 October 2023)
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
Covenant Adviser	Cardano Advisory Limited
Life Insurer	Legal and General (re-appointed from 1 April 2023)

TRUSTEE AND ITS ADVISERS
YEAR ENDED 31 MARCH 2024

Sponsoring Employers	Direct Rail Services Limited (now trading as Nuclear Transport Solutions) Nuclear Restoration Services Limited (NRSL) (following the merger of Dounreay Site Restoration Limited into Magnox Limited on 1 April 2023, with effect from 2 April 2024, Magnox Limited was re-named as Nuclear Restoration Services Limited (NRSL)). ATK Energy EU Limited (formerly EnergySolutions EU Limited) International Nuclear Services Limited (now trading as Nuclear Transport Solutions) Nuclear Waste Services Ltd: following the transfer of employees, contracts, and other assets from Radioactive Waste Management (RWM) into LLWR, the organisation has been renamed Nuclear Waste Services Ltd with effect from 27 March 2024. National Nuclear Laboratory Limited Nuclear Decommissioning Authority (NDA) (Lead Employer) Sellafield Limited

COMBINED NUCLEAR PENSION PLAN

TRUSTEE'S REPORT
YEAR ENDED 31 MARCH 2024

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 2024. 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. With effect from 1 April 2024, a DB Career Average Revalued Earnings (CARE) structure was introduced for future accrual of benefits. 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 2024, a DB Career Average Revalued Earnings (CARE) structure was introduced for DB member's future accrual of benefits, with the exception of the Nexia Section which continues Final Salary DB accrual.

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

On the 1 April 2023, the employees, contracts and other assets of Dounreay Site Restoration Limited were transferred into Magnox Limited. This company was subsequently renamed Nuclear Restoration Services Limited on 2 April 2024. The Dounreay and Magnox sections of the scheme were combined into a single section on 1 April 2023. This section will be renamed as the Nuclear Restoration Services section once the deed of amendment has been signed by all parties and effected (due after the finalisation of this report).

Following the launch of Nuclear Waste Services in 2022 as a trading name of two legal entities, LLWR and Radioactive Waste Management Ltd, the employees, contracts, and other assets were transferred from RWM into LLWR Limited in April 2023. This company was legally renamed Nuclear Waste Services Limited in March 2024. RWM was not a participating employer of the CNPP. LLWR Section will be renamed as Nuclear Waste Services Ltd Section once the deed of amendment has been signed by all parties and effected (due after finalisation of this report).

GPS Nexia Section will also be re-named as the GPS National Nuclear Laboratory Section once the deed of amendment has been signed by all parties and effected (due after finalisation of this report).

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.

The Board structure consists of 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. These three independent trustees act as representatives of corporate trustees appointed by NDA.

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 resigned with effect from 31 December 2023 following completion of its maximum tenure. The newly appointed Chair, effective 1 January 2024 is the named individual representing Capital Cranfield Pension Trustee Limited.

Capital Cranfield Pension Trustee Limited and Pan Trustees UK LLP are the two independent trustees, appointed by the NDA and the individual representatives of these companies are subject to the tenure rules. The appointment of a further independent trustee, to replace Strettea Independent Trustee Limited, is in progress. Any category of Director is eligible to stand again, or be re-appointed, three years from the date which they last held office.

Trustee Director resignations:

P Hatt, MND, resigned effective 20 September 2023
C Toole, MND, resigned effective 31 March 2024
Strettea Independent Trustee Limited (represented by Allan Whalley) resigned effective 31 December 2023

Trustee Director appointments:

S Adams as MND with effect from 21 September 2023
I Park as MND with effect from 1 April 2024

The Trustee Directors are listed on page 1.

Trustee meetings

During the year the Trustee Board met 9 times. All decisions are taken by majority with the Chairman having the casting vote.

The Trustee has established the following committees:
- Communications sub-committee (met three times during the year)
- Investment sub-committee (met four times during the year).

In addition, a Discretionary sub-committee and CARE Joint Working Group (JWG) has met during the year as required.

TRUSTEE'S REPORT
YEAR ENDED 31 MARCH 2024

The Lead Company and Sponsoring Employers

The Lead Company of the Plan is the NDA. There were 8 Sponsoring Employers during the year and the sections in which they have participated are listed below:

Section	Sponsoring Employer
Closed	NDA
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 Nuclear Waste Services Limited (NWS) Nuclear Restoration Services Ltd (NRSL) Sellafield Limited
LLWR	Nuclear Waste Services Limited (NWS)
Magnox	Nuclear Restoration Services Ltd (NRSL)
Nirex	NDA
Sellafield	Sellafield Limited

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

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 fourteen further Deeds of Amendment since the third definitive Trust Deed and Rules were brought into effect. The Plan's governing documents are available on the Plan website.

Membership

Details of the membership of the Plan as at 31 March 2024 are given below:

DB Structure	**Active members**	**Deferred members**	**Pensioners**	**Total**
Members at the start of the year	**5,890**	**1,984**	**5,735**	**13,609**
Adjustments	2	(4)	4	2
New entrants in the year (including Dependants)	12	1	67	80
Active to Deferred	(94)	94	-	-
Retirements	(307)	(164)	471	-
Deaths	(14)	(6)	(58)	(78)
Dependant Pensions ceasing	-	-	(13)	(13)
Transfer out	(4)	(18)	-	(22)
Total defined benefit	**5,485**	**1,887**	**6,206**	**13,578**
DC Structure				
Members at the start of the year	**8,268**	**1,522**	**-**	**9,790**
Adjustments	(22)	-	-	(22)
New entrants in the year	1,580	-	-	1,580
Deaths	(4)	(4)	-	(8)
Members leaving with preserved benefits	(455)	455	-	-
Deferred to Active	6	(6)	-	-
Refunds	(6)	(1)	-	(7)
Retirements	(4)	(5)	-	(9)
Transfer out	(59)	(87)	-	(146)
Ported	(3)	(16)	-	(19)
Total defined contribution	**9,301**	**1,858**	**-**	**11,159**
TOTAL MEMBERSHIP AT THE END OF THE YEAR	**14,786**	**3,745**	**6,206**	**24,737**

Notes on DB Movements:

The 12 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 1 new deferred member is created from a pension sharing order. The 67 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.

Adjustments do not include movements notified to the Administrator after the completion of the annual renewal at 31 March 2024. 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 19 accounts ported were amalgamated with 19 already-existing accounts for the same members. Refunds are paid to members who leave within 30 days of joining the Plan.

Membership (continued)

The membership figures are broken down by section as follows:

DB Structure

	Active members	Deferred members	Pensioners	Total
Closed	-	483	842	**1,325**
DSRL	410	182	352	**944**
GPS DRS	96	89	101	**286**
GPS Nexia	2	1	2	**5**
GPS SLC	243	298	717	**1,258**
LLWR	80	19	40	**139**
Magnox	244	98	492	**834**
Nirex	-	44	105	**149**
Sellafield	4,410	673	3,555	**8,638**
Total	**5,485**	**1,887**	**6,206**	**13,578**

The pensioners figure includes dependant pensioners.

DC Structure

	Active members	Deferred members	Pensioners	Total
Closed	-	1	-	1
DSRL	941	171	-	1,112
GPS DRS	350	122	-	472
GPS SLC	83	28	-	111
LLWR	356	59	-	415
Magnox	1,490	362	-	1,852
Sellafield	6,081	1,115	-	7,196
Total	**9,301**	**1,858**	**-**	**11,159**

Benefits Changes

There were no changes to the Plan benefits during the year. With effect from 1 April 2024, a DB Career Average Revalued Earnings (CARE) structure is to apply to member's of the DB Structure of the Plan for future accrual of benefits with the exception of the Nexia Section which continues Final Salary DB accrual.

Pensions Increases

Pensions in payment and deferred pensions, other than the Nirex Benefit Structure, received a 12.6% increase from 1 April 2023 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 1 April 2023 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.

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.

Virgin Media Ruling

In June 2023, the High Court judged that amendments made to the Virgin Media scheme were invalid because the necessary S37 certification associated to these historic amendments was not prepared. The case was subsequently reviewed by the Court of Appeal in July 2024 which upheld the High Court's decision. The High Court's decision could affect other schemes that were contracted-out on a salary-related basis and made amendments between April 1997 and April 2016. Historic scheme amendments without the appropriate certification might now be considered invalid, leading to additional, unforeseen liabilities. The Trustee has not commenced the investigation as to whether the Plan could potentially be affected and this will begin in due course.

Actuarial Review

The financial statements set out on pages 111 to 113 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 actuarial valuation and the actuarial funding update on 31 March 2023 are included in the Report on Actuarial Liabilities on pages 10 to 12.

Due to the change in the benefit structure for future accrual of benefits from 1 April 2024 from final salary to CARE, the Statement of Funding Principles and Schedule of Contributions were updated for the affected sections. The updated Statement of Funding Principles and Schedule of Contributions were signed by the Trustee and the employers on 28 March 2024 and certified by the Scheme Actuary on the same day. Benefits accrued up to 31 March 2024 will retain a link to the members' Pensionable Earnings. Only the GPS Nexia Solutions section retains a final salary benefit structure for accrual after 1 April 2024.

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 2024 will have reduced.

In addition, some of the sections have received significant deficit contributions that improved the funding levels. For example, £50m was contributed to the Sellafield section during March 2023. Overall, the funding position of the sections as at 31 March 2024 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 111 to 113 show that the value of the Plan's assets increased by £387,546,000 to £3,990,368,000 as at 31 March 2024. The increase was comprised of net additions from dealings with members of £126,890,000, together with a net return from investments of £260,656,000.

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 114 to 137.

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 and an actuarial funding update was completed with an effective date of 31 March 2023. The Magnox and DSRL sections merged on 1 April 2023 but for the purposes of the tables below, the results for the two sections have been shown separately.

Technical Provisions Valuation	31 March 2022			31 March 2023		
	Liabilities (£000)	**Assets (£000)**	**Surplus / (Deficit) (£000)**	**Liabilities (£000)**	**Assets (£000)**	**Surplus / (Deficit) (£000)**
Closed Section	97,647	116,661	19,014	77,137	91,280	14,143
Magnox	163,805	159,165	(4,640)	127,711	139,940	12,229
LLWR	39,130	35,650	(3,480)	29,692	33,992	4,300
DSRL	174,675	157,852	(16,823)	134,179	144,337	10,158
Sellafield	2,114,144	2,010,132	(104,012)	1,571,813	1,829,264	257,451
Nirex	32,618	39,904	7,286	24,979	30,026	5,047
GPS SLC	596,263	727,140	130,877	465,480	591,975	126,495
GPS DRS *	108,619	111,124	2,505	81,309	95,064	13,755
GPS Nexia *	5,265	6,309	1,044	4,050	5,001	951
Total	**3,332,166**	**3,363,937**	**31,771**	**2,516,350**	**2,960,879**	**444,529**

*** 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.

	31 March 2022		
Solvency Valuation	**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:

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

Final salary benefit structure - 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.

CARE benefit structure – Set in line with CPI assumption.

Revaluation of deferred pensions

Final salary benefit structure – Set in line with RPI for all sections other than the Nirex section where CPI was used.

CARE benefit structure – Set in line with CPI for all sections.

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 open to future accrual and backed by the NDA, with the exception of GPS Nexia Solutions, were formalised in a Schedule of Contributions which the Scheme Actuary certified on 20 May 2023 but these were superseded by the versions certified on 28 March 2024 due to the implementation of CARE. The GPS DRS section's updated Schedule of Contributions was also certified on 28 March 2024.

The Closed and Nirex sections were not affected by the change in the benefit structure as they are closed to future accrual and their Schedule of Contributions are unchanged from the versions certified by the Scheme Actuary on 20 May 2023.

The GPS Nexia Solutions section was not affected either and its Schedule of Contributions was certified by the Scheme Actuary on 18 May 2023.

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.

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 was decreased to 38.9% p.a. of Pensionable Earnings from the previous rate of 43.1% p.a. on 1 April 2024. During the 12 months following 1 April 2025 and 1 April 2026, the contribution rate will be 38.1% and 37.2% respectively, and then from 1 April 2027, the contribution rate will be 36.7%.
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.

The contribution information for the sections requiring recovery plans is set out below. The Recovery Plans for each of the sections were not affected by the implementation of CARE and the versions signed by the Trustee and employers on 19 May 2023 remain in force.

Section	**Recovery Plan**
Magnox	The employer contribution rate was increased to 31.5% p.a. of Pensionable Earnings from the previous rate of 30.9% p.a. on 1 April 2024. During the 12 months following 1 April 2025 and 1 April 2026, the contribution rate will be 30.6% and 29.7% respectively, and then, from 1 April 2027, the contribution rate will be 29.0%. 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 was decreased to 28.1% p.a. of Pensionable Earnings from the previous rate of 32.3% p.a. on 1 April 2024. During the 12 months following 1 April 2025 and 1 April 2026, the contribution rate will be 27.2% and 26.3% respectively, and then, from 1 April 2027, the contribution rate will be 25.7%. 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 was decreased to 30.0% p.a. of Pensionable Earnings from the previous rate of 32.2% p.a. on 1 April 2024. During the 12 months following 1 April 2025 and 1 April 2026, the contribution rate will be 29.1% and 28.2% respectively, and then, from 1 April 2027, the contribution rate will be 27.6%. 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 was decreased to 29.9% p.a. of Pensionable Earnings from the previous rate of 32.1% p.a. on 1 April 2024. During the 12 months following 1 April 2025 and 1 April 2026, the contribution rate will be 29.0% and 28.1% respectively, and then, from 1 April 2027, the contribution rate will be 27.5%. 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.

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 2023 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
CVC	BNP Paribas Securities Service Luxembourg
HPS	No custodian is appointed due to the nature of the underlying investments. Harmonic Fund Services are used to record unit holdings
Insight (fully disinvested 31 January 2024)	Bank of New York Mellon UK
Legal & General	HSBC Bank Plc and Citibank International Plc

Abrdn	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	Partners Group Global Strategies 2014 Fund Deutsche Bank AG No custodian appointed for the other Partners Group funds due to the nature of the investment. The General Partner, Partners Group Management Limited, a Guernsey limited liability company, manages the fund's investments and day-to-day operations.
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.
CBRE	CACEIS Investor Services Bank S.A.
Robeco	JPMorgan SE - Luxembourg

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

Common Investment Platform (Custodian Services)	State Street Global Services

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. When appointing new investment managers, the Trustee will consider the investment managers' approach to voting and engagement. The Trustee has a preference for investment managers who are signatories to the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment.

The Trustee delegates all stewardship activities, including voting and engagement, to its appointed investment managers. The Trustee accepts responsibility for how the investment managers steward assets on its behalf, including the casting of votes in line with each manager's individual voting policies.

The Trustee expects the Plan's investment managers to use their influence as major institutional investors to carry out the rights and duties as a shareholder, including exercising voting rights along with – where relevant and appropriate – engaging with underlying investee companies on Environmental, Social and Governance ("ESG") considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

If the Trustee's monitoring reveals that an investment manager's voting or engagement policies, or its stewardship actions are not aligned with the Trustee's expectations, the Trustee will engage with the manager, via different medium such as emails and meetings, to seek a more sustainable position, but it may look to replace the manager should a resolution not be found.

The Trustee reviews its managers' voting and engagement policies and activities on an annual basis. The Trustee reviews these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee's, and therefore the members', best interests.

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

The Taskforce on Climate-related Financial Disclosures ("TCFD") is an initiative that developed some best practice guidance for climate-related risk reporting. 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.

The Pensions Act 2021 sets out the requirement for some UK pension schemes to comply with the requirements of TCFD, with the Plan required to publish its TCFD report as a result.
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, that meets the regulatory requirement placed on the Trustee with respect to TCFD.

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	Concluded that climate related risks and opportunities impact all the different asset classes in which the Plan invests. The Trustee is committed to working with its investment advisers and underlying investment managers to understand and manage these risks and opportunities within its investment strategy, where they are material. In addition, the Trustee considered a range of different climate scenarios and the impact under each of these on the investment strategy and funding of the Plan – this impact was considered separately for the DB Structure and the DC Structure.
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 carbon metric data from a range of different sources for the invested assets and set appropriate targets to monitor and improve the quality and breadth of information available to help its climate reporting and assessment.

To view the full TCFD report for Plan year-end 31 March 2024 please access via the following link: https://www.cnpp.org.uk/wp-content/uploads/2024/09/TCFD-Disclosure-Report-for-the-year-ending-31-March-2024-1.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 29 to 37 (DB) and pages 38 to 61 (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.

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 www.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

Further information (continued)

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.

DB Structure Investment Performance

The table below shows the performance of the underlying Common Investment Platform (CIP) Funds to 31 March 2024 for the DB Structure.

CIP Fund	12 months %	3 years % p.a.	5 years % p.a.
Growth Fund Return	13.0%	5.6%	6.9%
Growth Fund Target	12.9%	4.8%	6.5%
Liquid Credit Fund Return	6.0%	-2.8%	0.1%
Liquid Credit Fund Target	6.0%	-3.4%	-0.3%
Illiquid Growth Fund Return	6.4%	7.8%	-
Illiquid Growth Target	8.0%	8.0%	-
Gilt Fund Return	-17.2%	-22.9%	-
Gilt Fund Target	-17.5%	-23.0%	-

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.

The Trustee's Statement of Investment Principles (SIP) was updated in December 2023. The SIP includes 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 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. 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.

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 delegates all stewardship activities, including voting and engagement, to its appointed investment managers. The Trustee accepts responsibility for how the investment managers steward assets on its behalf, including the casting of votes in line with each manager's individual voting policies.

The Trustee expects the Plan's investment managers to use their influence as major institutional investors to carry out the rights and duties as a shareholder, including exercising voting rights along with – where relevant and appropriate – engaging with underlying investee companies on ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

If the Trustee's monitoring reveals that an investment manager's voting or engagement policies, or its stewardship actions are not aligned with the Trustee's expectations, the Trustee will engage with the manager, via different medium such as emails and meetings, to seek a more sustainable position, but it may look to replace the manager should a resolution not be found. The Trustee reviews its managers' voting and engagement policies and activities on an annual basis. The Trustee reviews these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee's, and therefore the members', best interests. The Trustee expects that their investment managers will provide details of their stewardship activities on at least an annual basis and will monitor this with input from their investment consultant.

The Trustee will engage with their investment managers where necessary for more information. Prospective managers are required to provide this information in advance of their appointment.

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.

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. 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 2024, with allocations at 31 March 2023 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 2024	Asset allocation 31 March 2023
Equities (Legal & General)	35.6%	33.5%
Private Equity (Partners, Blackstone)	10.0%	9.6%
Property (Legal & General, Columbia Threadneedle, Abrdn)	9.4%	10.4%
Active Credit (Barings)	6.6%	5.7%
Illiquid Credit (Partners)	0.0%	0.9%
Secured Loans (Barings, HPS, CVC)	8.4%	7.4%
Corporate Bonds (Legal & General, Insight)	5.8%	6.3%
Index-Linked Gilts (Legal & General)	22.2%	21.0%
Ground rents (Abrdn)	1.5%	1.9%
Cash/liquidity funds (Legal & General, State Street)	0.5%	3.3%
Total	100.0%	100.0%

Source: Aon, State Street, Investment Managers.
Notes: Figures may not sum due to rounding.

Following the year ended 31 March 2024 the Trustee of the Plan agreed a number of changes to the investment strategy adopted by the Sections of the Plan. The key change to the investment strategy was a reduction in the aggregate equity allocation and corresponding increase in allocation in Index-Linked Gilts.

As part of this, a fifth CIP fund was reintroduced to hold shorter-dated Index-Linked Gilts, alongside the existing and retained longer-dated Index-Linked Gilts held in the CIP Gilt Fund. The strategy change and implementation were agreed after period-end and will be reflected in next year's report.

Pooled Investment Vehicles

As at 31 March 2024, all the Plan's investments were held in pooled investment vehicles. Pooled fund investment arrangements used by the Plan can include, but are not limited to, unit-linked insurance contracts, authorised unit trusts, unauthorised exempt unit trusts, OEICs, SICAVs and Limited partnerships (LPs).

Market Background – 12 months to 31 March 2024

Global equities generated positive returns over the last twelve months, returning 25.0% in local terms, as measured by the MSCI ACWI index. Inflation began to moderate in most major developed economies whilst the global economy proved more resilient than previously anticipated. The rally in Information Technology stocks (MSCI ACWI - IT sector returned 42.1%) was a major contributor to equity market gains over the past year, as investor excitement over artificial intelligence grew.

In Q3 2023, Fitch downgraded the US debt rating from AAA to AA+, citing "erosion of governance" over the past two decades which saw the US government in repeated debt limit stand-offs and last-minute resolutions. US President Joe Biden signed a $1.2 trillion spending bill to avert a partial government shutdown. The bill will keep the US government funded until September 2024. In its annual budget proposal, President Biden proposed a $7.3tn budget plan for 2025 aimed at limiting US government debt levels although US debt to GDP was still projected to rise above 100%. Biden proposed to raise the corporate tax rate from 21% to 28% and to implement a 25% minimum income tax on those with a wealth of more than $100 million if he is re-elected in this year's Presidential elections. Meanwhile, Moody's downgraded their US credit outlook from 'stable' to 'negative' amidst the lack of a permanent funding agreement and sharp rises in debt service costs as the drastic rise in Treasury yields "increased pre-existing pressure on US debt affordability".

Geopolitical tensions remained elevated over the past year. The G7 condemned China over the increasing military and economic security threats emanating from Beijing. On October 7, Hamas launched a surprise attack from Gaza on Israel. Israeli Prime Minister Benjamin Netanyahu consequently declared the nation "at war" and mounted military retaliation in Gaza. In Q1 2024, the US and UK launched military strikes against Houthi rebels in Yemen, increasing fears that conflict in the Middle East will spread. The Houthi militants had attacked shipping in the Red Sea (a major commercial shipping lane), forcing shipping to go around the Cape of Good Hope. This has increased shipping costs and disrupted manufacturing due to a shortage of parts which could potentially impact global growth and inflation. Furthermore, the US and UK accused China of carrying out cyberattacks on their officials and businesses that are of national economic importance. In response to two cyber-attacks on UK parliamentarians and the Electoral Commission, former UK Prime Minister Rishi Sunak promised to action a "careful" crackdown on the Chinese entities operating in the UK. Oliver Dowden, the former Deputy Prime Minister, stated that there was a "strong case" for putting China in an "enhanced tier" of countries that are considered to pose risks to Britain under the 2023 National Security Act.

The European Union (EU) introduced a new set of sanctions against Russia, targeting nearly 200 individuals and entities. The United States also announced 500 new sanctions against Russia, including measures in response to the death of opposition activist Alexei Navalny. These sanctions are aimed at officials involved in Navalny's imprisonment and Russia's financial sector, defence industry, and procurement networks.

Over the last year, the Bank of England (BoE) raised its benchmark interest rate cumulatively by an additional 1.0% taking the headline rate to 5.25%. The BoE Monetary Policy Committee (MPC) indicated that monetary policy will need to remain restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term.

The BoE agreed to increase its current quantitative tightening pace of £80bn to £100bn in 2023-24. Elsewhere, the BoE warned that British companies face a higher risk of corporate default as a result of higher interest rates.

In 2023, the US Federal Reserve (Fed) increased its benchmark interest rate by 1.25% taking the headline rate to a range of 5.25% - 5.5%, representing the highest level in more than 22 years.

The Federal Open Market Committee (FOMC) similarly stated that the committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably towards 2%. The European Central Bank (ECB) raised its deposit rates by 1% to 4%, touching an all-time high in the Eurozone era. The Governing Council (GC) stated that it was determined to ensure that inflation returns to its 2% medium-term target in a timely manner.

The GC's future decisions will ensure that policy rates will be set at sufficiently restrictive levels for as long as necessary to achieve this goal.

The Fed, the BoE, and the ECB all paused their monetary policy hiking in the final months of 2023 and Q1 2024, as inflation continued to fall. Elsewhere, the Bank of Japan (BoJ) ended its era of negative interest rates by raising its interest rate to 0-0.1% from the previous -0.1%. The BoJ Governor Kazuo Ueda said, "It is important to maintain accommodative financial conditions even as we carry out a normal monetary policy."

Emerging market (EM) equities were the worst performers both in local and sterling terms as increases in interest rates by major developed central banks during the first half of the year and a strong dollar provided a headwind. Slower-than-expected economic recovery, and renewed US-China tensions put pressure on Chinese equities. Indian equities rose the most at 39.4% while Chinese equities fell by 16.3%. Taiwanese, Brazilian, and Korean equities rose 35.3%, 25.9%, and 18.6%, respectively over the year.

Global bond yields moved lower over 2023 as the JP Morgan Global Aggregate Bond Index rose 1.1% in local terms. In Q2 and Q3 2023, yields rose due to tighter monetary policy across major central banks. In Q4 2023, yields fell sharply as major central banks around the world kept their interest rates unchanged and market participants expected a greater chance of interest rate cuts in 2024. In Q1 2024, bond yields moved higher following falling market expectations for central bank rate cuts this year. The JP Morgan Global Aggregate Bond Index fell 1.0% in sterling terms.

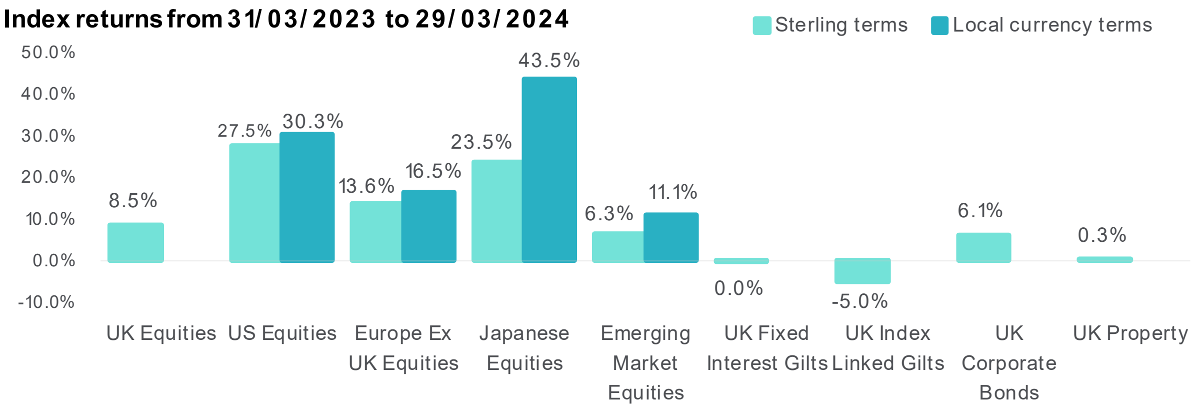
The UK gilt curve shifted upwards over the year as yields rose across all maturities.

The UK credit market performed positively 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, narrowed by 60bps to 107bps. The index rose 6.1% over the year.

Sterling ended the twelve months 4.8% higher on a trade-weighted basis.

The MSCI UK property index returned 0.3% over the year as capital values depreciated, following sharply higher capitalization rates over the last year. The income return was 5.8% but the 5.3% decrease in capital values offset this return. The industrial and retail sectors rose by 5.9% and 1.1% respectively while the office sector fell by 11.5%.

The MSCI Global Annual Property Index returned -8.4% in GBP terms and -4.1% in local terms over the year for the period ending December 2023 as capital repricing 'caught up' with UK peers that had experienced significant repricing in 2022.



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 2024, 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 2024.

Asset class	% of Defined Benefit Assets	CIP Growth	CIP Illiquid Growth	CIP Liquid Credit	CIP Gilt
Equities	35.6%	✓	✓		
Private equity	10.0%		✓		
Property	9.4%	✓			
Active credit	6.6%	✓			
Illiquid credit	0.0%		✓		
Secured loans	8.4%	✓			
Corporate bonds	5.8%			✓	
Index-linked gilts	22.2%				✓
Ground rents	1.5%	✓			
Cash	0.5%	✓	✓	✓	✓
Total	**100.0%**				

Source: Aon, State Street, Investment Managers.
Notes: 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.

Investment Managers

Since 1 July 2016, all participating Sections of the Plan (apart from the GPS EnergySolutions Section) have transferred their assets into 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.

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 of 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 private market 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 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, and at year end the initial commitments had been called, with the final commitment expected to be called over H2 2024.

The Trustee also invests in the Abrdn 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 Abrdn 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 has submitted a full redemption request from the Abrdn Long Lease Property and Abrdn Standard Ground Rent Funds, with proceeds expected to settle in late Q4 2024. The Trustee intends to use proceeds to move the asset allocation towards strategic target.

The Trustee also 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, 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 lll LP, Private Loan Opportunities Fund, Core Senior Lending Fund and Core Senior Lending Fund II, the later a newer commitment, within the CIP Growth Fund. The Trustee also invests in CVC European Direct Lending III, a secured loan fund. 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 expect 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 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 range of unlevered long-dated index-linked gilts funds with Legal & General, within the CIP Gilt Fund.

The Trustee fully disinvested from the Legal & General corporate bond fund and the Insight UK Corporate All Maturities Bond fund over January and February 2024, with proceeds invested into the Robeco SAM Global SDG Credits fund, which predominately invests in global investment grade corporate bonds which contribute positively to Sustainable Development Goals, 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 private markets mandates.

DB Implementation Statement

Introduction

The purpose of the Implementation Statement is for us, the Trustee of the Combined Nuclear Pension Plan, to explain what we have done during the year ending 31 March 2024 to achieve certain 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 engagement activity, and the activities completed by our managers align with our stewardship expectations.

Whilst some investment managers did not provide all the data required as per the guidance, we did see an improvement in the provision of data relative to last year and with the assistance of our investment consultant we will continue to engage with the Plan's investment managers to provide more complete and detailed information.

Changes to the SIP during the year

We reviewed the SIP during the year and updated it in December 2023.

The changes made included:

- Clarification of the Trustee's policy for engaging with appointed investment managers where the Trustee is not satisfied with the managers execution of the Plan's voting and engagement rights.
- Clarification that the Trustee relies on each appointed investment manager's own voting and engagement policies,
- updates to reflect newly appointed and removed investment managers, and
- integration of Dounreay Site Restoration Limited ("DSRL") into Magnox.

The Plan's latest SIP can be found here: https://www.cnpp.org.uk/document-library/?filter-date-modifier=before&filter-date=2024-06-01&filter-taxs%5Bfpt_plans%5D=2&filter-taxs%5Bfpt_categories%5D=all&filter-page=2&filter-keywords=&s=

IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE'S REPORT)
YEAR ENDED 31 MARCH 2024

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

This includes prioritising which Environmental Social Governance ("ESG") issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.
Source: UN PRI

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 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.	The Investment Sub Committee ("ISC") reviewed and agreed a number of strategy changes at both a Section and Common Investment Platform ("CIP") level in conjunction with the 2022 Actuarial Valuation to reduce the level of investment risk. Post year-end the Trustee approved the proposed strategy and the ISC moved to implement the changes required. The ISC continues to review and implement its formal cashflow policy that outlines the process for meeting Section cashflow requirements as well as cashflow requirements from the Plan's illiquid managers.
Risk Management: The Trustee has identified a number of key risks which it monitors in a number of different ways.	The Trustee considered the investment risk that each Section is exposed to, including ▪ Maturity and cashflow profile of the Section, ▪ The significance of future service liability accrual in relation to current liability values, ▪ 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. The Trustee maintains a risk register setting out the specific risks faced by the Plan and the 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. 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 with the DB Sections of the Plan, considering separately market risks, credit risk, interest rate risk, inflation risk and other price risk.

Implementing the strategy: The Trustee has delegated specific powers to the ISC around the implementation and monitoring of the investment strategy within agreed parameters.	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. The ISC undertakes a quarterly review of the asset performance and alignment of the asset allocation with the strategic target, taking advice from its investment advisors on an ongoing basis in relation to the Plan's asset arrangements. The ISC undertake a more detailed review of each manager's performance on an annual basis against the mandates' specific benchmark and target, focussing on those mandates that have underperformed relative to these measures.
Responsible Investment, including climate risk	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. The Trustee has invested in a number of mandates where the manager makes specific allowance for climate and ESG related risks and opportunities, such as the Copenhagen Infrastructure Fund V (renewable energy infrastructure) and Robeco UN Sustainable Development Goals ("SDG") Credit Fund. 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. Where the Plan's assets are invested passively the Trustee has considered a range of market benchmarks for the equity allocation and chosen one that explicitly takes into consideration ESG factors. The Plan has met the requirements as set out as part of the Taskforce on Climate-related Financial Disclosures ("TCFD") and is completing its third-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.
Stewardship and Engagement	The Trustee sets out, in its voting and engagement policy within the SIP, that it recognises the importance of its 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 SIP confirms that the Trustee has delegated all stewardship activities, including voting and engagement, to its appointed investment managers. The Trustee accepts responsibility for how the investment managers steward assets on its behalf, including the casting of votes in line with each manager's individual voting policies.

	The Trustee reviews the stewardship and engagement activities of the Plan's appointed managers on an annual basis, with further details 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 better 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 the Plan's 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 managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares and we expect the Plan's equity-owning investment manager, LGIM, 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.

Source: UN PRI

Voting statistics

The table below shows the voting statistics for the Plan's material fund with voting rights for the year to 31 March 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM - Future World Global Equity Index Fund	52,212	99.9%	19.5%	0.3%
LGIM - Future World Global Equity Index Fund (prior period)	*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.

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 proxy voting advisers.

Managers	Description of use of proxy voting adviser *(in the managers' own words)*
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 we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

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 they consider to be the most significant votes in relation to the Plan's funds. From the c900 provided, for illustrative purposes the Trustee has chosen two of the managers most significant votes to present as examples, which are included in the appendix on pages 35 to 37.

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 funds invested in by the Plan.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	**Firm level**	
Threadneedle - Property Unit Trust (TPUT)	*Not provided*	1,424	Environment* - Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste. Social* - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), 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, Board effectiveness - Other
LGIM - Managed Property Fund	*Not provided*	*2,500*	*Not provided*
LGIM - Future World Global Equity	795	2,500	Environment - Climate Impact Pledge, Climate change, Deforestation Social - Gender Diversity, Ethnic Diversity, Income Inequality Governance – Remuneration, Board Compensation, Nominations and succession
Aberdeen Standard Investments ("ASI") - Standard Life Commercial Ground Rent and Standard Life Long Lease Property	*Not provided*	2,008	Environment* - Climate Impact Social* - Labour Management, Human Rights & Stakeholders Governance*- Corporate Behaviour, Corporate Governance
Barings - Global High Yield Credit Strategies Fund and Global Loans Fund	*Not provided*	490	Environment* - Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste 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 – Diversity, Remuneration Strategy, Financial and Reporting* - Reporting (e.g. audit, accounting, sustainability reporting), Financial performance, Strategy/purpose
Blackstone - BSCH II	*Not provided*	60+	Not provided
Robeco - Sustainable development goals (SDG) Credit Income Fund	17	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Board effectiveness - Other Other - SDG Engagement
Partners - Credit and Private Equity	3	100+	Governance – Capital restructure, Trading update
CVC - European Direct Lending Feeder Fund III	35	*Not provided*	CVC engage with portfolio companies from a bottom-up perspective, collecting data through provision of questionnaires and looking to use ESG margin ratchets as a tool to target specific KPIs for improvement given the individual portfolio
CBRE - Global Alpha Fund	*Not provided*	210+	*Not provided*

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
HPS - Private Loan Opportunities Fund	20+	100+	*Not provided*
HPS - Core Senior Lending Fund	40+	100+	*Not provided*
HPS - Core Senior Lending Fund II	25+	100+	*Not provided*

*Source: Managers. *The following managers did not provide fund level themes; themes provided are at a firm-level: Threadneedle. Aberdeen Standard Investments, Barings.*

Data limitations
At the time of preparing the report, the following managers did not provide all the information we requested:

- Threadneedle, Barings and Aberdeen standard Investments did not provide any fund level engagement information.
- LGIM did not provide fund specific engagement information for its Managed Property fund.
- Blackstone and CBRE did not provide the number of engagements at fund level or themes engaged at fund and firm level.
- HPS and CVC did not provide specific information on themes engaged at fund and firm level, whilst CVC also didn't provide fund level engagement numbers.

This report does not include commentary on certain asset classes such as gilts or cash/liquidity funds because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Plan's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant voting examples provided by the Plan's 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, some of which are outlined in the examples below.

LGIM - Future World Global Equity Index Fund

Company name	The Toronto-Dominion Bank
Date of vote	20 April 2023
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.26
Summary of the resolution	Resolution 9 - Disclose Transition Plan Towards 2030 Emission Reduction Goals
How you voted	For (Against Management Recommendation)
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
Rationale for the voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets.

	We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
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 the company and monitor progress.
On which criteria have you assessed this vote to be "most significant"?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

LGIM - Future World Global Equity Index Fund

Company name	TotalEnergies SE
Date of vote	26 June 2023
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.13
Summary of the resolution	Resolution 14 - Approve the Company's Sustainable Development and Energy Transition Plan
How you voted	Against (against management recommendation)
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 the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Climate change: A vote against is applied. We recognize the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, we remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory.
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"?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

LGIM - Future World Global Equity Index Fund

Company name	Banco Santander SA
Date of vote	21 March 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.13
Summary of the resolution	Approve Remuneration Policy
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 the day after the company meeting, with a 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	Remuneration - Performance conditions: A vote against has been applied because awards are permitted to vest for below median relative performance which therefore fails the pay for performance hurdle. We also highlight that the 5% salary raises for 2024 and future year increases to be given to the Executive Directors, including the Chair, will likely exacerbate existing concerns with the significant pay packages.
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"?	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.

Source: LGIM

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, and the guidance published by the Pensions Regulator.

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, including how voting and engagement policies set out in the SIP have been followed for the period.
- 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 2023 to the end of the Plan's financial year on 31 March 2024.

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, in September 2023.
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. This review took place as part of the Plan's triennial review, completed in December 2023.
5. Reviewed and were satisfied that the Prudential with-profits fund remains suitable for members. This also formed part of the triennial review completed in December 2023. The Value for Members assessment that took place in June 2023 concluded that the Prudential with-profits Fund represents good value for members of the Plan.
6. Reviewed the scenario analysis included within the Plan's TCFD report.
7. Reviewed the fees for the default strategy and the self-select range.

1. Overview of Trustee actions (continued)

SIP review and update
The SIP was both reviewed and updated in December 2023 to:
- To reflect the addition of the illiquids policy.

Financially material considerations
The Trustee has delegated day-to-day management of the DC assets to BlackRock, via a number of pooled funds accessed through investment platforms from Scottish Equitable plc (branded as "Aegon"). M&G Prudential and Prudential Assurance Company Limited ("Prudential") have been delegated day-to-day management for the With-Profits AVC arrangement only. 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.

The Trustee acknowledges that many members 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. This policy includes several climate and other sustainable-related objectives. Following on the LifePath UK ESG Integration journey, in February 2023 BlackRock explored transitioning the EM equity allocation to sustainable building blocks that will support their policies and form part of their optimised and screened funds. Over the Plan Year, BlackRock included an evolved index methodology for developed market equities and small cap equities screened exposure. Looking ahead, they are exploring evolving the emerging market equity allocation. This means it is anticipated that going forward, more of the equity allocation of the LifePath arrangements will have an ESG tilt.

Within the self-select range
The Trustee launched the CNPP ESG Multi-asset Fund during the previous Plan year and has seen some member uptake since being implemented.

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

The Default Investment Arrangement and Self-Select Investment Range

During the Plan 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 Q4 2023. The Trustee concluded that the manager remained well suited for the purpose. The Trustee will continue to monitor the manager 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 2023. The main outcomes of the triennial review are detailed below:

Default arrangements:
- The default arrangements are appropriately designed to reflect the different ways members in the two Sections are likely to access their retirement benefits, and investment performance has been in line with expectations.
- They are also designed appropriately to reflect the different expected benefits members will choose at retirement, together with the changing nature of risks over time.

1. Overview of Trustee actions (continued)

- The Plan's investment adviser believes that BlackRock continue to have the necessary people and investment skills in order to manage the LifePath funds. There is a focus on continual improvement and ESG is already integrated into the strategies, with further allocations planned.
- The asset allocation is well diversified both within and across asset classes.
- The two main default arrangements (together with the Plan's contribution structure) are invested in a suitable manner to give members the chance of achieving good retirement outcomes.
- Overall, the Plan's investment adviser is satisfied that both default arrangements continue to remain suitable for the respective memberships of the Sections of the Plan.

Self-select investment options:

- The CNPP self-select range offers a mix of active and passive investment options.
- The range of self-select funds covers the main asset classes to enable members to build a portfolio that suits most attitudes to risk.
- The Plan's investment adviser is satisfied that the self-select range offers sufficient choice across the risk/return spectrum for those members who wish to make their own investment decisions. It covers all the main asset classes expected.

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 2026.

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 scheme year?
Primary objective		
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: • 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.	Yes, the Trustee is satisfied that this policy has been followed.	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. 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. The last triennial review of the default investment options and self-select fund range was conducted by the Trustee in December 2023. The Trustee was satisfied that default investment options continue to remain suitable for the respective membership of the Plan. The next triennial review is scheduled for Q4 2026.
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. 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.	Yes, the Trustee is satisfied that this policy has been followed.	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. 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. The Trustee continues to receive regular reporting from its DC investment advisers, Redington, on the investment performance of these funds. Member outcome modelling is assessed against 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

Designing and maintaining a default arrangement meets the expected different benefits at retirement for the membership.		good retirement outcomes for members at competitive charges.
Choosing the default arrangements and other investment options		
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 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. 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.	Yes, the Trustee is satisfied that this policy has been followed.	The last triennial review of the Plan's default investment options was conducted by the Trustee in December 2023. The Trustee was satisfied that default investment options continue to remain suitable for the respective membership of the Plan. The next triennial review is scheduled for Q4 2026. The Trustee reviewed the self-select range as part of the triennial review, in December 2023. Performance of the Plan's investments were reviewed on a quarterly basis during Investment Sub-Committee meetings. Following the triennial review in December 2023, the Trustee explored, alongside the investment adviser, the option of including an ESG Global Equity fund to the range of self-select options. The next step of this process is gauging the level of member interest from member presentations, with the assistance of the Plan Secretariat.
Kinds of Investments 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.	Yes, the Trustee is satisfied that this policy has been followed.	BlackRock as investment manager for the default investment options, make sure of the range of asset classes is as described in the Policy. In the Plan Year to March 2024 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 14 June 2023, 13 September 2023, 13 December 2023 and 20 March 2024 to discuss this.

Investment Risks		
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.	Yes, the Trustee is satisfied that this policy has been followed.	In the Plan Year to March 2024 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. This framework looks at member retirement outcome modelling, which considers the long-term investment returns in a base case and downside situations. These reports were discussed at their respective quarterly meetings on the 14 June 2023, 13 September 2023, 13 December 2023 and 20 March 2024. Following each discussion, the Trustee remained comfortable that the investment risks were suitability mitigated in the Plan's investments.
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.	Yes, the Trustee is satisfied this policy has been followed.	The Plan continues to make use of target date fund structures to implement the default investment options for members. 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 December 2023. The Trustee concluded, based on advice from the Plan's investment adviser, that the default options remain suitable for the membership of the Plan. 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.
The self-select fund range provides members with a choice of funds with differing risk and return characteristics.	Yes, the Trustee is satisfied this policy has been followed.	The Trustee undertook a member demographic review over the Plan Year in December 2023. The review found that the range of self-select options remain suitable for members, The self-select range offers a mix of active and passive investment options and covers the main asset classes to enable members to build a portfolio that suits most attitudes to risk. Another conclusion from the triennial review was that the Plan's investment adviser was satisfied that the self-select range offers sufficient choice across the risk/return spectrum for those members who wish to make their own investment decisions. It covers all the main asset classes expected.

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 and during the DC presentations to employees, which were held in the Plan Year.
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, The Trustee recognises that the importance of financially material considerations, including ESG factors and climate risk and seeks to manage these risks and factors.	Yes, the Trustee is satisfied that this policy has been followed.	Following the triennial review in December 2023, the Trustee explored, alongside the investment adviser, the option of including an ESG Global Equity fund to the range of self-select options. The next step of this process is gauging the level of member interest from member presentations, with the assistance of the Plan Secretariat. In line with the recommendations of the Task Force on Climate-related Financial Disclosures, in September 2023, the Trustee – with the help of its advisers - published the Plan's second annual Task Force on Climate-related

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 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.	Yes, the Trustee is satisfied that this policy has been followed.	Financial Disclosures ("TCFD") Report.

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.	Yes, the Trustee is satisfied that this policy has been followed.	Over the Plan year there have been no new self-select funds implemented for the Plan. Consideration of a new self-select fund would be based on advice provided by the Plan's advisers and dependent on member interest.
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.	The Trustee has quarterly Investment Sub Committee meetings where its investment adviser shares an assessment of manager performance. 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 following steps are taken to encourage alignment between the Plan and the managers:	See 3 points below	See 3 points below
• 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, there were no new investment options introduced. Before recommending the addition of another fund, the Trustee's adviser will review the Fund's investment objectives and guidelines to ensure they were consistent with the Trustee's objectives. Following the triennial review in December 2023, the Trustee explored, alongside the investment adviser, the option of including an ESG Global Equity fund to the range of self-select options as the CNPP Global Equity Fund has the largest AUM as of March 2024. Introducing an ESG tilted version of the Global Equity fund could be of interest to members, as such, the next step of this process is gauging the level of member interest from member presentations, with the assistance of the Plan Secretariat.

• 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.
• 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 are 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.

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.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee assessed the costs and value for money of the investment options 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 (www.cnpp.org.uk/document-library). 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: • 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 vale for members of the Plan. The Trustee is comfortable that these costs are aligned with the expected portfolio turnover costs for similar funds. 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.
Expected Return on Investments		
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.	Yes, the Trustee is satisfied that this policy has been followed.	Over the Plan Year to March 2024 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. Each quarterly monitoring report was discussed at the respective Investment Sub-Committee meeting on 14 June 2023, 13 September 2023, 13 December 2023 and 20 March 2024. 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.

Investment policy on illiquid assets		
The default arrangement for the Plan does not currently invest in illiquid assets but has small allocation in properties via a REITs fund. Younger members have around a 5% exposure to REITs. This exposure decreases gradually to around 0.5% one year before their retirement. These assets are invested by BlackRock, the investment manager, in respect of the qualifying collective money purchase scheme via a collective investment scheme under Non-UCITS Retail Schemes (NURS) rules. the Trustee plans to explore the feasibility of increasing investment in illiquid assets with its investment adviser and investment manager, and to keep its policy on illiquid investments under regular review.	Yes, the Trustee is satisfied that this policy has been followed.	The Plan's default arrangements have investment allocations to property via a REIT fund. During the Plan year, the Trustee engaged with BlackRock, with support from the Plan's investment adviser, on its offering for investment in illiquid assets. The Trustee noted that integration of private markets is a research focus for BlackRock's Lifepath investment team, which is currently examining the following areas. • What types of assets to own at the right time. • Portfolio construction including factoring in active returns and liquidity, and operational considerations such as access to private markets (e.g. via the newly established Long Term Asset Fund ('LTAF') structure, which would allow DC schemes to access private markets within their default arrangements) and scheme specific operating models. The Trustee will continue to engage with BlackRock on this matter.
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 in some market conditions to protect the interest of all investors in that fund.	Yes, the Trustee is satisfied that this policy has been followed.	During the Plan year, there were no closures or new introductions to any default or self-select funds.
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.	Yes, the Trustee is satisfied that this policy has been followed.	The last triennial review of the default investment options and self-select range was conducted in December 2023, concluding that they remain suitable for the membership of the Plan. The next triennial review is scheduled for Q4 2026. In the meantime, the Trustee continues to review the default investment options on a quarterly basis. The Trustee also undertook an assessment of the Plan's self-select range as part of this triennial review.

Stewardship		
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.	Yes, the Trustee is satisfied that this policy has been followed.	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. The key responsibilities of BlackRock's Investment Stewardship Team are to: (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. In 2023, BlackRock's Investment Stewardship Team held more than 3,700 engagements with more than 2,500 unique companies across 50 markets. 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.

Voting and Engagement		
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.	Yes, the Trustee is satisfied that this policy has been followed.	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.
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.	The Trustee's fund manager reviews and updates their "Global Principles and market-specific voting guidelines" on an annual basis. The aim of these annual updates is to reflect the continuous strengthening of the fund manager's stewardship practices. The Trustee Secretariat has a copy of the fund manager's summary of the latest annual update.
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. Over the Plan year, the Trustee engaged with Aegon, the Plan's platform provider, to understand its position on BlackRock's stewardship, and any actions that have been taken to address concerns.

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.
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.	The Trustee was provided with voting reports relating to the period of the SIP. (See the section entitled "Voting behaviour")
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.	

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, 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.

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	911
Corporate Strategy	982
Remuneration	813
Environmental	
Climate Risk Management	653
Operational Sustainability	0
Social	
Human Capital Management	450

CNPP UK Equity Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	340
Corporate Strategy	358
Remuneration	345
Environmental	
Climate Risk Management	279
Operational Sustainability	0
Social	
Human Capital Management	156

CNPP Global Equity Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	828
Corporate Strategy	882
Remuneration	761
Environmental	
Climate Risk Management	657
Operational Sustainability	0
Social	
Human Capital Management	441

CNPP Global Equity (ex UK) Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	657
Corporate Strategy	718
Remuneration	592
Environmental	
Climate Risk Management	504
Operational Sustainability	0
Social	
Human Capital Management	364

CNPP Emerging Markets Equity Fund

Top Engagement Topic	Times Discussed
Governance	
Board Composition and Effectiveness	157
Corporate Strategy	194
Remuneration	106
Environmental	
Climate Risk Management	177
Operational Sustainability	0
Social	
Human Capital Management	73

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

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 31/03/2024:	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	1,920	2,713	1,036	2,783
Number of resolutions on which eligible to vote	24,856	36,348	14,654	23,079
Proportion of eligible resolutions on which voted	97%	97%	96%	98%
Of the resolutions on which you voted, what % did you vote with management?	93%	94%	96%	87%
Of the resolutions on which you voted, what % did you vote against management?	6%	5%	3%	12%
Of the resolutions on which you voted, what % did you abstain from voting?	0%	0%	1%	2%
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

BlackRock's selection of the voting themes is driven by its belief that they are likely to have the most impact on long-term financial value. The outcome it is seeking to achieve is to better understand how corporate leadership is managing risks and capitalizing on opportunities to help protect and enhance the company's ability to deliver long-term financial returns.

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.

LifePath Flexi Fund – Most Significant Votes

Company:	**Shell Plc**
Date:	23 May 2023
Resolution:	**Management proposal(s):** **Item 25:** Approve the Shell Energy Transition Progress **Shareholder proposal(s):** **Item 26:** Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement
BlackRock Vote:	BlackRock voted FOR Item 25 and AGAINST Item 26
Rationale:	**Item 25: Approve the Shell Energy Transition Progress (FOR)** **BIS supported this management proposal in recognition of the delivery to date against the company's Energy Transition Strategy.** Shell originally proposed their Energy Transition Strategy to shareholders at the May 2021 annual general meeting (AGM). The 2021 proposal received nearly 89% support from shareholders, including from BIS. This decision to support was based on our assessment that management had established clear policies and action plans to manage climate-related risks and opportunities and had provided a well-defined roadmap towards the company's stated climate-related ambitions and targets. At Shell's May 2022 AGM, management proposed an advisory, non-binding shareholder vote on a report on the progress made to date against the Energy Transition Strategy. BIS supported that proposal based on the company's disclosure detailing Shell's delivery against their stated strategy. At Shell's May 2023 AGM, the board submitted another resolution for an advisory vote "requesting shareholders support the progress against Shell's Energy Transition Strategy." BIS also supported this proposal. Overall, Shell has and continues to provide a clear assessment of their plans to manage climate-related risks and opportunities and has demonstrated continued delivery against their Energy Transition Strategy. Given that the speed and shape of a low carbon transition are unclear, company disclosures that include scenario analysis and provide context on the transition plan and targets, help investors' understanding of company-specific risks and opportunities. In our view, Shell's reporting and approach are aligned with our clients' long-term financial interests; therefore, we supported the management resolution. **Item 26: Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement (AGAINST)** **BIS did not support this shareholder proposal because in our view, it was overly prescriptive and unduly constraining on management's decision making.** A shareholder proposal on the agenda for Shell's May 2023 AGM requested that the company "align its existing 2030 reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C."

	In our commentary, "Climate-related risk and the energy transition," we discuss that, as investors, we find it helpful to be able to evaluate companies' assessments of their emissions across their value chain, or scope 3 emissions, where appropriate, and efforts to reduce them over time. A growing number of companies have started disclosing scope 3 emissions estimates, which provide important insight into the full carbon component of companies' goods and services. This further allows investors to evaluate the long-term risks and resilience of companies' value chains. However, we recognize that the methodology, accounting, assurance, and regulatory landscape for scope 3 emissions is complex, varied, and still evolving. Double counting is also a legitimate concern. Accordingly, we understand that the scope 3 disclosures that companies are able to make at this time will necessarily be on a good faith and best-efforts basis. For those reasons, BIS determined that the shareholder proposal was not aligned with the financial interest of shareholders. As a minority investor on behalf of our clients, BlackRock relies on the boards and management teams of companies to implement the strategies they deem most appropriate with the objective of delivering durable long-term financial returns. Therefore, BIS did not consider it in the financial interests of our clients to support this shareholder proposal. As discussed above, in our assessment of their Energy Transition Strategy, the company is addressing the risks and opportunities in their business model stemming from a low carbon transition and has demonstrated that they are delivering against their stated plan.

Company:	**ExxonMobil Corporation**
Date:	31 May 2023
Resolution:	**Item 8:** Report on Methane Emission Disclosure Reliability **Item 9:** Adopt Medium-Term Scope 3 GHG Reduction Target **Item 16:** Report on Social Impact from Plant Closure or Energy Transition
BlackRock Vote:	BlackRock voted AGAINST Items 8, 9, and 16
Rationale:	**Item 8: Report on Methane Emission Disclosure Reliability (AGAINST)** **BIS did not support this shareholder proposal because, in our assessment, Exxon has provided sufficient disclosures on both their approach to methane emissions abatement as well as how they are working to accurately measure and monitor methane emissions.** This shareholder proposal on the agenda at Exxon's May 2023 AGM requested that the company "issue a report analysing the reliability of its methane emission disclosures. The report should: be made public, omit proprietary information, and be prepared expeditiously at reasonable cost; and summarize the outcome of efforts to directly measure methane emissions, using recognized frameworks such as OGMP; and whether those outcomes suggest a need to alter the Company's actions to achieve its climate targets." In our view, Exxon's disclosures on their operational methane emissions, and their management of associated risks, give investors sufficient information to understand the company's approach. In addition to reporting on their emissions and reduction plans in their 2023 Advancing Climate Solutions Report and greenhouse gas (GHG) data supplement, on May 19, 2023, the company published information further clarifying their approach to methane management. Exxon's approach includes investments in technologies for direct measurement of methane emissions. They also have numerous leak detection and continuous monitoring programs in place and under development. Overall, BIS found Exxon's approach to managing methane emissions in their operations to be on par with the efforts of leading peers. The company has rigorous targets to reduce methane emissions, is deploying a wide range of technologies to more accurately measure progress against these targets and is participating in industry efforts to improve the accuracy of direct methane measurement.

Item 9: Adopt Medium-Term Scope 3 GHG Reduction Target (AGAINST)

BIS did not support this shareholder proposal because, in our view, the methodology for setting scope 3 targets in carbon intensive industries is still under development. Until there is a common framework for managing the related uncertainty and complexity, we look to company management to determine the appropriate disclosures to help investors understand their approach. Further, complying with the specific ask of the shareholder proposal may be unduly constraining on management and the board's ability to set the company's long-term business strategy.

The shareholder proposal requested that Exxon "set a medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C."

In our commentary, "Climate-related risk and the energy transition", we discuss that, as investors, we find it helpful to be able to evaluate companies' assessments of their emissions across their value chain, or scope 3 emissions, where appropriate, and any efforts to reduce them over time. A growing number of companies have started disclosing scope 3 emissions estimates, which provide important insight into the full carbon component of companies' goods and services. This further allows investors to evaluate the long-term risks and resilience of companies' value chains. However, we recognize that the methodology, accounting, assurance, and regulatory landscape for scope 3 emissions is complex, varied, and evolving. We understand that the scope 3 disclosures that companies are able to make at this time will necessarily be on a good faith and best-efforts basis. We believe that by meaningfully addressing risks relating to operational emissions including by setting emissions reduction targets on scope 1 and 2 emissions, including methane, companies can reduce the risk of climate to their businesses.

Based on these efforts and our engagements with the company, BIS believes that Exxon's management and board have demonstrated a more defined commitment to capturing opportunities relating to a transition to a low carbon economy, as well as minimizing attendant risks. Therefore, BIS did not believe it was in the financial interests of our clients to support this shareholder proposal.

Item 16: Report on Social Impact from Plant Closure or Energy Transition (AGAINST)

BIS did not support this shareholder proposal because, in our assessment, Exxon is taking the appropriate steps and already providing disclosure regarding their approach to workforce continuity amid a transition to a low-carbon economy.

The shareholder proposal requested that the board issue "a report regarding the social impact on workers and communities from closure or energy transition of the Company's facilities, and alternatives that can be developed to help mitigate the social impact of such closures or energy transitions."

In our experience, companies that invest in the relationships that are critical to their ability to meet their strategic objectives are more likely to deliver durable, long-term financial performance. By contrast, poor relationships may create adverse impacts that could expose companies to legal, regulatory, operational, and reputational risks. This is particularly the case regarding a company's workforce, as a significant number of companies acknowledge the importance of their workers in creating long-term financial value. Consequently, when we engage with companies on how they navigate material risks and opportunities presented by a low carbon transition, our conversations often include asking questions to understand how they plan to support affected workers.

BIS has engaged with members of Exxon's board and management team numerous times to better understand how the company is managing several high-profile concerns around human capital management and employee retention in order to ensure that the company continues to be able to attract and retain the talent needed for the future. We have found the board to be highly engaged on the subject and taking actions to oversee the company's risk management.

	In our assessment, Exxon's current disclosures provide adequate information for investors to make informed investment decisions. We therefore determined not to support the shareholder proposal.

Company:	**Chevron Corporation**
Date:	31 May 2023
Resolution:	**Item 5:** Rescind Scope 3 GHG Reduction Proposal **Item 6:** Adopt Medium-Term Scope 3 GHG Reduction Target
BlackRock Vote:	BlackRock voted AGAINST Items 5, 6.
Rationale:	**Item 5: Rescind Scope 3 GHG Reduction Proposal (AGAINST)** **BIS did not support this shareholder proposal which requested that the company rescind a 2021 shareholder proposal to reduce scope 3 emissions. The original proposal received 61% support in 2021, and the company subsequently took action to include scope 3 GHG emissions in certain of their metrics to help investors understand the company's value chain risk.** This shareholder proposal on the agenda at Chevron's May 2023 annual general meeting (AGM) requested that the company rescind a 2021 non-binding shareholder proposal asking the company "to reduce its Scope 3 emissions in the medium- and long-term future." Chevron's board recommended that shareholders vote against this proposal at the 2023 AGM. The 2021 shareholder proposal passed with 61% support, and the company subsequently took action to include scope 3 greenhouse gas (GHG) emissions in certain of their metrics to help investors understand the company's evolving efforts to mitigate risk. From a governance standpoint, we view this as a responsible reaction to shareholder feedback. From a climate risk management perspective, we found Chevron's approach to incorporating scope 3 GHG emissions into their Portfolio Carbon Intensity (PCI) targets to be a meaningful way for the company to reduce GHG emissions in their value chain while maintaining the integrity of their core business. The company states that their approach to scope 3 emissions, included in their PCI metric, "provides Chevron the flexibility to grow its Upstream and Downstream businesses provided it remains an increasingly carbon-efficient operator." This is contrary to the assertion in the proposal that the only response for an oil and gas company to scope 3 emissions reductions is through "substantially reducing consumer use of its products." In our view, reducing sales of company products is not the only means to achieving meaningful scope 3 reductions. On balance, the proponent's request to rescind a nonbinding shareholder proposal from two years ago, which subsequently passed and upon which the company has already taken action would not represent good corporate governance practice and therefore would not be in the best financial interests of our clients. **Item 6: Adopt Medium-Term Scope 3 GHG Reduction Target (AGAINST)** **BIS did not support this shareholder proposal because the company has already taken actions that address the proponent's request given that they incorporate scope 3 emissions into their aforementioned PCI metric. Further, complying with the specific ask of the shareholder proposal may be unduly constraining on management's ability to set the company's long-term business strategy.** The shareholder proposal requested that Chevron "set a medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C."

	In our commentary, "Climate-related risk and the energy transition," we discuss that as investors we find it helpful to be able to evaluate companies' assessments of their emissions across their value chain, or scope 3 emissions, where appropriate, and efforts to reduce them over time. A growing number of companies have started disclosing scope 3 emissions estimates, which provide important insight into the full carbon component of companies' goods and services. This further allows investors to evaluate the long-term risks and resilience of companies' value chains. However, we recognize that the methodology, accounting, assurance, and regulatory landscape for scope 3 emissions is complex, varied, and evolving, and understand that the scope 3 disclosures that companies are able to make will necessarily be on a good faith and best-efforts basis. BIS did not support this shareholder proposal because Chevron has already incorporated scope 3 emissions into their PCI metric, including a target to reduce scope 1, 2 and 3 GHG emissions by more than 5% in 2028 from a 2016 baseline. Chevron is also targeting the reduction of carbon intensity by 35% across its upstream business by 2028 compared to 2016 and a goal of zero routine flaring of methane by 2030. The company also maintains a net zero aspiration for equity upstream scope 1 and 2 emissions. Accordingly, we did not support the shareholder proposal as it was not aligned with our clients' financial interests as long-term investors.

ACS 5050 Global Equity Fund – Most Significant Votes

Company:	YUM! Brands
Date:	18 May 2023
Resolutions:	**Item 5:** Shareholder Proposal Regarding Issuance of a Report on Efforts to Reduce Plastics Use
BlackRock Vote:	BlackRock voted AGAINST this item.
Rationale:	**Item 5: Shareholder Proposal Regarding Issuance of a Report on Efforts to Reduce Plastics Use (Against)** **BIS did not support this proposal, which requested Yum! to issue a report detailing the company's efforts to reduce plastics use. In our analysis, Yum!'s existing disclosures on plastics use – particularly their new packaging policy and reduction goals – are comprehensive and provide sufficient information to allow investors to understand the company's approach to managing the risks of plastics use.** This shareholder proposal requested that Yum!'s board issue a report "…describing how the Company will reduce its plastics use by shifting away from single-use packaging…" in response to recent regulatory trends in certain jurisdictions which have levied taxes on and/or banned the use of single-use plastic products. The proposal further clarified that such a report should explicitly "evaluate dramatically reducing the amount of plastic" used in the company's packaging. BIS engages with companies in certain sectors, including the restaurant industry, on their approach to plastic packaging. Given the impact on long-term shareholder value (such as increasing customer demand for recyclable packaging and potential regulatory costs), we appreciate when companies who produce or rely heavily on plastics in their products or operations disclose information on how waste is managed. Where a matter such as plastic usage is material to a company's long-term strategy, we look to their disclosures to assess risk oversight, and to understand how such impacts and dependencies are managed. Specifically, we find it helpful when companies disclose any targets for managing these factors, how they monitor progress against these stated goals, and how these efforts might contribute to process and resource efficiencies. In July 2022, Yum! updated their sustainable packaging policy, outlining the actions they have taken and those that they plan to take to address the issue of plastic-based packaging. Among other things, the company set goals to eliminate unnecessary plastics use, reduce virgin plastic content by 10%, and move consumer-facing plastic packaging to be reusable, recyclable, or compostable by 2025

	across all brands. We note that there are areas where, in our assessment, Yum! could improve their disclosure, particularly in setting targets for reusable packaging. However, Yum!'s existing disclosures and commitments are sufficiently comprehensive for investors to understand their approach. The company's packaging policy and reduction goals are appropriately set by the Board and management team in their oversight and management, respectively, of the business. We, therefore, do not consider it is necessary for shareholders to direct management to undertake a review of them less than a year after the release of the new policy and targets. As a result, BIS did not believe it was in the financial interests of our clients to support this shareholder proposal.

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

TRUSTEE'S REPORT
YEAR ENDED 31 MARCH 2024

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.

Approved at the Trustee meeting on 8 October 2024 and signed for and on behalf of the Trustee:

M Condron

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Chair, Mark Condron
On behalf of Capital Cranfield Pension Trustees Limited in its capacity as Director
Date: 14 October 2024

CHAIR'S STATEMENT
YEAR ENDED 31 MARCH 2024

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 2024 (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;
- Asset allocation for the default arrangements has been disclosed;
- The amounts of charges and costs borne by members are as set out in Annex 2;
- Specified performance-based fees were not applicable in relation to the default arrangements.
- 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 fourth Supervisory Return since the Plan became an authorised Master Trust was submitted to the Pensions Regulator for the year end 31 March 2024.

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 comprehensive quarterly report of the actions undertaken to maintain its Master Trust Authorisation.

The Trustee's fourth supervisory return, as at 31 March 2024, was compiled and submitted to TPR on 28 June 2024, meeting TPR's required timescale.

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 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.

CHAIR'S STATEMENT
YEAR ENDED 31 MARCH 2024

Approved at the Trustee meeting on 8 October 2024 and signed on behalf of the Trustee[1] by:

M Condron

Chair, Mark Condron
On behalf of Capital Cranfield Pension Trustees Limited in its capacity as Director
Date: 14 October 2024

[1] Reg 23(1)(e) Administration regulations

CHAIR'S STATEMENT
YEAR ENDED 31 MARCH 2024

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 2024. 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. The Plan has two default arrangements for DC members who did not make an active fund choice, the Aegon BlackRock LifePath Flexi Funds and the Aegon BlackRock LifePath Capital Funds.

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

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.

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.

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, default arrangement and the self-select funds took place in December 2023[3] and assessed the suitability and performance of both default strategies and self-select range. 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. As such, no changes resulted from that review[4].

The Plan's investment adviser conducted this triennial strategy review by obtaining the relevant data from the Plan's provider, Aegon, the investment manager, BlackRock, and Prudential, the Plan's with-profits provider. Once received, the data was analysed and shared with the Trustee.

[2] Regulation 23(1)(a)(i) Administration Regulations
[3] Regulation 23(1)(a)(ii) Administration Regulations (NB that as a review was carried out Regulation 23(1)(a)(iv) does not apply.
[4] Regulation 23(1)(a)(iii) Administration Regulations

Further detail on the conclusions of this triennial strategy review:

- Review of the BlackRock LifePath strategies (default arrangements):
    - The default arrangements are appropriately designed to reflect the different ways members in both Sections are likely to access their retirement benefits, and investment performance has been in line with expectations.
    - They are also designed appropriately to reflect the different expected benefits members will choose at retirement, together with the changing nature of risks over time.
    - The Plan's investment adviser believes that BlackRock continue to have the necessary people and investment skills in order to manage the LifePath funds. There is a focus on continual improvement and ESG is already integrated into the strategies, with further allocations planned.
    - The asset allocation is well diversified both within and across asset classes.
    - The two main default arrangements (together with the Plan's contribution structure) are invested in a suitable manner to give members the chance of achieving good retirement outcomes.
    - The performance of the default arrangement was reviewed and remains appropriate.
    - Overall, the Plan's investment adviser is satisfied that both default arrangements continue to remain suitable for the respective memberships of the Sections of the Plan.
- Self-select investment options:
    - The CNPP self-select range offers a mix of active and passive investment options.
    - The range of self-select funds covers the main asset classes to enable members to build a portfolio that suits most attitudes to risk.
    - The performance of the self-select investment options were reviewed and remain appropriate.
    - The Plan's investment adviser is satisfied that the self-select range offers sufficient choice across the risk/return spectrum for those members who wish to make their own investment decisions. It covers all the main asset classes expected.

Asset Allocation disclosure for default arrangements[5]:

The DC retirement journey encompasses many different life stages. As part of the triennial strategy review, which took place in December 2023, the Plan's investment adviser, Redington, identified three key stages of the journey for the LifePath Flexi arrangement: 'asset growth', 'volatility management', and 'retirement planning' when considering how to understand diverse memberships needs.

This segmentation process helps the Trustee evidence that the default investment strategy remains suitable for a wide range of members; and differentiate between the needs of different member cohorts with different DC savings objectives.

For the LifePath Capital arrangement, the same analysis was completed as part of the triennial strategy review in December 2023, to update the representative cohorts of members. The table below summarises the asset allocations across asset classes, for each of the representative ages of the funds. This asset allocation is as at end March 2024.

Asset allocation (%)	Cash	Bonds	Listed Shares	Unlisted Shares	Infrastructure	Property	Debt Instrument	Other
LifePath Flexi Fund								
Age 25	0	0	95	0	0	5	0	0
Age 39	0	8	88	0	0	4	0	0
Age 57	0	43	55	0	0	2	0	0
LifePath Capital Fund								
Age 44	0	27	70	0	0	3	0	0
Age 57	57	23	19	0	0	1	0	0

[5] Regulation 23(1)(cc) Administration Regulations

(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[6].

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).

[6] Reg 23(1A) Administration Regulations

CHAIR'S STATEMENT
YEAR ENDED 31 MARCH 2024

Charges for the default arrangements[7]
The charges and transaction costs for the default arrangements for each Section during the Plan year to 31 March 2024 are given in Annex 2. The 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

Source: Aegon

It should be noted that specified performance-based fees were not applicable in relation to the default arrangements.

Transaction costs for the default arrangements[8]
The transaction costs borne by members in the default arrangements during the Plan year to 31 March 2024 are shown below. All transaction costs have been obtained for the default arrangements:

Section	Default arrangement	Transaction costs
1. CNPP New Joiners DC Structure (includes both CPS and GPS Sections)	Aegon BlackRock LifePath Flexi Funds	0.05% to 0.07% p.a. or £0.50 to £0.70 cost per £1,000 fund value
2. CNPP Defined Benefit (DB) Structure SPPP	Aegon BlackRock LifePath Capital Funds	0.02% to 0.07% p.a. or £0.20 to £0.70 cost per £1,000 fund value

Charges for the investment options outside the default arrangements for the period to 31 March 2024[9]
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	13 fund choices (including the two LifePath default options)	From 0.15% to 0.57%	-
CNPP DB Structure AVCs	Prudential With Profits Fund (not open to new contributors)	0.96% (average)	With-profits investments are currently subject to an average fund charge of 0.96% per year. The charge isn't guaranteed to remain at this level and may change in the future.

7 Reg 23(1)(c)(i) Administration Regulations
8 Reg 23(1)(c)(i) Administration Regulations
9 Reg 23(1)(c)(ii) Administration regulations

Transaction costs for the self-select investment options outside the default arrangement[10]
The transaction costs for self-select investment options outside the default arrangements borne by members during the year are shown below. All transaction costs have been obtained for the self-select investment options:

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	13 fund choices (including the two LifePath default options)	From 0.00% to 0.32% p.a. or a cost of up to £3.20 per £1,000 invested.
CNPP DB Structure AVCs	Prudential With Profits Fund (not open to new contributors)	0.17% p.a. or a cost of £1.70 per £1,000 invested.

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 0.96%.

The transaction costs for AVCs invested in With Profits borne by members for the period 1 April 2023 to 31 March 2024 were 0.17% of the amount invested or, put another way, a cost of £1.70 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 illustrations[11] 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, a member who joined the LifePath Flexi default arrangement at age 16. Their pension pot grows under the following assumptions to a projected invested value at retirement of £1,666,331.

- Future contribution of £12,778p.a.
- Growth rate - 3.5% annually.

This is assuming that no costs or charges are taken into account. After deducting estimated costs and charge, the member's projected invested value at retirement i.e. at age 65, would be £1,538,843.

[10] Reg 23(1)(c)(ii) Administration regulations
[11] Reg 23(1)(ca) Administration Regulations

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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.[12] Members are notified of the availability of the Chair's annual statement in annual benefit statement correspondence.

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

(c) Past performance[13]

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[14].

For the funds in the default arrangement, the 5-year performance is not available, as the corresponding C-share class was launched in 2022. As such, the 5-year performance has been shown for the corresponding Q-share class as performance is likely to be similar.

Funds in the default arrangements	1 year (per year)	5 year (per year) Q Class
Aegon BlackRock LifePath Capital (BLK) Class C2L	**5.04**	**1.29**
SONIA Sterling Over Night Index Average	4.91	1.51
Relative Return	0.13	-0.22
Aegon BlackRock LifePath Capital 2022-2024 (BLK) Class C2	**4.85**	**2.51**
Benchmark Return	6.97	2.01
Relative Return	-2.12	0.50
Aegon BlackRock LifePath Capital 2025-2027 (BLK) Class C2	**7.18**	**3.43**
Composite Benchmark	9.25	3.12
Relative Return	-2.07	0.31
Aegon BlackRock LifePath Capital 2028-2030 (BLK) Class C2	**9.29**	**4.42**
Composite Benchmark	11.06	4.22
Relative Return	-1.77	0.21
Aegon BlackRock LifePath Capital 2031-2033 (BLK) Class C2	**11.44**	**5.14**
Composite for LifePath ACS 2031 - 33	12.32	5.22
Relative Return	-0.88	-0.08
Aegon BlackRock LifePath Capital 2034-2036 (BLK) Class C2	**13.09**	**5.93**
Composite for LifePath ACS 2034 - 36	13.38	5.90
Relative Return	-0.29	0.03
Aegon BlackRock LifePath Capital 2037-2039 (BLK) Class C2	**14.33**	**6.69**
Composite for LifePath ACS 2037 - 39	14.58	6.65
Relative Return	-0.25	0.04
Aegon BlackRock LifePath Capital 2040-2042 (BLK) Class C2	**15.85**	**7.47**
Composite for LifePath ACS 2040 - 42	16.03	7.41
Relative Return	-0.18	0.06
Aegon BlackRock LifePath Capital 2043-2045 (BLK) Class C2	**17.17**	**8.21**
Composite for LifePath ACS 2043 - 45	17.26	8.17
Relative Return	-0.09	0.04
Aegon BlackRock LifePath Capital 2046-2048 (BLK) Class C2	**18.46**	**8.90**

[13] Reg 23(1)(aa) Administration regulations
[14] 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.

Funds in the default arrangements	1 year (per year)	5 year (per year) Q Class
Composite for LifePath ACS 2046 - 48	18.53	8.87
Relative Return	-0.07	0.04
Aegon BlackRock LifePath Capital 2049-2051 (BLK) Class C2	**19.42**	**9.34**
Composite for LifePath ACS 2049 - 51	19.50	9.33
Relative Return	-0.08	0.01
Aegon BlackRock LifePath Capital 2052-2054 (BLK) Class C2	**20.16**	**9.67**
Composite for LifePath ACS 2052 - 54	20.25	9.68
Relative Return	-0.09	-0.01
Aegon BlackRock LifePath Capital 2055-2057 (BLK) Class C2	**20.51**	**9.85**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.20	0.00
Aegon BlackRock LifePath Capital 2058-2060 (BLK) Class C2	**20.64**	**9.88**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.07	0.02
Aegon BlackRock LifePath Capital 2061-2063 (BLK) Class C2	**20.64**	**9.88**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.07	0.02
Aegon BlackRock LifePath Capital 2064-2066 (BLK) Class C2	**20.65**	**9.87**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.06	0.01
Aegon BlackRock LifePath Capital 2067-2069 (BLK) Class C2	**20.66**	**9.85**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.05	-0.01
Aegon BlackRock LifePath Flexi (BLK) Class C2	**7.79**	**2.60**
Composite for LifePath ACS	8.03	2.59
Relative Return	-0.24	0.00
Aegon BlackRock LifePath Flexi 2022-2024 (BLK) Class C2	**7.73**	**3.03**
Composite for LifePath ACS 2022 - 24	7.97	3.07
Relative Return	-0.24	-0.05
Aegon BlackRock LifePath Flexi 2025-2027 (BLK) Class C2	**9.46**	**3.84**
Composite for LifePath ACS 2025 - 27	9.92	3.91
Relative Return	-0.46	-0.07
Aegon BlackRock LifePath Flexi 2028-2030 (BLK) Class C2	**10.80**	**4.57**
Composite for LifePath ACS 2028 - 30	11.19	4.56
Relative Return	-0.39	0.02
Aegon BlackRock LifePath Flexi 2031-2033 (BLK) Class C2	**11.99**	**5.25**
Composite for LifePath ACS 2031 - 33	12.32	5.22
Relative Return	-0.34	0.03
Aegon BlackRock LifePath Flexi 2034-2036 (BLK) Class C2	**13.09**	**5.93**

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Funds in the default arrangements	1 year (per year)	5 year (per year) Q Class
Composite for LifePath ACS 2034 - 36	13.38	5.90
Relative Return	-0.28	0.03
Aegon BlackRock LifePath Flexi 2037-2039 (BLK) Class C2	**14.33**	**6.69**
Composite for LifePath ACS 2037 - 39	14.58	6.65
Relative Return	-0.25	0.04
Aegon BlackRock LifePath Flexi 2040-2042 (BLK) Class C2	**15.85**	**7.46**
Composite for LifePath ACS 2040 - 42	16.03	7.41
Relative Return	-0.18	0.06
Aegon BlackRock LifePath Flexi 2043-2045 (BLK) Class C2	**17.17**	**8.21**
Composite for LifePath ACS 2043 - 45	17.26	8.17
Relative Return	-0.09	0.03
Aegon BlackRock LifePath Flexi 2046-2048 (BLK) Class C2	**18.47**	**8.91**
Composite for LifePath ACS 2046 - 48	18.53	8.87
Relative Return	-0.07	0.04
Aegon BlackRock LifePath Flexi 2049-2051 (BLK) Class C2	**19.42**	**9.34**
Composite for LifePath ACS 2049 - 51	19.50	9.33
Relative Return	-0.08	0.02
Aegon BlackRock LifePath Flexi 2052-2054 (BLK) Class C2	**20.16**	**9.67**
Composite for LifePath ACS 2052 - 54	20.25	9.68
Relative Return	-0.09	-0.01
Aegon BlackRock LifePath Flexi 2055-2057 (BLK) Class C2	**20.51**	**9.85**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.20	-0.01
Aegon BlackRock LifePath Flexi 2058-2060 (BLK) Class C2	**20.64**	**9.87**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.07	0.02
Aegon BlackRock LifePath Flexi 2061-2063 (BLK) Class C2	**20.64**	**9.87**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.07	0.02
Aegon BlackRock LifePath Flexi 2064-2066 (BLK) Class C2	**20.65**	**9.88**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.06	0.02
Aegon BlackRock LifePath Flexi 2067-2069 (BLK) Class C2	**20.66**	**9.88**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.05	0.02
Aegon BlackRock LifePath Flexi 2070-2072 (BLK) Class C2	**20.68**	**9.89**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.03	0.03
Aegon BlackRock LifePath Flexi 2073-2075 (BLK) Class C2	**20.68**	**9.88**

Funds in the default arrangements	1 year (per year)	5 year (per year) Q Class
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.03	0.02
Aegon BlackRock LifePath Retirement (BLK) Class C2	**2.37**	**-2.07**
Composite Benchmark	2.14	-2.53
Relative Return	0.23	0.46
Aegon BlackRock LifePath Retirement 2022-2024 (BLK) Class C2	**2.66**	**-0.34**
Composite Benchmark	5.66	0.13
Relative Return	-3.00	-0.47
Aegon BlackRock LifePath Retirement 2025-2027 (BLK) Class C2	**5.90**	**1.48**
Composite for LifePath Retirement 2025 - 27	6.13	1.41
Relative Return	-0.23	0.07
Aegon BlackRock LifePath Retirement 2028-2030 (BLK) Class C2	**8.61**	**3.40**
Composite for LifePath Retirement 2028-30	8.90	3.28
Relative Return	-0.28	0.12
Aegon BlackRock LifePath Retirement 2031-2033 (BLK) Class C2	**11.40**	**5.15**
Composite for LifePath ACS 2031 - 33	12.32	5.22
Relative Return	-0.92	-0.07
Aegon BlackRock LifePath Retirement 2034-2036 (BLK) Class C2	**13.09**	**5.92**
Composite for LifePath ACS 2034 - 36	13.38	5.90
Relative Return	-0.29	0.02
Aegon BlackRock LifePath Retirement 2037-2039 (BLK) Class C2	**14.33**	**6.69**
Composite for LifePath ACS 2037 - 39	14.58	6.65
Relative Return	-0.26	0.03
Aegon BlackRock LifePath Retirement 2040-2042 (BLK) Class C2	**15.85**	**7.46**
Composite for LifePath ACS 2040 - 42	16.03	7.41
Relative Return	-0.18	0.05
Aegon BlackRock LifePath Retirement 2043-2045 (BLK) Class C2	**17.17**	**8.20**
Composite for LifePath ACS 2043 - 45	17.26	8.17
Relative Return	-0.09	0.03
Aegon BlackRock LifePath Retirement 2046-2048 (BLK) Class C2	**18.46**	**8.90**
Composite for LifePath ACS 2046 - 48	18.53	8.87
Relative Return	-0.07	0.03
Aegon BlackRock LifePath Retirement 2049-2051 (BLK) Class C2	**19.42**	**9.34**

Funds in the default arrangements	1 year (per year)	5 year (per year) Q Class
Composite for LifePath ACS 2049 - 51	19.50	9.33
Relative Return	-0.09	0.01
Aegon BlackRock LifePath Retirement 2052-2054 (BLK) Class C2	**20.15**	**9.66**
Composite for LifePath ACS 2052 - 54	20.25	9.68
Relative Return	-0.10	-0.01
Aegon BlackRock LifePath Retirement 2055-2057 (BLK) Class C2	**20.50**	**9.85**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.21	-0.01
Aegon BlackRock LifePath Retirement 2058-2060 (BLK) Class C2	**20.63**	**9.87**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.08	0.01
Aegon BlackRock LifePath Retirement 2061-2063 (BLK) Class C2	20.63	9.87
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.08	0.01
Aegon BlackRock LifePath Retirement 2064-2066 (BLK) Class C2	**20.64**	**9.81**
Composite for LifePath Early Days Fund	20.71	9.86
Relative Return	-0.07	-0.05
CNPP Cash Class C2	**5.04**	**-**
SONIA Sterling Over Night Index Average	4.91	-
Relative Return	0.13	0.00
CNPP Corporate Bonds Class C2	**6.19**	**-0.48**
iBoxx Sterling Non-Gilts Index	6.14	-0.39
Relative Return	0.05	-0.08
CNPP Emerging Markets Equity Class C2	**4.96**	**2.56**
Aquila Connect EM historic component	6.19	3.14
Relative Return	-1.24	-0.58
CNPP ESG Multi-Asset Fund Class C2	**7.74**	**-**
Bank of England Base Rate Index - GBP	4.98	-
Relative Return	2.76	0.00
CNPP Global Equity (ex UK) Class C2	**23.67**	**13.14**
FTSE All World Developed ex UK Net of Tax GBP	23.01	13.16
Relative Return	0.67	-0.03
CNPP Global Equity Class C2	**13.02**	**8.04**
Aquila Life (50:50) Global Equity Benchmark	13.19	8.24
Relative Return	-0.16	-0.20
CNPP Index-Linked Gilt Class C2	**-7.74**	**-6.81**
FTSE Actuaries UK Index-Linked Gilts over 5 Years Index	-6.83	-6.52

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Funds in the default arrangements	1 year (per year)	5 year (per year) Q Class
Relative Return	-0.91	-0.29
CNPP Multi-Asset Class C2	**9.42**	**3.36**
Bank of England Base Rate Index - GBP	4.98	1.64
Relative Return	4.44	1.72
CNPP Pre Retirement Class C2	**1.28**	**-3.44**
Benchmark Return	1.03	-3.80
Relative Return	0.25	0.35
CNPP Sharia Law Class C2	**29.39**	**16.69**
Dow Jones Islamic Market Titans 100 Total Return Index (GBP)	30.40	17.39
Relative Return	-1.01	-0.69
CNPP UK Equity Class C2	**6.86**	**4.74**
FTSE All-Share TR Index	8.43	5.44
Relative Return	-1.57	-0.70

(d) Value for Members[15]

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.

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). The Trustee reviewed and challenged the scored assigned to each area, ensuring they accurately represent the Plan's ongoing activities. Additionally, it was confirmed that the scores solely reflect actions taken during the reporting year and exclude any consideration of future actions.

Area Reviewed	**Assessment Factors**	**CNPP Score 2023**	**CNPP Score 2024[16]**
		Average: 4.3	**Average: 4.3**
Trustee Governance (15% weighting)	• Process in place for adding/removing/reviewing Trustee • Management Information availability • Progress of previous VfM analysis – areas of improvement	**4.2**	**4.2**
Administration (25% weighting)	• 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**	**4.1**
Communication & Tools (10% weighting)	• 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)	• Beliefs related to ESG • ESG focus within default strategy • Range of alternative ESG funds or strategies being offered • Charges across ESG funds	**4.5**	**4.6**
Investment (35% weighting)	• Charges for default option • Charges for self-select options • Suitability of default and self-select options • Investment performance	**4.4**	**4.5**

[15] Reg 23(1)(c)(iv) Administration Regulations
[16] Scores are calculated using Redington's scoring system - 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).

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

- Continuation of strong governance and oversight from the Trustee Board and a competitive contribution structure
- The default investment options continue to improve with further ESG integration into the LifePath funds.
- For members who choose to self-select they continue to receive a range of self-select investment options. The Trustee continues to try to improve the ESG range offered in this range.
- In the context of the AVC assets, Prudential continues to offer one of the best performing and well rated with-profits funds.

Over the 2023-2024 Plan year, the Trustee undertook the following steps to improve value for members:
During the year under review, the Trustee completed a triennial review to assess the suitability of the default strategy and self-select fund range for the current membership, including assessing the performance of the default strategy, default funds and the self-select funds. The review found that the Plan remains suitable for members. In addition, with the help of its advisors, the Trustee agreed on the update of the scenario analysis for the Plan's 3rd year of TCFD reporting, to be published by October 2024.

Please note that future improvements within each area, as mentioned in the rationale section of Redington's assessment, have not been used to determine the scores for this year.

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 2023 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 2023 Chairman's Statement	Progress
Ongoing – Continue to engage with BlackRock – the manager of the default LifePath Flexi and Capital Funds – to understand their approach with the illiquid allocation within the LifePath funds and how illiquid assets could be best incorporated.	The Plan's investment adviser will continue to engage with BlackRock to understand their approach on illiquid allocations in the LifePath funds, and update the Trustee accordingly.
Ongoing: The Trustee will continue to assess member interest in introducing the ESG Global Equity Fund to the self-select fund range.	This will be progressed through the remainder of 2024 through member presentations which will take place in H2 2024.
Ongoing: Continue to work with Aegon to prepare further member presentations and explore improving member self service activities. This includes a partnership with Aegon Master Trust for Drawdown, which provides members with electronic communications and further materials in their retirement journey.	There are a number of written communications and a further series of DC presentations, taking place throughout 2024/2025. The aim being to improve understanding and increase the use by the membership of TargetPlan, with the ultimate goal of communicating electronically. A Drawdown offering is expected to go live later in 2024.

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 2023, providing easy contact details.

(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.[17]

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 to the Trustee 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).

[17] Reg 23(1)(b) Administration Regulations

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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; and
- Considering member feedback and complaints received during the Plan year.

The Trustee is aware following previous service challenges in the 2022 calendar year, Aegon exceeded SLA target overall of 95% throughout the 2023 year and the Q1 reporting period for 2024. Investment in service delivery has continued by Aegon, most notably with the implementation of a new Workflow application and the move to purpose-built premises for the TargetPlan Centre of Excellence, both implemented in early 2024.

The Trustee is satisfied that during the Plan Year:

- Core financial transactions were processed accurately, promptly and efficiently[18]
- The wider administration of the Plan has generally achieved the agreed service standards.

[18] Reg 23(1)(b) Administration Regulations.

(f) Trustee knowledge and understanding ("TKU")[19]

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. There is currently a vacancy for an IND due to be filled in 2024/25 Plan year.

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.
- The Trustee Directors apply the Trustee's conflicts of interest policy on a daily basis. Explicitly reminding themselves of its duties at every meeting.
- The Trustee reviewed the Plan's Integrated Risk Management dashboard twice during the Plan year at its meetings on 26 April 2023 and 12 October 2023, 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 1 May 2024.
- 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 December 2023 and the Statement was updated in February 2024 to ensure it was compliant with the new requirements introduced by the Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023; 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.

[19] Reg 23(1)(d) Administration Regulations

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 7 February 2024. 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 2026. Some minor changes were adopted in 2024 mainly to refine wording and remove historical process information. 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 26 April 2023.
- By reviewing against the Skills Matrices it identifies both individual training needs and knowledge gaps which are common across the Trustee. No areas for collective training were identified through the review.
- 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 the 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;
- depending on immediate items of business, training sessions with advisers are arranged, for example a session with advisers on the valuation process was incorporated into the induction process in this Plan year;
- The Secretariat meets new Trustee Directors after six months of appointment to evaluate the effectiveness of the introductory training and discuss further training needs. The effectiveness of the introductory training is assessed and further training is arranged as necessary.

- 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 the Plan year TKU was assessed against the Skills Matrices required for the Master Trust regulations. No gaps in collective knowledge or training requirements were identified following the annual process explained below.
- 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 26 April 2023 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. The annual review of the Trustee Fit & Proper Assessments were undertaken and reported to the Trustee at its meetings on 26 April 2023 and 1 May 2024 and included in the corresponding minutes.

CHAIR'S STATEMENT
YEAR ENDED 31 MARCH 2024

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
12/10/2023	Investment training day covering – Introduction to Stewardship, Voting & Engagement, Mansion House Reforms (including Value for Members consultation), TCFD refresher, Investment Risk & CNPP Funding Journey.	To strengthen Trustee understanding.	DB and DC Investment Consultants, & Investment Managers
06/02/2024	Triennial Valuation Training	An overview and training on the triennial valuation process for new Trustees and refresher for existing Trustee.	Isio
20/03/2024	Redington's DC modelling system	A training session on Redington's DC modeller	Redington
01/05/2024	Master Trust Training	Refresher training on the responsibilities of the Trustee and Scheme Strategist and ongoing authorisation requirements.	Isio

CHAIR'S STATEMENT
YEAR ENDED 31 MARCH 2024

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 Procurement requirements and accordingly seeks to comply with those requirements when issuing 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 no reviews of appointments took place which aligned to the Trustee Work Plan.

The procurements of a Scheme Actuary previously re-scheduled for Q4 2024 has been deferred to mid-2026. The reasoning for this was twofold;

- Due to the introduction of the CARE benefit design continuity of knowledge and experience of the Plan is essential; and
- Preparations are underway for the next triennial valuation as at 31 March 2025 so the procurement is deferred until completion of the valuation.

The following reviews are scheduled for 2024/25.

- Appointment of Legal adviser to support Legal Procurement Q4 2024
- Procurement of Plan Legal Adviser Q1 2025
- Group Life Insurer Q1 2025

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 2024.

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.

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-affiliated 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 is continuing to work with Aegon on a system upgrade to enable electronic communications with members.
- The Trustee will publish their third 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.
- The Trustee is updating retirement communications and options for members.

Annex 1

Combined Nuclear Pension Plan – DC SectionsStatement 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 the Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboards (Amendment) Regulations 2023 and 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 strategyor 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 havethe 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, theTrustee 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.

M Condron

Chairman, Mark Condron on behalf of Capital Cranfield Pension Trustees Limited

Signed for and on behalf of the Trustee of the Combined Nuclear Pension Plan
December 2023

This Statement of Investment Principles ("SIP") supersedes the previous version dated September 2021.

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 dependents 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 needto 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;
- 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 and faith-based funds; and
- Help members more closely tailor how their pension pot is invested to their personal needs and attitude torisk.

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;
- The likely sizes of members' pension pots at retirement;
- Previous sources of retirement income from the Employers;
- 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
- That members may want responsible, ethical or faith-based investment options.

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.

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, 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 aresult, do not produce adequate retirement benefits. Further from retirement, this risk should be countered by investing in funds which are expected to producereturns 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 turningmembers' 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 mixof 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 ofturning 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 ordisinvestments requested by the Trustee and/or members.
- The risk that counterparties holding derivative based assets may default leading to a reduction in thevalue 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 assetprices 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.

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-financialperformance 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 thefund 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. 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.

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	Lower than equities

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
Fixed Interest Government Bonds (e.g. UK Gilts)	Positive, but lower than equities, or corporate bonds	Lower than equities orcorporate bonds
Index-Linked Government Bonds (e.g. UK Index-Linked Gilts)	In line with inflation	Lower than equities orcorporate 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 netreturns.

Investment policy on illiquid assets
The default arrangement for the Plan does not currently invest in illiquid assets but has small allocation in properties via a REITs fund. Younger members have around a 5% exposure to REITs. This exposure decreases gradually to around 0.5% one year before their retirement. These assets are invested by BlackRock, the investment manager, in respect of the qualifying collective money purchase scheme via a collective investment scheme under Non-UCITS Retail Schemes (NURS) rules.

The Trustee believes that there may be financial benefits to investing in illiquid assets. However, the Trustee notes the following challenges: 1) illiquid assets typically have higher fees and transaction costs than liquid assets, which may reduce the net returns for members; 2) Illiquid assets may have longer lock-up periods or limited redemption windows, which may not suit the liquidity needs of DC members who want to access their pension pots flexibly; and 3) Illiquid assets may have lower transparency and valuation frequency than liquid assets, which may make it harder for members to monitor their investment performance and risks. However, the Trustee plans to explore the feasibility of increasing investment in illiquid assets with its investment adviser and investment manager, and to keep its policy on illiquid investments under regular review.

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 in some market conditions to protect the interests of all investors in that fund.

Nevertheless, the Trustee recognises that most members' pension accounts have a long investment timeframe, during which assets which are less easily traded 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.

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 use 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.

Appendix 1: Investment Implementation Document

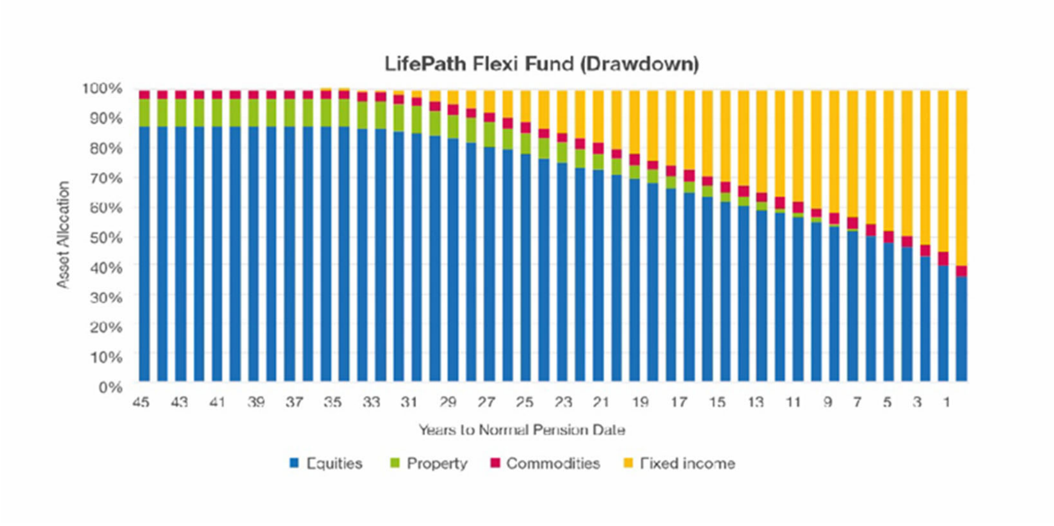
The funds available to members are:

Fund	Total Annual Management Charge (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	0.57
CNPP Multi-Asset Fund	0.56
CNPP ESG Multi-Asset Fund	0.39
CNPP Index-linked Gilt Fund	0.16
CNPP Corporate Bonds Fund	0.16
CNPP Pre-Retirement Fund	0.31
Aegon BlackRock Cash Fund	0.18
Aegon BlackRock LifePath Flexi Funds*	0.23
Aegon BlackRock LifePath Capital Funds*	0.23
Aegon BlackRock LifePath Retirement Funds	0.23
Prudential With-Profits Fund**	0.96

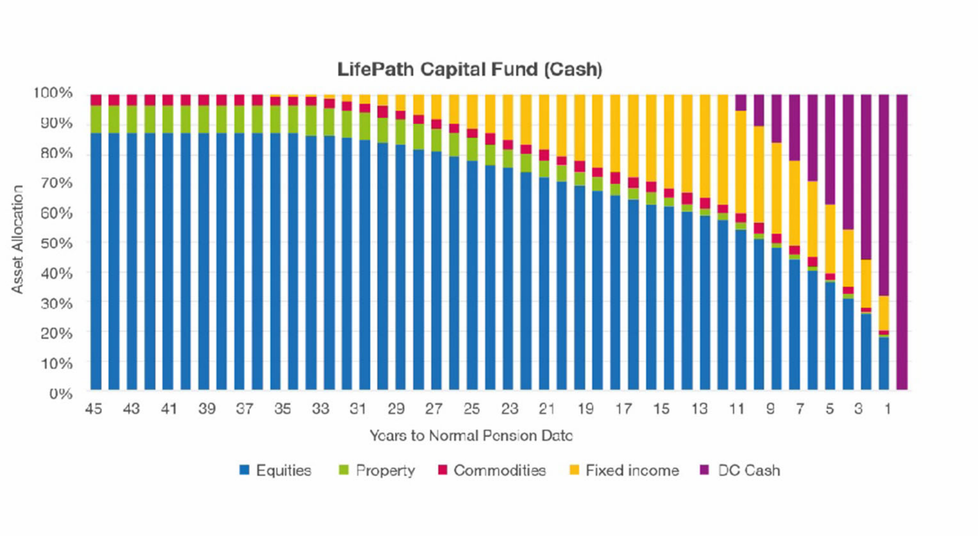
* Default options.
** Only available for existing AVC investments – closed to future AVCs.

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.

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:



Annex 2

Tables of funds and charges
2a Default arrangements

The funds' annualised charges (as Total Expense Ratios) and transaction costs from 1 April 2023 to 31 March 2024 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	0.05 to 0.07	0.50 to 0.70
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	0.02 to 0.07	0.20 to 0.70

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.

2b Lifestyle options outside the default arrangement

The funds' annualised charges (as Total Expense Ratios) and transaction costs from 1 April 2023 to 31 March 2024 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	0.05 to 0.07	0.50 to 0.70

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 2023 to 31 March 2024 for the self-select funds were:

Plan Section	Aegon BlackRock Fund	ISIN*	TER		Underlying Fund**	Transaction costs[20]	
			% 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)	0.01	0.10
	CNPP Emerging Markets Equity Fund	GB00BYNV2W30	0.36	3.60	Aegon BlackRock Emerging Markets Equity Index (BLK)	0.00	0.00
	CNPP Global Equity Fund	GB00BG49KG09	0.16	1.60	Aegon BlackRock 50/50 Global Equity Index (BLK)	0.03	0.30
	CNPP UK Equity Fund	GB00BG49KF91	0.15	1.50	Aegon BlackRock UK Equity Index Tracker (BLK)	0.08	0.80
	CNPP Sharia Law Fund	GB00BYNV2Q79	0.57	5.70	Aegon HSBC Islamic Global Equity Index (BLK)	0.01	0.10
	CNPP Multi-Asset Fund	GB00BYNV2R86	0.56	5.60	Aegon BlackRock Dynamic Allocation (BLK)	0.32	3.20
	CNPP ESG Multi-Asset Fund	GB00BFBFX095	0.39	3.90	Aegon BlackRock ESG Strategic Growth (BLK)	0.14	1.40
	CNPP Index-linked Gilt Fund	GB00BG49KH16	0.16	1.60	Aegon BlackRock Over 5-year Index-Linked Gilt Index (BLK)	0.15	1.50
	CNPP Corporate Bonds Fund	GB00BYNV2V23	0.16	1.60	Aegon BlackRock Corporate Bond All-Stocks Index (BLK)	0.05	0.50
	CNPP Pre-Retirement Fund	GB00BG49KJ30	0.31	3.10	Aegon BlackRock Pre-Retirement (BLK)	0.08	0.80
	Aegon BlackRock Cash Fund	GB0030155393	0.18	1.80	BlackRock Cash (BLK)	0.02	0.20

Source: Aegon Investment Solutions Limited

[20] Transaction costs as at 31 December 2023

d AVCs for members in the GPS Section up to 31 March 2024

The funds' charges (as Total Expense Ratios) and transaction costs in the last year for the Prudential AVC funds to 31 March 2024 were:

Prudential Fund (up to 31 March 2024)	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	0.96**	0.96	n/a	0.17	1.70

* ISIN = the International Securities Identification Number unique to each fund.
**Average across all With Profits policyholders.
Source: Prudential Assurance Company Limited

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 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 value[21] used for the illustrations is £27,424. This figure is the median existing account value across the Active LifePath Flexi and LifePath Capital arrangements (default arrangements) as at end of June 2023. This data was used in the Plan's triennial review presented in December 2023. This figure differs to the starting fund value in the 2022/2023 Chair's statement as it has been updated with more recent membership data, provided by Aegon as at June 2023. This is an updated representation of the actual pot sizes of members of the Plan.
6. Contributions are paid monthly and are assumed to be 20.5% of the median salary (£9,269) for the LifePath Flexi arrangement, and 52.1% for the LifePath Capital arrangement (£45,217) based on June 2023 data, where both are assumed to increase by 2.5% each year.
7. Inflation is assumed to be 2.5% each year.

[21] Based on the latest membership data from Aegon, as at end of June 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)	6.0%	2.5%	0.23%	0.06%	3.21%
Aegon BlackRock LifePath – Capital (BLK)	7.0%	2.5%	0.23%	0.06%	4.21%

FUND ASSUMPTIONS					
Fund name	**Investment Returns**	**Inflation**	**TER**	**Transaction costs**	**Net (Real) Return**
CNPP UK Equity	7.0%	2.5%	0.15%	0.08%	4.27%
CNPP Sharia Law Fund	6.0%	2.5%	0.57%	0.01%	2.92%
CNPP Corporate Bond Fund	4.0%	2.5%	0.16%	0.05%	1.29%
CNPP Cash	2.0%	2.5%	0.18%	0.02%	-0.70%

Investment Returns: Statutory Money Purchase Illustration (SMPI) investment returns sourced from Aegon as at 31 March 2024.
Inflation: standard inflation assumption for FCA, used in the SMPI calculations.
TER (Total Expense Ratio): Annual Management Charge including Additional Annual Expenses, sourced from Aegon as at 31 March 2024.
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 01/01/23 to 30/12/23, sourced from Aegon. This figure is the median of the range for the LifePath Arrangements.
Net (Real) Returns are gross of Transaction Costs.

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: £27,424; FUTURE CONTRIBUTION: from £9,269 p.a. for LifePath Flexi and £23,558 for LifePath Capital growing at 2.5% 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	£37,512	£37,493	£51,831	£51,809
3	£59,014	£58,932	£103,455	£103,335
5	£82,009	£81,831	£158,665	£158,374
10	£146,729	£146,139	£314,054	£312,944
15	£223,281	£221,965	£497,848	£495,213
20	£313,825	£311,372	£715,239	£710,144
25	£420,921	£416,792	£972,368	£963,589
30	£547,593	£541,094	£1,276,500	£1,262,450
35	£697,421	£687,659	£1,636,225	£1,614,866
40	£874,636	£860,476	£2,061,707	£2,030,433
45	£1,084,246	£1,064,245	£2,564,965	£2,520,466
49	£1,279,202	£1,253,240	£3,033,042	£2,975,000

CHAIR'S STATEMENT
YEAR ENDED 31 MARCH 2024

The CNPP UK Equity Fund shows the asset class with the highest assumed growth and highest proportion of Assets Under Management (AUM) as at 31 March 2024. The CNPP Cash Fund show the asset classes with the lowest assumed growth. The CNPP Sharia Law Fund is the fund with the highest charges, with CNPP Corporate Bond Fund with the lowest charges and the lowest proportion of AUM as at 31 March 2024.

STARTING FUND: £27,424; FUTURE CONTRIBUTION: from £9,269 p.a. growing at 2.5% annually								
Fund value at end of year	CNPP UK Equity Fund		CNPP Sharia Law Fund		CNPP Corporate Bond Fund		CNPP Cash Fund	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	£37,797	£37,731	£37,512	£37,346	£36,942	£36,882	£36,371	£36,315
3	£60,258	£59,969	£59,014	£58,295	£56,582	£56,328	£54,224	£53,998
5	£84,734	£84,097	£82,009	£80,453	£76,801	£76,267	£71,904	£71,442
10	£155,971	£153,781	£146,729	£141,604	£129,995	£128,347	£115,354	£114,029
15	£244,279	£239,236	£223,281	£211,959	£187,197	£183,783	£157,755	£155,190
20	£353,751	£344,032	£313,825	£292,906	£248,708	£242,789	£199,132	£194,975
25	£489,458	£472,547	£420,921	£386,037	£314,854	£305,597	£239,509	£233,429
30	£657,687	£630,147	£547,593	£493,187	£385,984	£372,451	£278,911	£270,597
35	£866,233	£823,417	£697,421	£616,467	£462,473	£443,611	£317,361	£306,521
40	£1,124,757	£1,060,429	£874,636	£758,304	£544,725	£519,356	£354,883	£341,244
45	£1,445,236	£1,351,084	£1,084,246	£921,492	£633,175	£599,981	£391,498	£374,806
49	£1,756,092	£1,630,301	£1,279,202	£1,069,560	£708,708	£668,204	£420,153	£400,845

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)).

CHAIR'S STATEMENT
YEAR ENDED 31 MARCH 2024

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 transaction costs in this document relate only to explicit costs that are incurred as a result of trading activity.

The assumptions used in the illustrations are:

Data Item	Assumption	Reason
Existing Account value	£27,424	Median existing account value across the Active LifePath Flexi and LifePath Capital arrangements (default arrangements) as at end of June 2023. This data was used in the Plan's triennial review presented in December 2023. It is 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 differs to the starting fund value in the 2022/2023 Chair's statement as it has been updated with more recent membership data, provided by Aegon as at June 2023. This is an updated representation of the actual pot sizes of members of the scheme.
Member pensionable salary	£45,217	Median salary across the Plan as at end of June 2023. This data was obtained from Aegon.
Illustration term	49 years	Age of youngest member (16) to Plan Normal Retirement Age (65).
Contribution rate LifePath Flexi	7% EE, 13.5% ER, Total 20.5%	Median contribution rates across Plan for employee and employer for active members in the LifePath Flexi arrangement as at end June 2023.
Contribution rate LifePath Capital	20% EE, 32.1% ER, Total 52.1%	Median contribution rates across Plan for employee and employer for active members in the LifePath Capital arrangement as at end June 2023.
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 UK Equity	Fund with the highest assumed investment growth and highest proportion of AUM as at 31 March 2024.
Alternative Fund 2	CNPP Sharia Law Fund	Fund with the highest charges (AMC + additional expenses)
Alternative Fund 3	CNPP Corporate Bond Fund	Fund with the lowest charges (AMC + additional expenses) and lowest proportion of AUM as at 31 March 2024.
Alternative Fund 4	CNPP Cash	Fund with the lowest assumed investment growth
Fund growth rates (before inflation at 2.5%) for the selected funds above	Lifepath Flexi: 6% LifePath Capital: 6% CNPP UK Equity: 7% CNPP Sharia Law: 6% CNPP Corporate Bond: 4% CNPP Cash: 2%	Growth rates are aligned with the growth rates in Aegon's annual SMPI assumptions based on latest Financial Reporting Council ("FRC") methodology, within Actuarial Standard Technical Memorandum, ("AS TM1") Version 5.1.
Price inflation	2.5%	Standard price inflation assumption for FRC SMPI illustrations (in line with the guidance and only basis we can currently illustrate on).
Earnings inflation	2.5%	Standard earnings inflation assumption for FCA illustrations (in line with the allowable range in the guidance and only basis we can currently illustrate on).

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

Opinion

We have audited the financial statements of the Combined Nuclear Pension Plan ("the Plan") for the year ended 31 March 2024, 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 2024 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 it has knowledge of any actual, suspected or alleged fraud.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE COMBINED NUCLEAR PENSON 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 and unusual journals to cash.
- 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 138 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 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. The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. 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 62, 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.

P Marco

Pamela Marco
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Challenge House,
Sherwood Drive, Bletchley,
Milton Keynes, MK3 6DP

Date:....14 October 2024

COMBINED NUCLEAR PENSION PLAN

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

	Note	DB Structure 2024 £'000	DC Structure 2024 £'000	For the Year Ended 31 March 2024 £'000	*For the Year Ended 31 March 2023 £'000*
Contributions and Benefits					
Members' Contributions	5	26,339	27,502	53,841	*49,823*
Employers' Contributions	6	111,654	57,859	169,513	*283,726*
Total Contributions		137,993	85,361	223,354	*333,549*
Other Income	7	139	812	951	*936*
		138,132	86,173	224,305	*334,485*
Benefits paid or payable	8	(71,957)	(1,438)	(73,395)	*(81,225)*
Payments to and on account of Leavers	9	(10,863)	(13,077)	(23,940)	*(321,590)*
Administrative Expenses	10	(80)	-	(80)	*(99)*
		(82,900)	(14,515)	(97,415)	*(402,914)*
Net Additions/(Withdrawals) from Dealings with Members		55,232	71,658	126,890	*(68,429)*
Returns on Investments					
Investment Income	11	53,689	-	53,689	*18,157*
Change in Market Value of Investments	13	120,348	94,645	214,993	*(611,006)*
Investment Management Expenses	18	(8,026)	-	(8,026)	*(7,582)*
Net Returns on Investments		166,011	94,645	260,656	*(600,431)*
Net Increase/(Decrease) in the Fund During the Year		221,243	166,303	387,546	*(668,860)*
Net Assets of the Plan at 1 April 2023		3,088,835	513,987	3,602,822	*4,271,682*
Net Assets of the Plan at 31 March 2024		3,310,078	680,290	3,990,368	*3,602,822*

The notes on pages 114 to 137 form an integral part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
AS AT 31 MARCH 2024

	Note	31 March 2024 £'000	*31 March 2023 £'000*
DB Structure			
Investment Assets			
Pooled Investment Vehicles	14	3,151,948	*2,894,062*
AVC and SPPP Investments	16	135,331	*121,238*
Cash Deposits	13	5,455	*66,271*
Cash in Transit	13	55	*-*
Other Investment Balances	13	255	*148*
		3,293,044	*3,081,719*
Investment Liabilities			
Other Investment Balances	13	(75)	*(145)*
Total Net Investments		3,292,969	*3,081,574*
Current Assets	21	18,974	*11,463*
Current Liabilities	21	(1,865)	*(4,202)*
Total Net Assets of DB Structure		3,310,078	*3,088,835*

	Note	31 March 2024 £'000	*31 March 2023 £'000*
DC Structure			
Investment Assets			
Pooled Investment Vehicles	14	678,484	*514,142*
Total Net Investments		678,484	*514,142*
Current Assets	21	2,003	*-*
Current Liabilities	21	(197)	*(155)*
Total Net Assets of DC Structure		680,290	*513,987*
Total Net Assets of the Plan at 31 March		3,990,368	*3,602,822*

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.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2024

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 12 of the annual report and these financial statements should be read in conjunction with this report.

The notes on pages 114 to 137 form an integral part of these financial statements.

Approved at the Trustee meeting on 8 October 2024 and signed for and on behalf of Combined Nuclear Pension Plan Trustees Limited.

M Condron

Trustee Director:
Chair, Mark Condron
On behalf of Capital Cranfield Pension Trustees Limited in its capacity as Director

A Oldham

Trustee Director:

Date: 14 October 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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 are not impacted by wider changes in the economy. In addition, the Lead Employer (Nuclear Decommissioning Authority) is classified as having a “quasi-sovereign” covenant backed by the UK Government.

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 Fund can cover its expected outgoings for at least 12 months from the date of signing. Based on the actuarial reports as at 31 March 2023 and provisional update as at 31 March 2024, all sections were 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

3. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT

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

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.

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 Annual Management Charge ("AMC") 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.

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 when declared by the fund manager.

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.

5. MEMBERS' CONTRIBUTIONS

	DB Structure 2024 £'000	**DC Structure 2024 £'000**	**For the Year Ended 31 March 2024 £'000**
Normal	**16,948**	**27,502**	**44,450**
AVCs	**4,610**	**-**	**4,610**
SPPP contributions	**4,781**	**-**	**4,781**
	26,339	**27,502**	**53,841**

	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*

6. EMPLOYERS' CONTRIBUTIONS

	DB Structure 2024 £'000	DC Structure 2024 £'000	For the Year Ended 31 March 2024 £'000
Normal	**107,889**	**57,859**	**165,748**
Augmentations	**20**	**-**	**20**
SPPP Contributions	**3,661**	**-**	**3,661**
Deficit Funding	**84**	**-**	**84**
	111,654	**57,859**	**169,513**

The deficit contributions for the year ended 31 March 2024 include:

- £ 84,167 for the GPS DRS Section

A summary of the Schedule of Contributions can be found on pages 13 to 14 for further information on the future deficit contributions required. These were certified on the following date:

28 March 2024: 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.

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.

6. EMPLOYERS' CONTRIBUTIONS (continued)

	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 in March 2022 and treated as a contribution in advance in March 2022 under the Schedule of Contributions certified by the Plan actuary on 27 October 2020.

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.

7. OTHER INCOME

	DB Structure 2024 £'000	**DC Structure 2024 £'000**	**For the Year Ended 31 March 2024 £'000**
Claims on Term Insurance Policies	**134**	**812**	**946**
Other Income	**5**	**-**	**5**
	139	**812**	**951**

7. OTHER INCOME (continued)

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

8. BENEFITS PAID OR PAYABLE

	DB Structure 2024 £'000	**DC Structure 2024 £'000**	**For the Year Ended 31 March 2024 £'000**
Pensions	**42,895**	**-**	**42,895**
Commutations and lump sums	**22,609**	**409**	**23,018**
Taxation where Lifetime or Annual Allowance Exceeded	**86**	**-**	**86**
Purchase of Annuities	**4,318**	**-**	**4,318**
Death Benefits	**2,049**	**1,029**	**3,078**
	71,957	**1,438**	**73,395**

	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 GPS EnergySolutions Section moved to buy-out and all GPS EnergySolutions Section members transferred out totalling £11,980,000 which is included above under purchase of annuities.

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.

9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	DB Structure 2024 £'000	DC Structure 2024 £'000	For the Year Ended 31 March 2024 £'000
Transfers Out - Individual	**10,855**	**13,069**	**23,924**
Refunds	**8**	**8**	**16**
	10,863	**13,077**	**23,940**

	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.

10. ADMINISTRATIVE EXPENSES

	DB Structure 2024 £'000	DC Structure 2024 £'000	For the Year Ended 31 March 2024 £'000
Bank Charges	**2**	**-**	**2**
Administration and Processing	**78**	**-**	**78**
	80	**-**	**80**

During the year ending 31 March 2024, £78,000 was in relation to the administrative expenses for the GPS EnergySolutions Section.

10. ADMINISTRATIVE EXPENSES (continued)

	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*

During the year ending 31 March 2023, £90,000 was in relation to the administrative expenses for the GPS EnergySolutions Section.

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

11. INVESTMENT INCOME

	DB Structure 2024 £'000	**DC Structure 2024 £'000**	**For the Year Ended 31 March 2024 £'000**
Income from Pooled Investment Vehicles	**53,686**	**-**	**53,686**
Interest on Cash Deposits	**3**	**-**	**3**
	53,689	**-**	**53,689**

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

13. INVESTMENTS

MOVEMENTS IN INVESTMENTS

DB Structure

	Value at 1 April 2023 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value at 31 March 2024 £'000
Pooled Investment Vehicles	2,894,062	1,013,570	(861,613)	105,929	3,151,948
AVC and SPPP Investments	121,238	20,800	(21,126)	14,419	135,331
	3,015,300	1,034,370	(882,739)	120,348	3,287,279
Cash Deposits	66,271				5,455
Cash in Transit	-				55
Other Investment Balances	3				180
	3,081,574				3,292,969

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 £137,539,108 for the pooled investment vehicles managed by Legal & General, Abrdn and Threadneedle.

All AVC and SPPP investments are allocated to members.

Switches between funds for the AVC and SPPP Investments of £7,858,752 are included in the sales and purchases in the table above.

DC Structure

	Value at 1 April 2023 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value at 31 March 2024 £'000
Pooled Investment Vehicles	514,142	121,795	(52,098)	94,645	678,484
	514,142				678,484

All investments in the DC Structure are allocated to members.

The sales and purchases include switches between investments amounting to £38,241,468 for the pooled investment vehicles managed by Aegon.

14. POOLED INVESTMENT VEHICLES

	DB Structure 2024 £'000	**DC Structure 2024 £'000**	**31 March 2024 £'000**
Client Specific Funds (Note 15)	**122,025**	**-**	**122,025**
Bond Funds	**1,230,083**	**13,613**	**1,243,696**
Equity Funds	**1,116,785**	**115,775**	**1,232,560**
Property Funds	**339,889**	**-**	**339,889**
Private Equity Funds	**206,447**	**-**	**206,447**
Private Debt Funds	**124,523**	**-**	**124,523**
Liquidity Funds	**12,196**	**8,194**	**20,390**
Multi Asset	**-**	**540,902**	**540,902**
	3,151,948	**678,484**	**3,830,432**

	DB Structure 2023 £'000	*DC Structure 2023 £'000*	*31 March 2023 £'000*
Client Specific Funds (Note 15)	*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*

15. CLIENT SPECIFIC FUNDS

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

	DB Structure 2024 £'000	**DC Structure 2024 £'000**	**31 March 2024 £'000**
Partners			
Private Equity Funds	**93,916**	-	**93,916**
Multi Credit Funds	**18,917**	-	**18,917**
Cash	**8,471**	-	**8,471**
Net Derivatives Assets	**(381)**	-	**(381)**
Other Investment Balances	**1,102**	-	**1,102**
	122,025	-	**122,025**

	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*

16. 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 2024 £'000	**DC Structure 2024 £'000**	**For the Year Ended 31 March 2024 £'000**
Prudential AVC			
With-Profits Funds	**2,174**	**-**	**2,174**
Unit-Linked Funds	**3**	**-**	**3**
Prudential SPPP			
With-Profits Funds	**55**	**-**	**55**
Aegon AVC and SPPP			
Bond Funds	**3,298**	**-**	**3,298**
Equity Funds	**28,410**	**-**	**28,410**
Liquidity Funds	**3,181**	**-**	**3,181**
Multi Asset	**98,210**	**-**	**98,210**
	135,331	**-**	**135,331**

	DB Structure 2023 £'000	*DC Structure 2023 £'000*	*For the Year Ended 31 March 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*

17. CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Plan's net assets as at 31 March 2024.

	Market Value 2024 £'000	**2024 %**	*Market Value 2023 £'000*	*2023 %*
Legal & General Future World Global Equity Index Fund GBP Hedged	**558,752**	**14.0**	*503,729*	*14.0*
Legal & General Future World Global Equity Index Fund	**558,032**	**14.0**	*485,939*	*13.5*
Blackstone Strategic Capital Holdings II L.P.	**206,447**	**5.2**	*184,359*	*5.1*
Babson Capital Global High Yield Credit Strategies	**208,063**	**5.2**	*168,653*	*4.7*

18. INVESTMENT MANAGEMENT EXPENSES

	DB Structure 2024 £'000	**DC Structure 2024 £'000**	**For the Year Ended 31 March 2024 £'000**
Administration, Management & Custody	**8,359**	**-**	**8,359**
Investment Fee Rebate	**(333)**	**-**	**(333)**
	8,026	**-**	**8,026**

	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*

19. FAIR VALUE HIERARCHY

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

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment dates.

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

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

	At 31 March 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
DB Structure				
Pooled Investment Vehicles	**9,893**	**2,248,942**	**893,113**	**3,151,948**
AVC and SPPP Investments	**-**	**133,099**	**2,232**	**135,331**
Cash Deposits	**5,455**	**-**	**-**	**5,455**
Cash in Transit	**55**	**-**	**-**	**55**
Other Investment Balances	**180**	**-**	**-**	**180**
	15,583	**2,382,041**	**895,345**	**3,292,969**
DC Structure				
Pooled Investment Vehicles	**-**	**678,484**	**-**	**678,484**
	1,806	**678,484**	**-**	**678,484**

	At 31 March 2023			
	Level 1	*Level 2*	*Level 3*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
DB Structure				
Pooled Investment Vehicles	*31,165*	*2,032,922*	*829,975*	*2,894,062*
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*

20. 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 present value of the Plan's liabilities is also heavily influenced by changes to interest rates.

The Plan looks to hedge a proportion of the Plan's interest rate risk through the investment in Index-linked Gilt (ILG) pooled funds managed by Legal & General Investment Management (LGIM).

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 Fund (in which the ILGs are held) ranging from 20% to 40% (depending on the investment strategy adopted by each Section).

As noted earlier in this report, the Trustee agreed a change to the investment strategy for the Sections of the Plan that will see the allocation to ILGs increase for all Sections. As part of this we will see the introduction of the CIP Shorter Gilt Fund, which will hold shorter dated ILGs alongside the retention of the CIP Gilt Fund, that will continue to invest in longer-dated ILGs.

The Plan's asset are not subject to direct interest rate risk due to how its investments are held.

20. INVESTMENT RISK (continued)

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.

The table below summarises the Plan's direct currency risk as at 31 March 2023 and 2024.

Currency	31 March 2024 (£'000) (*)	31 March 2023 (£'000) (*)
US Dollar	369,228	291,229
Euro	93,916	91,533

Note: (*). GBP equivalent values are estimated using the closing rate from WM/Reuters on 31 March 2023 and 2024 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.

20. INVESTMENT RISK (continued)

Credit risk (continued)

Pooled fund investments arrangements used by the Plan can include unit linked insurance contracts, authorised unit trusts, unauthorised exempt unit trusts, OEIC and SICAVs.

The table below illustrates the extent to which the Plan's investments are subject to the above indirect risks.

Asset class	**31 March 2024 £'000**	*31 March 2023 £'000*	**Credit risk**	**Interest rate risk**	**Currency risk**	**Other price risk**
Equities (Legal & General) (*)	**1,116,785**	*989,668*	No	No	Yes	Yes
Private Equity (Partners, Blackstone)	**300,363**	*272,259*	No	No	Yes	Yes
Property (Legal & General, Columbia Threadneedle, Abrdn, CBRE)	**293,772**	*307,475*	Yes	Yes	No	Yes
Liquid Credit (Barings)	**208,063**	*168,653*	Yes	Yes	Yes	Yes
Illiquid Credit (Partners)	**18,917**	*30,379*	Yes	Yes	Yes	Yes
Secured Loans (Barings, Highbridge, CVC)	**267,024**	*219,707*	Yes	Yes	Yes	Yes
Corporate Bonds (Robeco, Legal & General, Insight)	**183,201**	*185,249*	Yes	Yes	No	Yes
Index-Linked Gilts (Legal & General, Insight)	**696,318**	*621,192*	Yes	Yes	No	Yes
Ground rents (Abrdn)	**46,117**	*55,699*	Yes	Yes	No	Yes
Liquidity (Legal & General)	**2,302**	*2,279*	No	Yes	No	No
Cash (State Street, Partners)	**18,365**	*40,399*	No	Yes	No	No
Derivatives (Partners)	**(381)**	*66*	No	No	Yes	No
Other Investment Balances (Partners)	**1,102**	*1,037*	No	Yes	No	No
Total (excluding DC, AVC and SPPP funds)	**3,151,948**	*2,894,062*				

Source: Aon, State Street, Investment Managers.

(*) Includes holdings based on look through basis within the LGIM Client Specific Unitised Fund held by the Plan that include pending tax reclaims relating to equity investments.

20. 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 2024 £'000**	*31 March 2023 £'000*	**Credit risk**	**Interest rate risk**	**Currency risk**	**Other price risk**
Equities	**28,413**	*25,623*	No	No	Yes	Yes
Multi-asset	**1,705**	*1,271*	Yes	Yes	Yes	Yes
With-profits	**2,229**	*2,628*	Yes	Yes	Yes	Yes
Bonds	**3,298**	*3,577*	Yes	Yes	No	Yes
Cash	**3,181**	*2,723*	No	Yes	No	No
Target date funds	**96,505**	*85,416*	Yes	Yes	Yes	Yes
Total (AVC and SPPP funds)	**135,331**	*121,238*				

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.

20. 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 2024 £'000**	*31 March 2023 £'000*	**Credit risk**	**Interest rate risk**	**Currency risk**	**Other price risk**
Equities	**115,775**	*92,875*	No	No	Yes	Yes
Multi-asset	**2,155**	*1,538*	Yes	Yes	Yes	Yes
Bonds	**13,613**	*14,115*	Yes	Yes	No	Yes
Cash	**8,194**	*7,211*	No	Yes	No	No
Target date funds	**538,747**	*398,403*	Yes	Yes	Yes	Yes
Total (DC funds)	**678,484**	*514,142*				

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.

21. CURRENT ASSETS AND LIABILITIES

	DB Structure 2024 £'000	DC Structure 2024 £'000	For the Year 31 March 2024 £'000
Current Assets			
Contributions Receivable			
Employer	14	1,480	1,494
Employee	79	326	405
Cash Balances	18,768	-	18,768
Pensions Paid in Advance	113	-	113
Due from Other Sections	-	197	197
	18,974	2,003	20,977
Current Liabilities			
Unpaid Benefits	660	197	857
Accrued Expenses	326	-	326
HM Revenue & Customs	682	-	682
Due to Other Sections	197	-	197
	1,865	197	2,062
Total Current Assets and Liabilities	17,109	1,806	18,915

	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*
	11,463	*-*	*11,463*
Current Liabilities			
Unpaid Benefits	*3,284*	*155*	*3,439*
Accrued Expenses	*390*	*-*	*390*
HM Revenue & Customs	*528*	*-*	*528*
	4,202	*155*	*4,357*
Total Current Assets and Liabilities	*7,261*	*(155)*	*7,106*

Included in the DC structure above is £197k (2023: nil) which is designated to members.

22. RELATED PARTY TRANSACTIONS

The Plan has received contributions in respect of four Trustee Directors (S Adams, C Toole, P Hatt, J Crabtree and I Park) who were contributing members of the Plan during the year. During the year, two Trustee Directors (P Hatt and C Toole) resigned on 20 September 2023 and 31 March 2024 respectively. In addition, one Trustee Director (S Adams) retired on 1 October 2023 and retirement benefits commenced.

The Trustee fees paid in respect of the year to 31 March 2024 totalled £202,608 (2023: £198,963), all of which related to Independent Trustees.

22. RELATED PARTY TRANSACTIONS (continued)

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 21.

There were no other related party transactions during the year.

23. EMPLOYER RELATED INVESTMENTS

There were no employer related investments at any time during the year.

24. CAPITAL COMMITMENTS

As at 31 March 2024, the Plan has three outstanding capital commitments.

	Total Commitment	Outstanding Commitment
	£'m	£'m
Partners	340.8	194.5
CVC	150.0	32.5

	Total Commitment	Outstanding Commitment	
	$'m	$'m	£'m
Highbridge	210.0	61.3	48.5
Blackstone	400.0	150.2	118.9
CBRE	120.0	40.0	31.7

	Total Commitment	Outstanding Commitment	
	€'m	€'m	£'m
Copenhagen	165.0	165.0	140.9

25. 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 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.

25. GMP EQUALISATION (continued)

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.

26. VIRGIN MEDIA RULING

In June 2023, the High Court judged that amendments made to the Virgin Media scheme were invalid because the necessary S37 certification associated to these historic amendments was not prepared. The case was subsequently reviewed by the Court of Appeal in July 2024 which upheld the High Court's decision. The High Court's decision has could affect other schemes that were contracted-out on a salary-related basis and made amendments between April 1997 and April 2016. Historic scheme amendments without the appropriate certification might now be considered invalid, leading to additional, unforeseen liabilities. The Trustee has not commenced the investigation as to whether the Plan could potentially be affected and this will begin in due course.

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE COMBINED NUCLEAR PESION PLAN FOR THE YEAR ENDED 31 MARCH 2024

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 2024 which is set out on page 139.

In our opinion contributions for the Plan year ended 31 March 2024 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 139, 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.

P Marco

Pamela Marco
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Challenge House,
Sherwood Drive, Bletchley,
Milton Keynes, MK3 6DP

Date: 14 October 2024

SUMMARY OF CONTRIBUTIONS

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 2024

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 2024. 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	107,889	57,859
Deficit	84	-
SPPP contributions	3,661	-
Augmentations	20	-
Members' Contributions		
Normal	16,948	27,502
SPPP contributions	4,781	-
Additional voluntary contributions	4,610	-
Total contributions payable under the Schedules as reported in the financial statements (as reported on by the Plan Auditor)	137,993	85,361

* Schedules of Contributions dated:

- GPS Nexia section dated 12 May 2020 and 18 May 2023
- Closed and Nirex sections dated 27 August 2020 and 20 May 2023
- DSRL, GPS SLC, LLWR, Magnox and Sellafield sections dated 27 August 2020, 20 May 2023 and 28 March 2024
- DRS section dated 9 September 2020, 20 May 2023 and 28 March 2024

Signed on behalf of the Trustee:

M Condron

Trustee Director:
Chair, Mark Condron
On behalf of Capital Cranfield Pension Trustees Limited in its capacity as Director:

Date: 14 October 2024

COMBINED NUCLEAR PENSION PLAN

ACTUARIAL CERTIFICATE

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

1a. 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

1b. 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, 19 May 2023 or 28 March 2024.

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, 20 May 2023 and 28 March 2024

Name: M. McClintock
Qualification: Fellow of the Institute and Faculty of Actuaries

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