

UNITED NORWEST CO-OPERATIVES EMPLOYEES' PENSION FUND

Financial Statements
For Year Ended 31 January 2025

PENSION SCHEME REGISTRY NO. 1000210

BUSINESS USE

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Some Helpful Terms

In this document, when we say:	We mean:
Actuary	An individual who is appointed to advise the Trustee in relation to the funding and financing of the Fund. The actuary values the Fund's assets and liabilities. The Fund's actuary is Damian McClure.
Articles of Association	This covers the Trustee's formal governing documents, namely its memorandum and articles of association. These documents which, together with the Fund's trust deed and rules, governs the Trustee.
Closure Members	Members who were still building up benefits on the date the Fund closed to future accrual, 6 October 2012.
Closure Member Nominated Directors (MNDs)	MNDs appointed from the Fund's Closure Members
Co-op	Co-operative Group Limited. The Co-op is the Fund's principal (and only) employer.
Co-op Appointed Directors	Trustee directors who are selected by the Co-op
Deferred Members	Members of the Fund who are not Closure Members and whose benefits have not yet come into payment.
Fund	The United Norwest Co-operatives Employees' Pension Fund
Independent Trustee Director	Independent Trustee Services Limited. A professional independent trustee company which is a Director of the Trustee (via its representative, Chris Martin), appointed by the Co-op.
MNDs	Member-nominated Directors of the Trustee. These are Directors of the Trustee who have been chosen by and from the Fund's Closure Members and Pensioners.
Pensioner MNDs	MNDs appointed from the Fund's Pensioners.
Pensioners	Members of the Fund whose benefits have come into payment.
PLT	The Co-op's People Leadership Team, a group of senior human resources personnel with

	responsibility for the Co-op's people-related matters
Secretary	The Secretary is responsible for helping the Trustee with its arrangements, and providing support for its meetings. Tom Taylor, of the Co-op's Pensions Department, currently holds this role.
Trustee	TCG Northern Trustees Limited. A company which is appointed as the Trustee of the Fund and acts via its Directors.

Trustee Directors & Advisers

TCG Northern Trustees Limited is appointed by the Co-op as the Trustee to manage the Fund.

The Fund's trust deed and rules give the Co-op the power to appoint or remove the Fund's Trustee.

Our registered office is 1 Angel Square, Manchester, United Kingdom, M60 0AG.

The board of Directors of the Trustee

We are the board of a Trustee company which is governed by its Articles of Association.

The Articles of Association provide for up to eight Directors:

- Up to five appointed by the Co-op (including one Independent Trustee Director)
- Up to three MNDs

Who are the current Directors of the Trustee?

- Russell Gill (Chair) (Co-op Appointed Director)
- Independent Trustee Services Limited (via Chris Martin) (Co-op Appointed Director)
- Carol Kestin (Co-op Appointed Director)
- David Brighthouse (Closure MND)
- Alex Price (Co-op Appointed Director)
- David Brackwell (Pensioner MND)
- John Briddon (Pensioner MND)

Which Trustee Directors left?

No Trustee Directors have left over the year.

Appointment, resignation and removal of Trustee Directors

Our Articles of Association give the Co-op the power to remove or appoint four Trustee Directors plus one Independent Trustee Director.

In addition, legislation requires that at least a third of our Trustee Directors are selected by the Funds' members. The Articles of Association gives the Funds' members the power to appoint up to three Trustee Directors who are MNDs. There is currently a vacancy for an MND, and a process to fill this vacancy is underway.

Each Co-op Appointed Director holds office indefinitely or until they:

- resign as a Trustee Director, or
- are removed by the Co-op, or
- cease to be appointed due to any of the events set out in Article 19 of the Articles of Association (namely: disqualification or certain absences from Trustee meetings).

Each MND holds office for a period of four years or until they:

- resign as a Trustee Director, or
- are removed by the Co-op (with the unanimous consent of all of the other Trustee Directors), or

- cease to be appointed due to any of the events set out in Article 19 of the Articles of Association (see above).

Chair of the Trustee

We elect the Chair, after considering the Co-op's views on the appointment.

Vacancies

The Co-op has delegated its authority to appoint Co-op Appointed Directors to the PLT. If a Co-op Appointed Director vacancy arises then the PLT will appoint a replacement.

If an MND vacancy arises then it will be filled in accordance with our MND arrangements. The election process to appoint an MND is currently underway.

Decision Making

Any decision we make must be:

- (a) a decision by a majority of Trustee Directors present at and voting at a meeting;
- (b) where decision-making has been delegated to a committee, a decision taken at a meeting of that committee by a majority of the members of that committee; or
- (c) for some decisions a unanimous decision of the Trustee Directors.

and will be subject to the provisions of the Fund's trust deed and rules.

Committees of the Trustee board

An **Investment Committee** was established on 15 March 2016 to consider investment matters.

An **Audit and Risk Committee** was established on 19 September 2016 to review the Fund's risk register, internal controls framework and schedule of delegated authorities and also to review the Fund's accounts.

No other committees are currently in place.

Meetings

As the Board of the Trustee, we meet at least four times a year, with special meetings convened as appropriate. During the year, we met four times.

Secretary

The Co-op appoints the Secretary to the Trustee. This authority is delegated to the PLT. Tom Taylor, of the Co-op's Pensions Department, is appointed as the Secretary.

Trustee Director Remuneration

Trustee Director remuneration is paid for by the Co-op, not from the assets of the Fund.

The Trustee Remuneration Policy provides for payment of £2,000 p.a. to Closure MNDs and £5,000 p.a. to Pensioner MNDs. MNDs can choose not to receive any remuneration.

Additional remuneration of £1,000 p.a. is payable to Closure MNDs who are members of the Investment Committee and/or Audit & Risk Committee.

The Trustee Remuneration Policy is reviewed by the Trustee annually.

The terms of engagement in place with the Independent Trustee Director provide for the Independent Trustee Director to be paid a fixed fee of c. £50,000 per year which covers business as usual trustee actions (e.g. attendance at four trustee meetings a year and various Committee meetings and meetings with the sponsor). In addition, if the Independent Trustee Director is asked to attend additional meetings or carry out any work outside of the fixed fee, these non-core services will be charged on a time cost basis.

The Co-op Appointed Directors are not separately remunerated in respect of their roles as Trustee Directors.

Enquiries

For enquiries about the Fund please contact:

Co-operative Group Limited
Pensions Department
Department 10406
1 Angel Square
Manchester
M60 0AG

Email address: utdpensions@coop.co.uk

For enquiries about your benefit entitlement please contact:

Aptia UK Limited
Maclaren House
Talbot Road
Stretford
Manchester
M32 0FP

Online enquiry hub: <https://pensionuk.aptia-group.com/blue>

The Fund's Professional Advisers are:	
Actuary	D McClure FIA, of Mercer Limited
Administrator	Aptia UK Limited (From 1 November 2024, Aptia also became the payroll administrator)
Auditor	Deloitte LLP
AVC provider	Royal London (CIS) Limited
Banker	Barclays Bank PLC
Employer Covenant Adviser	Interpath Advisory
Investment Consultant	Mercer Limited
Investment Managers	BlackRock Investment Management (UK) Limited Insight Investment Management (Global) Limited Intermediate Capital Group plc M&G Investments (fully disinvested on 22 October 2024) Natixis Investment Managers (parent company of Mirova) Royal London Asset Management Limited
Legal advisers	Eversheds Sutherland LLP Linklaters LLP

Our Annual Report

Introduction

We are pleased to present our annual report together with the financial statements for the year ended 31 January 2025. The financial statements (set out on pages 29 to 45) have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

The investment report set out on pages 18 to 24 and the report on actuarial liabilities set out on pages 10 and 11 also form part of this annual report.

Constitution of the Fund

The Fund is a defined benefit or final salary scheme which closed to new members on 31 August 2007, and closed to future accrual on 6 October 2012. The Fund is constituted by (among other documents):

- (a) A Trust Deed dated 5 April 1993; and
- (b) Rules dated 13 June 2001, as amended from time to time.

We hold funds on trust, to apply them for the purpose of paying pensions and other benefits in accordance with the Fund's trust deed and rules.

Tax Status

The Fund is a pension scheme registered with Her Majesty's Revenue and Customs for tax purposes. As a registered scheme its income and investment gains are free of taxation.

Membership statistics for the year to 31 January 2025

	31 Jan 2024	Additions	Retirements, leavers and pensions ceasing	Deaths	31 Jan 2025
Closure Members	233	-	(17)	(1)	215
Deferred Members	3,208	1	(183)	(13)	3,013
Pensioners	3,789	210	(28)	(99)	3,872
Total	7,230	211	(228)	(113)	7,100

Transfer values

Transfer value calculations use a method and basis determined by the Trustee, after taking advice from the Fund Actuary, to be consistent with relevant legislation and the rules of the Fund. No allowance is made for discretionary benefits in the calculation of transfer values. No transfers were reduced to less than their full cash equivalent value during the year.

Guarantee

The Co-op's main trading and/or asset-holding subsidiaries guarantee the Co-op's obligations to the Fund. The identity of these guarantors may change from time to time depending on the internal financial metrics of the wider Co-op group: the criteria for this are set based on the

Co-op's banking arrangements. The guarantors under this guarantee are also guarantors for the Co-op's banking and bond debt. This guarantee covers the amounts due from the Co-op under either the Schedule of Contributions or under the employer debt provisions of section 75 of the Pensions Act 1995, and will expire on 31 December 2034.

Pension increases

With effect from 1 April 2024, pensions in payment (in excess of the guaranteed minimum pension, if applicable, and without fixed increases applicable) as at 1 April 2024 were increased by 5%. This increase was in line with the annual increase in the Retail Price Index (RPI) at December 2023.

The pensions in payment of the former United Co-operative Dairies Pension Fund members were increased by a rate of 5% which is fixed in accordance with the arrangements existing at the time that the United Co-operative Dairies Pension Fund was closed in 1991.

Guaranteed Minimum Pensions (GMP) arise in respect of periods of service when a contributing member was contracted-out of the State Second Pension arrangements prior to 6 April 1997. GMPs in the Fund are increased in line with statutory requirements. This means they were increased in line with the annual increase in the Consumer Prices Index (CPI) at September 2023 subject to a maximum of 3%. The CPI increased by 6.7% in the year to September 2023, and so a 3% increase was applied to the GMP.

Deferred pensions for leavers prior to 1 January 1986 are increased by a fixed rate of 3% per annum during deferment and in respect of leavers since then by 5% per annum, or in line with the increase in the RPI if lower over the whole period of deferment.

There were no discretionary increases awarded during the year.

Contributions

As the Fund had a funding surplus as at the 31 January 2023 valuation date on the technical provisions basis, we and the Co-op agreed that no deficit recovery contributions are currently required. Therefore, no deficit recovery contributions were paid by the Co-op over the year to 31 January 2025.

The Trustee will generally meet the regular administrative expenses and PPF levies of the Fund, unless they relate to specific terms where the Trustee and Co-op have agreed that the Co-op will meet the expenses directly or if the Trustee and Co-op agree a different approach in writing. Over the year to the 31 January 2025, the Co-op paid an additional contribution to the Fund of £1.5m in respect of the Fund's regular administration expenses and PPF levies. As part of the 31 January 2023 valuation, it was agreed that the Co-op will continue to make an additional contribution to the Fund of £1.5m per annum in respect of the Fund's regular administration expenses and PPF levies, which will then be paid by the Fund.

These contributions are in accordance with the Schedule of Contributions certified by the Actuary on 19 December 2023.

Additional Voluntary Contributions (AVCs)

The AVC provider for the Fund is Royal London (CIS) Limited. AVC investments are held separately from the main Fund.

Actuarial Valuation

The Actuary completed an actuarial valuation as at 31 January 2023, in accordance with the scheme specific funding requirements of the Pensions Act 2004. The results of the valuation showed that the Fund had a funding level of 100% as at 31 January 2023 on the agreed ongoing funding basis.

The next actuarial valuation of the Fund is due as at 31 January 2026 and the expected results of this valuation will be communicated to all members of the Fund once available (anticipated to be in 2027).

Report on Actuarial Liabilities

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

The most recent full actuarial valuation of the Fund was carried out as at 31 January 2023.

This showed that on that date:

The value of the Technical Provisions was: £496 million
The value of the assets at that date was: £497 million

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

- Discount interest rate (pre-retirement): a term structure derived from the yields on UK Government conventional gilt stocks appropriate to the date of each future cashflow (extrapolated for cashflows beyond the longest available yields) plus an additional 1.0% per annum to reflect the allowance the Trustee has agreed for additional investment returns.
- Discount interest rate (post-retirement): a term structure derived from the yields on UK Government conventional gilt stocks appropriate to the date of each future cashflow (extrapolated for cashflows beyond the longest available yields) plus an additional 0.5% per annum to reflect the allowance the Trustee has agreed for additional investment returns.

- Future Retail Price inflation (RPI): a term structure derived from the difference between the yield on conventional and index-linked UK Government bonds at the date of each future cash flow (extrapolated for cashflows beyond the longest available bonds).
- Future Consumer Price inflation (CPI): derived from the assumption for future RPI less an adjustment to recognise the difference between expectations of future RPI increases and future CPI increases. The adjustment will be reviewed at each valuation; at 31 January 2023 valuation the adjustment was a deduction of 1.1% per annum up to 2030 and nil thereafter.
- Pension increases: in line with the provisions in the Fund's rules, pension increases are either fixed rate or based on RPI or CPI (with a cap and floor applied). The assumption for the rate of pension increases applying to each benefit tranche is a full curve of annual gilt-implied inflation forward rates, adjusted for the probability that future inflation is above or below any applicable maximum and minimum annual increase entitlements. A stochastic model is used to derive the adjustment at each point on the curve. The model allows for the volatility of inflation to vary with time.
- Pay increases: The Fund was closed to future accrual with effect from 6 October 2012 ("the closure date"). Members who were active members at the closure date became 'Closure Members' and are eligible to retain a salary link for benefits accrued before the closure date whilst they remain an employee of the Co-operative Group ("the Co-op"). The assumption for salary increases of 0.5% per annum above RPI has been determined after consultation with the Co-op. No additional allowance has been made for promotional increases.
- Mortality: The mortality assumptions are based on up to date information published by the Continuous Mortality Investigation ("CMI") and National Statistics, making allowance for future improvements in longevity. The mortality tables are S3PA ("SAPS") Year of Birth tables (standard for male and middle for female) with weightings of 105% for male pensioners and 109% for male non-pensioners. The weighting for female pensioners is 100% and non-pensioner members is 101%. Future improvements in life expectancy are based on the CMI 2022 model with a long term improvement rate of 1.5% p.a., a smoothing parameter of $sk=7.0$ and no additional improvement parameter.

Fund Changes during the Year

There have been no changes to the Rules of the Fund during the year to 31 January 2025.

GMP Equalisation

In October 2018 and late 2020 the High Court gave its judgments regarding the equalisation of pensions for men and women, the 2020 judgement specifically dealing with historic transfers. The judgments affect Guaranteed Minimum Pension ('GMP') built up in any UK pension scheme which was contracted out of the State Second Pension between 17 May 1990 and 5 April 1997. The issues determined by the judgments arise in relation to many other defined benefit pension schemes. The Trustee has considered the next steps in relation to equalising for the effect of GMPs and has taken advice. The Fund now provides equalised transfer values and trivial commutation payments and has revisited historic transfers out from the Fund where applicable. Consideration of equalising for the effect of GMPs for retired scheme members, as well as future retirees, is still underway. Under the ruling schemes are required to backdate benefit adjustments in relation to equalising for the effect of unequal

GMPs and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore has not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

Virgin Media v NTL Pension Trustees II Limited

In 16 June 2023, the High Court issued a ruling in respect of Virgin Media v NTL Pension Trustees II Limited. Based on our current understanding, the decision reached was based on specific circumstances and related to an amendment which was worsening benefits and so it is unclear as to its wider application in many instances for the Fund. There was a Court of Appeal hearing that took place in the Summer of 2024 and the appeal was overturned. Further legal cases are to be heard in 2025 and we note the possibility of amending legislation to clarify matters.

With support from our respective legal advisers, the Co-op and Trustee have carried out a high-level desktop review of relevant governing documents for the Fund, to consider potential exposure from the Virgin Media case. Our legal advisers have identified two deeds where a change was made where they expect actuarial confirmation (or similar assurance) would have been required but was not appended to the deed or immediately obvious from the content of the deed that it had been obtained. However, given there was no single prescribed format, appropriate assurance may well have been obtained. This could give rise to some further analysis but, given the ongoing uncertainty regarding the application of the Virgin Media case, no further work has been undertaken at this time. The Trustee continues to monitor any developments.

Financial Development of the Fund

During the year ended 31 January 2025 the net assets of the Fund decreased from £468.1m to £449.2m.

Statement of Trustee's Responsibilities for the Financial Statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of that year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- contain the information specified in the Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

The Trustee is also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

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

For and on behalf of the Trustee

Russell Gill
Chair

Tom Taylor
Secretary

Date:

More Helpful Terms

In this document, when we say:	We mean:
Additional Voluntary Contribution ("AVC")	Contributions over and above a member's normal contributions which the member chose to pay to the Fund in order to secure additional benefits.
Asset Backed Securities (ABS)	An Asset Backed security is the term given to a bond, whose value is derived from a pool of underlying assets which together generate income and collateralise the specific pool. Examples include a pool of mortgages or credit card debt.
Benchmark	An appropriate and relevant "yardstick" against which the investment performance of a fund manager can be compared.
Bond	An investment in the form of a loan to a company or government which pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also known as "fixed interest" investments.
Buy and maintain credit	An investment in corporate bonds where the manager aims to select bonds with low default risk that can be held to maturity, and aims to have very low turnover in holdings.
Corporate Bond	A bond issued by a company.
Custodian	A custodian provides safe-keeping of a pension scheme's assets by holding and recording the investments, and processing tax reclaims etc.
Default	When talking about bonds or investments, a "default" is a failure on the part of the borrower to pay interest on a loan, or to be able to repay a loan at full value.
Derivatives	Financial instruments whose price is dependent on one or more underlying assets or market indicators (e.g. interest rates or inflation). Derivatives can be used to gain exposure to, or to help protect against, changes in the value of the underlying investments.
Equity	An investment in the form of shares in companies (also known as stocks). Owning shares makes shareholders part owners of the company in question and usually entitles them to a share of the profits (if any), which are paid as dividends. An

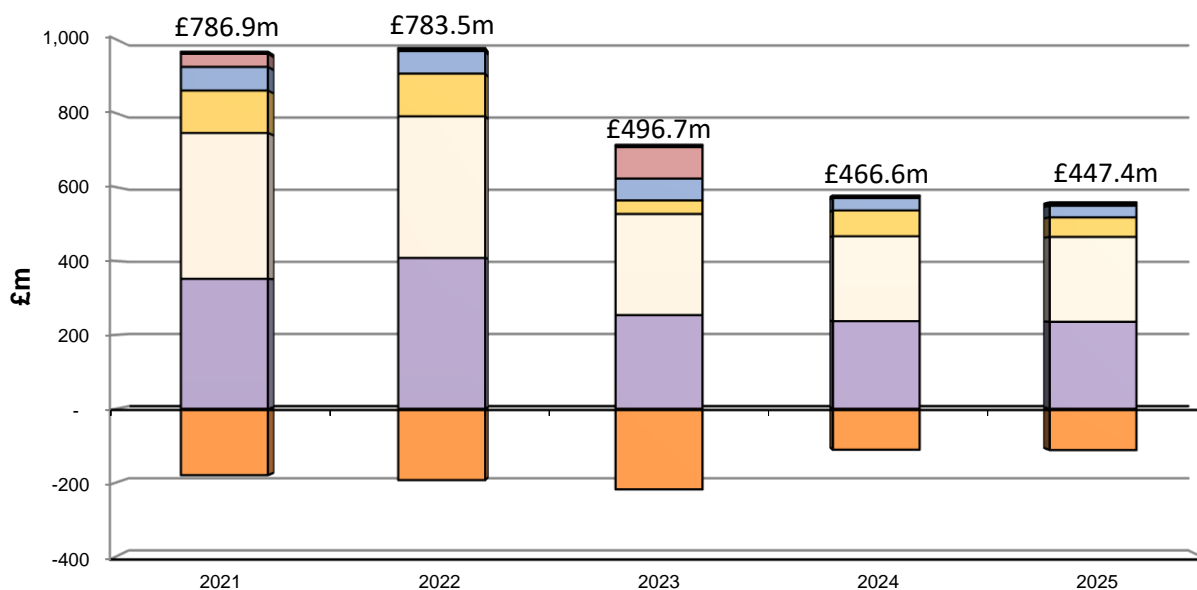
	investor does not have direct ownership rights if investing in equities via a pooled fund. See “pooled fund”.
ESG (Environmental, Social and Corporate Governance)	Factors considered in investment analysis and portfolio construction. ESG is used to evaluate corporate behaviour and the sustainability of business’ operations.
Fixed Interest	See “bond”.
Gilt	A bond issued by the UK Government.
Gilt repurchase agreement (“gilt repo”)	A transaction used to finance ownership of a bond. In a ‘repo’ agreement, a government bond is sold with a combined agreement for it to be repurchased in the future at an agreed price. This process is used to raise ready money and is backed by the sold asset. This allows a pension scheme to access bond investments in an efficient way, allowing it to increase interest rate and inflation protection through leverage in an LDI portfolio.
Global Trade Finance	Trade Finance is a short-dated, high quality, income generative asset with low correlation to traditional credit assets.
Illiquid Credit	Illiquid Credit investments take the principles of bond investing, lending of money in return for regular interest payments, into less standardised areas which are not actively traded. This results in favourable terms for investors and greater potential gain, which pension schemes are able to access as long-term investors.
Index-linked Gilt	A bond issued by the UK Government which increases each year in line with inflation, which has the effect of increasing the amount of the interest paid (or decreasing it if inflation is negative – “deflation”). Also known as inflation-linked gilts.
Investment Grade	A category of ratings provided by a ratings agency based on its assessment of the credit worthiness of that company or asset. The assessments within investment grade range from ‘extremely strong capacity to meet financial commitments’ (defined as AAA or Aaa) to ‘adequate capacity to meet financial commitments but more subject to adverse economic conditions’ (BBB or Baa).
Investment Manager	A company to whom the Trustee delegates the day to day management of part of the Fund’s assets.

	Also known as an “asset manager” or “fund manager”.
Leverage	Use of borrowed money to over-invest a portfolio which magnifies both gains and losses. This may be achieved by using derivatives such as swaps or gilt repos. Allows a pension fund to efficiently hedge interest rate and inflation risk where it does not have sufficient assets to invest entirely in bonds (or where suitable bonds are not available).
Liability Driven Investment (“LDI”)	An investment approach which focuses on matching the sensitivities of a pension scheme’s assets to those of its underlying liabilities in response to changes in certain factors, normally interest rates and inflation expectations.
Market Value	The price at which an investment can be bought or sold on a given date.
Passive management	A style of managing a portfolio by linking the investments to a particular index, such as the FTSE All Share Index, so that the portfolio value moves in line with that index.
Pooled Investment Vehicle / Pooled Fund	An investment fund in which a number of different investors hold “units”, and where the underlying assets are not directly held by each investor but as part of a “pool”. The investors have the right to the cash value of these units rather than to the underlying assets of the investment fund.
Property	Typically, investments in commercial property such as offices, shops and factories. These investments earn money from rent, and any increase in the value of the properties.
Segregated	Where assets are legally owned by a pension scheme rather than a pooled fund, and are managed independently of those of other funds under the investment manager's control.
Statement of Investment Principles (SIP)	A written statement of the principles governing decisions about investment for an occupational pension scheme, which trustees are required to prepare and maintain. Trustees must have regard to advice from a suitably qualified person and consult with the employer.
Sterling Overnight Index Average (“SONIA”)	SONIA, is the effective overnight interest rate paid by banks for unsecured transactions in the British sterling market. It is used for overnight funding for trades that occur in off-hours.

Strategic Asset Allocation	The target split of the Fund's assets between different types of investments (e.g. Bonds and Equities).
Swap	Derivatives designed to permit investors to exchange payment streams for their mutual benefit. Payments can be based on interest rates, inflation indices, currencies or equity returns.
Yield	A measure of the annual income earned on an investment. Normally expressed as a percentage of its market price.

Our Investment Report

The chart below provides a snapshot of the different types of investment categories held by the Fund at each year end.



- Fixed Interest(Corporate Bonds and Government Bonds)
- Index Linked Bonds
- Derivatives*
- Global Equities
- Illiquid Credit
- Cash Instruments
- Cash and other investment balances
- AVC investments

	2021		2022		2023		2024		2025	
	£000	%	£000	%	£000	%	£000	%	£000	%
Fixed Interest (Corporate Bonds and Government Bonds)	351,538	44.7	408,178	52.1	253,515	51.0	237,124	50.8	235,305	52.6
Index Linked Bonds	394,672	50.2	382,954	48.9	273,609	55.1	229,644	49.2	229,710	51.4
Derivatives*	(179,204)	(22.8)	(192,522)	(24.6)	(217,621)	(43.8)	(110,393)	(23.7)	(111,253)	(24.9)
Global Equities	114,875	14.6	115,843	14.8	36,712	7.4	69,927	15.0	53,028	11.9
Illiquid Credit	63,922	8.1	60,855	7.8	59,205	11.9	33,628	7.2	31,310	7.0
Cash Instruments	35,579	4.5	3,380	0.4	84,947	17.1	1,068	0.2	3,751	0.8
Cash and other investment balances	3,266	0.4	2,608	0.3	4,071	0.8	3,487	0.7	3,320	0.7
AVC investments	2,211	0.3	2,176	0.3	2,293	0.5	2,133	0.5	2,205	0.5
TOTAL	786,859	100.0	783,472	100.0	496,731	100.0	466,618	100.0	447,376	100.0

*Repurchase agreements included within derivatives

The Fund's investment policy

The investment objectives of the Fund are to achieve an overall rate of return that will ensure:

- sufficient resources are available to meet all liabilities as they fall due; and
- investment returns are maximised at an acceptable level of risk.

As Trustee, we determine the Fund's asset allocation with advice from the investment advisers, and reflect the Fund's net cashflow position, the liability profile, the risk appetite of the Trustee and the employer, and the current market outlook and economic environment. We appoint suitable investment managers to manage the assets.

We believe that the investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Fund's actuary.

What is the purpose of the Statement of Investment Principles?

The Statement of Investment Principles governs investment decisions for the purposes of the Fund. It has been prepared in accordance with Section 35 of the Pensions Act 1995 and a copy is available on request from the Co-op Pensions Department. The Statement of Investment Principles was last updated in June 2024.

A copy of the statement is available on request to the Secretary to the Trustee at the address shown on page 6, or via <https://www.unitedpensionfund.co.uk/documents>. We have appointed Mercer as the Fund's Investment consultant.

What is the Fund's investment strategy?

The asset allocation as at the year-end is shown below. As stated in the Fund's SIP, the Trustee acknowledges that the asset allocation may deviate from the strategic benchmark allocation over time and is monitored by the Trustee on a quarterly basis. Rebalancing of the Fund's assets is considered by the Trustee in conjunction with their investment advisor and is dependent on factors including the liquidity of asset classes and the suitability of market conditions.

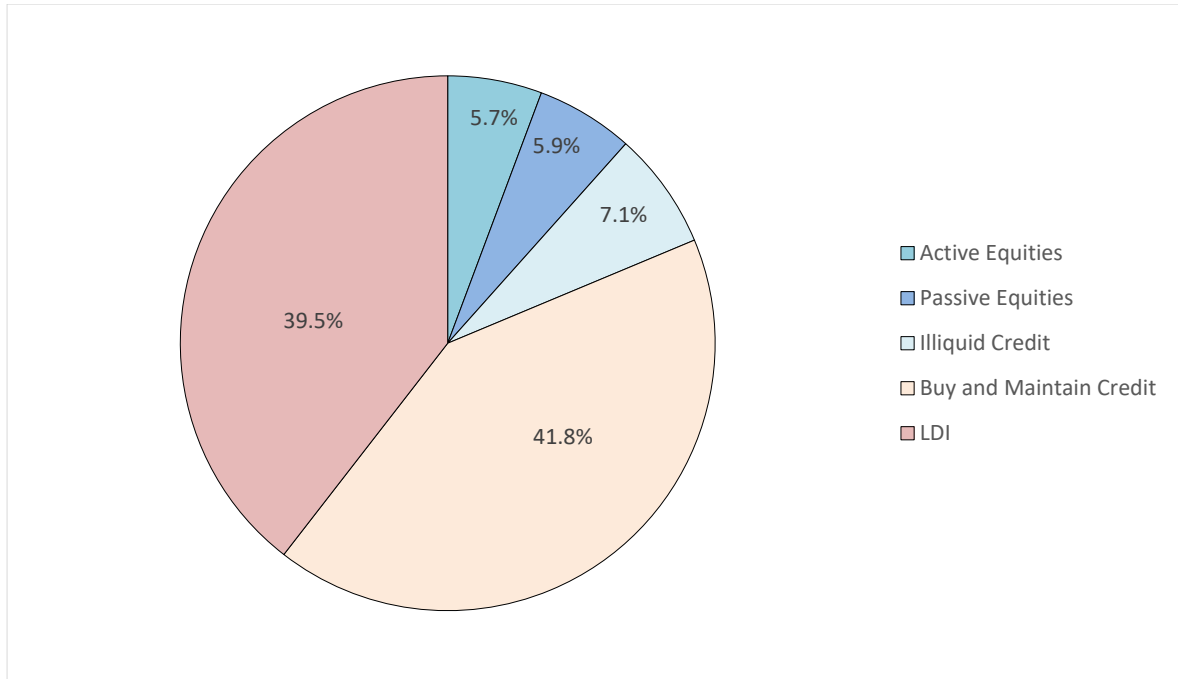
Following an investment strategy review in April 2024, as per advice received from the Trustee's investment consultant, the Trustee decided to de-risk the Fund's long term strategy by reducing the equity allocation from 14% to 10% of total Fund assets. This resulted in the target allocations to each of Mirova's active equity fund and BlackRock's passive equity allocation reducing to 5% of total assets.

The proceeds from the equity sales were invested in the RLAM and Insight Buy and Maintain credit mandates to increase the respective target allocations to 19.5% of total Fund assets. The remaining proceeds from the sale of equities was invested into BlackRock LDI mandate to bring the LDI allocation in line with the long term allocation of 44%.

As outlined in 2022 report, the Trustee agreed to expedite the sale of the M&G and ICG illiquid credit portfolios which had previously been placed into run-off. In October 2024, M&G returned the final investment from the ICOF III portfolio and subsequently closed the fund.

The Trustee continues to consider alternative investment opportunities on a regular basis within overall investment policy requirements. Further details are illustrated on the subsequent events note on page 45.

Asset Allocation as at 31 December 2024



Source: Respective Investment Managers
 LDI - Liability Driven Investment
 All figures reported as at 31 December 2024

The Fund currently invests with the following investment managers:

Active Equity	Passive Equity	Illiquid Credit	Buy and Maintain Credit	Liability Driven Investment (LDI) and cash
Mirova 5.7%	BlackRock 5.9%	Insight 6.6%	RLAM 20.9%	BlackRock 39.5%
		ICG 0.5%	Insight 20.9%	
5.7%	5.9%	7.1%	41.8%	39.5%

Percentages are of total Fund assets as at 31 December 2024.

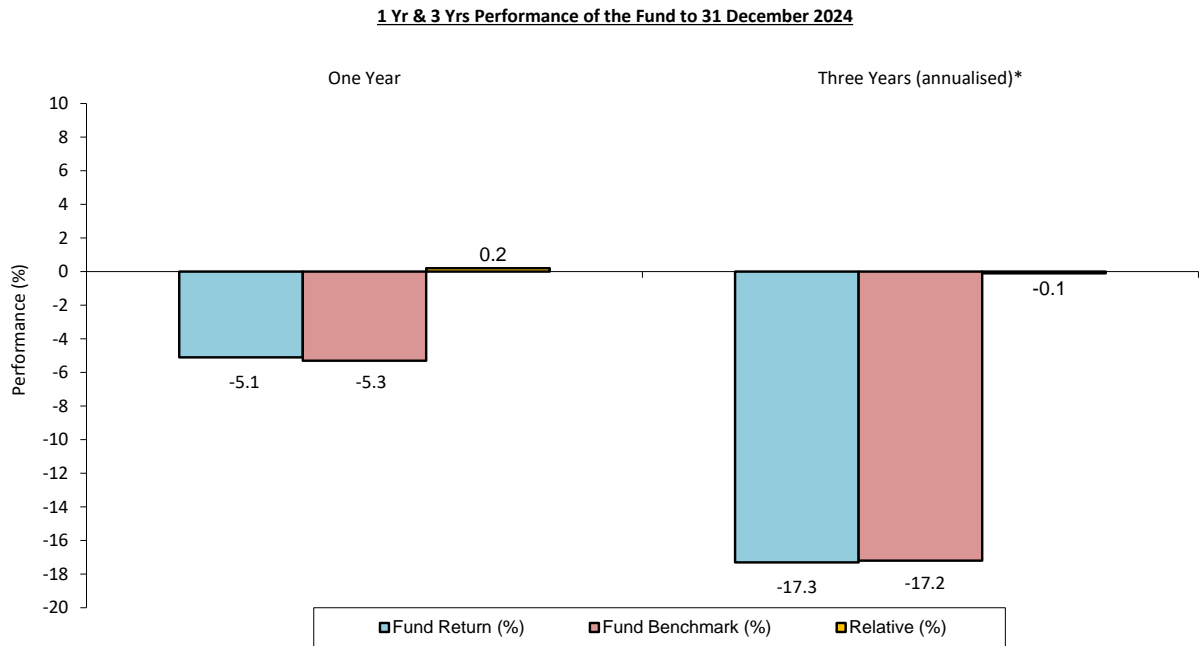
Investment Performance

Investment performance is measured on a quarterly basis; all performance data is shown to 31 December 2024.

On absolute basis, the value of Fund's assets decreased from £468.1m on 31 January 2024 to £449.2m on 31 January 2025. Looking over the calendar year, the performance of the Fund

for the year to 31 December 2024, gross of investment managers' fees, was -5.1% compared with the overall total fund monitoring benchmark of -5.3%.

The overall performance of Fund assets, over one and three years, is shown below:

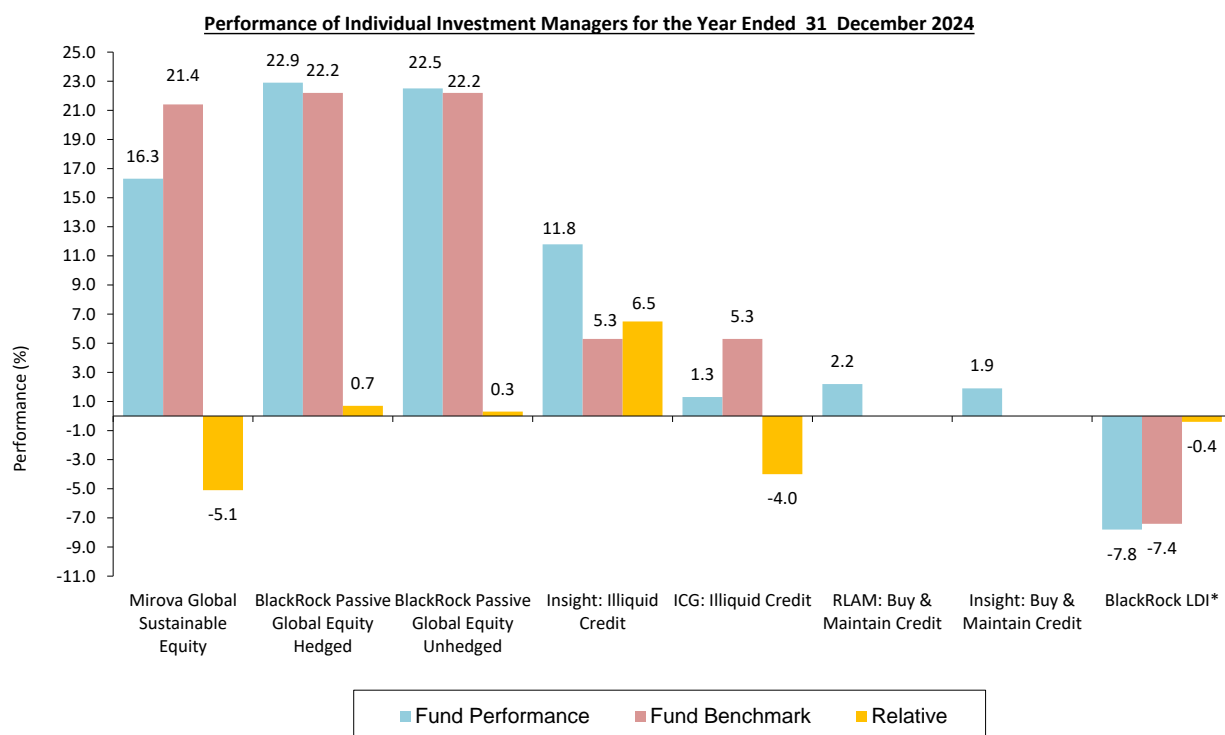


Source: Performance estimated by Co-op Pensions Department ("CPD") using performance provided by the underlying investment managers to 31 December 2024 (the latest available reporting data).

*Includes the performance of terminated mandates.

The performance of the individual investment managers is shown below. The benchmark assigned to each individual manager is based on the particular strategy or asset class that they invest and therefore different to the overall Fund benchmark. The benchmarks for each manager are as follows:

- Mirova active equities: to outperform the MSCI World Index.
- BlackRock passive equities: to track the MSCI World ESG Screened Index.
- Illiquid Credit: benchmarks based on SONIA.
- BlackRock LDI: to match changes in the profile of the liabilities.



Source: Respective Investment Managers

*Performance reflects total hedge portfolio (including LDI and external credit assets) vs the total liability benchmark with figures provided by BlackRock; leveraged performance figures are used to calculate total Fund returns on the previous page. Please note that the Buy and Maintain Credit funds with Insight and RLAM do not have formal performance benchmarks.

Custodial arrangements

We have invested with five investment managers across a number of different mandates as shown on page 20. The Fund has a segregated corporate bond mandate managed by RLAM and a segregated LDI mandate with BlackRock (where the Fund directly owns the underlying investments), for which we have appointed Bank of New York Mellon as an independent custodian. The other three managers manage pooled funds which appoint their own custodians.

Responsible Investment and Corporate Governance

The Trustee has a Responsible Investment Policy which is typically reviewed annually. The Responsible Investment Policy and Practice Statement can be found at <https://www.unitedpensionfund.co.uk/documents>. The document details the policy for considering Environmental, Social and Governance (“ESG”) factors, including climate change, in the strategic investment process and investment decision-making process, assessing United’s investment managers’ performance on ESG issues, engagement with investee companies, consideration of and participation in third party ESG initiatives and public disclosure of United’s ESG policy in practice.

In accordance with its fiduciary responsibilities, the Trustee takes account of financially material factors when making investment decisions, i.e. those factors which are expected to have an impact on investment returns and risk (including the long-term sustainability of investee companies’ performance – in particular the impact of climate change).

The Trustee also recognises that it may take non-financial factors into consideration (i.e. those motivated by other concerns, such as social impact) where the Trustee has good reason to

expect that Fund members would share these concerns, and where the decision is not expected to have material financial detriment.

The Trustee will apply these considerations in setting the Responsible Investment (“RI”) Policy, with the Trustee assessing members’ likely concerns (as far as this is practically possible) through engagement with members and through engagement with the Co-op when developing the Policy.

At the time of writing, the RI Policy reflects three broad Responsible Investment issues which the Trustee believes represent particular risk to the Fund and which the Trustee believes can be addressed. As the RI Policy is kept under regular review, (at least annually) the issues identified may change over time. These issues are:

- Climate change, and protection of the environment.
- Labour conditions and equal pay.
- Corporate Governance.

The Trustee seeks to address these issues in a number of ways. For example, the Fund’s equity assets are invested in an active equity fund managed by Mirova and a passive global equity fund managed by BlackRock. Mirova’s mandate is to focus on long term sustainability by integrating ESG at all levels of the investment process including through investment analysis, stock selection, active ownership and engagement with the holdings in the mandate. The BlackRock passive equity funds track the MSCI World ESG Screened Index, which implements ESG screens to exclude companies that are involved in or generate a majority of their revenue and income from activities that may have a detrimental impact from an ESG perspective.

With respect to climate change, the Trustee has also set specific carbon reduction targets for Royal London Asset Management (“RLAM”) in the management of their Buy and Maintain credit mandate, in order to help meet the Fund’s ambition to achieve net zero greenhouse gas (GHG) emissions by 2050 or sooner.

The Trustee also applies a specific exclusion list of stocks for the segregated investment grade credit mandate to restrict investment in companies identified as conflicting with the Trustee’s aims under these issues.

The Trustee gives its investment managers full discretion to evaluate ESG factors and engage with companies. The Trustee also encourages its investment managers to adopt best practices in these areas and to act in the best interests of Fund members. The Trustee recognises that where investments are held in pooled funds, it may not be possible to instruct the manager to follow a separate voting policy or to exercise votes. The Trustee may, from time to time, raise specific ESG issues with investment managers and seek a response. Investment Managers are asked to report to the Investment Committee on the issue of Responsible Investment. In addition, the Investment Committee monitors how each manager is incorporating ESG issues into investment decisions and, where relevant, exercising their approach to stewardship.

As part of the appointment of new investment managers and its ongoing monitoring process, the Trustee will consider the Investment Adviser’s assessment (in terms of ESG ratings) of how each investment manager embeds ESG and stewardship factors into its investment process and how the manager’s responsible investment philosophy aligns with the Trustee’s Responsible Investment policy. This includes the investment managers’ policy on voting and engagement.

In addition, the Trustee carries out regular reviews of the managers' ESG policies and actively engages with managers to better understand their processes.

The Fund's equity managers are expected to report on its adherence to the UK Stewardship Code on an annual basis.

Independent Auditor's Report to the Trustee of the United Norwest Co-operatives Employees' Pension Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of United Norwest Co-operatives Employees' Pension Fund (the 'Fund'):

- show a true and fair view of the financial transactions of the Fund during the year ended 31 January 2025 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the fund account;
- the statement of net assets; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Independent Auditor's Report to the Trustee of the United Norwest Co-operatives Employees' Pension Fund (continued)

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

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

In preparing the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will

Independent Auditor's Report to the Trustee of the United Norwest Co-operatives Employees' Pension Fund (continued)

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the Fund's industry and its control environment and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of the Trustee and Co-op Pensions management about their own identification and assessment of the risks of irregularities, including those that are specific to the Fund's business sector.

We obtained an understanding of the legal and regulatory framework that the Fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Pension Act 1995, the Pensions Act 2004, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty. These included the Fund's regulatory requirements.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets. In response we have: obtained an understanding of the relevant controls over investment holdings and transactions; agreed investment holdings to independent confirmations; and agreed investment and cash reconciliations to independent sales and purchase reports and bank statements.

Independent Auditor's Report to the Trustee of the United Norwest Co-operatives Employees' Pension Fund (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of the Trustee and Co-op Pensions management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of Trustee and subcommittee meetings and reviewing correspondence with the Pensions Regulator.

Use of our report

This report is made solely to the Fund's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to them 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 Fund's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Belfast
United Kingdom

Date:

Fund Account

for the year ended 31 January 2025

What does this show?

Our Fund Account shows all contributions, investment income and asset return received by the Fund, minus the benefits and expenses paid out during the year. The result is the Fund's net asset position at the end of the reporting period.

Contributions and benefits	Note	2025 £	2024 £
Employer contributions	2	1,500,000	12,100,000
Benefits paid or payable	3	(20,174,034)	(19,758,610)
Payments to and on account of leavers	4	(108,340)	(1,154,416)
Administrative expenses	5	(1,080,896)	(1,095,581)
Pension Levies	6	(40,057)	(43,713)
		(21,403,327)	(22,052,320)
Net withdrawals from dealings with members		(19,903,327)	(9,952,320)
Return on investments			
Investment income	7	16,584,183	20,222,851
Change in market value of investments	9	(14,809,297)	(40,830,669)
Investment management expenses	8	(731,898)	(679,498)
Net return on investments		1,042,988	(21,287,316)
Net decrease in the Fund		(18,860,339)	(31,239,636)
Net assets of the Fund as at 1 February		468,079,270	499,318,906
Net assets of the Fund as at 31 January		449,218,931	468,079,270

The notes on pages 31 to 45 form part of these financial statements.

Statement of Net Assets

(available for benefits) as at 31 January 2025

What does this show?

The Statement of Net Assets below provides a snapshot of the financial position of the Fund as at 31 January. It sums up the Fund's assets and liabilities at this date. It does not take account of obligations to pay pensions and benefits, which fall due after the end of the Fund year; this is dealt with in the Report on Actuarial Liabilities.

	Note	2025	2024
	9	£	£
Investments			
Investment assets			
Bonds		371,846,744	379,369,358
Pooled investment vehicles		181,256,714	192,021,175
AVC investments		2,205,285	2,133,155
Other investment balances		1,436,068	1,816,889
Income due		1,883,531	1,668,099
Recoverable tax		-	2,087
Investment liabilities			
Amounts due under repurchase agreements		(111,252,433)	(110,393,307)
		447,375,909	466,617,456
Current assets	13	2,712,658	2,275,420
Current liabilities	14	(869,636)	(813,606)
Total net assets of the Fund as at 31 January		449,218,931	468,079,270

The notes on pages 31 to 45 form part of these financial statements.

The financial statements summarise the transactions of the Fund 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 fund year. The Actuary deals with the actuarial position of the Fund, which does take account of such obligations, which is dealt with in the Report on Actuarial Liabilities on pages 10 and 11 of the Annual Report and these financial statements should be read in conjunction with them.

The Trustee approved these financial statements on _____.

Signed for and on behalf of TCG Northern Trustees Limited:

Russell Gill
Chair

Tom Taylor
Secretary

Notes to the Financial Statements

What does this show?

This section outlines the general accounting policies of the Fund that relate to the financial statements as a whole.

1.1 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 issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (2018).

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the fund has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least twelve months from the date of approval of these financial statements.

1.2 Identification of the financial statements

The Fund is established as a trust under English law. The address for enquiries to the Fund is Co-operative Group Limited, Pensions Department, Department 10406, 1 Angel Square, Manchester, M60 0AG.

1.3 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year, are as follows.

Contributions and benefits paid and payable

Employer deficit and expense allowance contributions are accounted for in the period they fall due as payable to the Fund in accordance with the Schedule of Contributions and Recovery Plan.

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

Transfers out

Individual transfers out represent the capital sums paid to other pension funds for members who have left the Fund. Transfer values are accounted for when the liability is discharged, which is normally when the transfer amount is paid.

Expenses

Expenses are accounted for on an accruals basis.

Investment income

Investment income is reported net of attributable tax credits but gross of withholding taxes, which are accrued in line with the associated investment income.

Investment income arising from the underlying assets within pooled investment vehicles is in part reinvested in those vehicles and is reflected in the unit price. This income is reported within 'change in market value'. The balance is reported within investment income. Any income received from unitised funds is included on an accruals basis.

Interest on deposits is accounted for on an accruals basis and accrued daily.

Income from bonds is accounted for on an accruals basis and includes interest brought and sold on investment purchases and sales.

Annuity income arising from annuity policies held by the Trustee of the Fund is included on an accruals basis as investment income.

Valuation of investments

Investments are included in the statement of net assets at their market values. Pooled investment vehicles and unit trusts are stated at the bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager at the year-end.

Bonds are stated at their clean (excluding accrued income) prices. Accrued income is accounted for within investment income.

Repurchase agreements are valued on a cash basis and are accounted for as follows:

- Repurchase agreements – the Fund continues to recognise and value the securities that are delivered out as collateral, and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as payable amount.
- Reverse repurchase agreements – the Fund does not recognise the securities received as collateral in its financial statements. The Fund does recognise the cash delivered to the counterparty as a receivable in the financial statements.

The fair value of annuities purchased by the Trustee, which fully provide the benefits for certain members, are estimated to be immaterial by the Trustee. Annuities have therefore been excluded from these financial statements. The cost of purchasing these annuities is reported within the Fund Account under 'Benefits paid or payable'.

Cash instruments are stated at the market value provided by the investment manager. Accrued income is accounted for within investment income.

Currency

The Fund's functional and presentational currency is pounds sterling (GBP). Monetary items denominated in foreign currencies are translated into sterling using the closing exchange rates at the Fund's year end. Foreign currency transactions are translated into sterling at the spot rate at the date of the transaction.

2 Employer contributions

What does this show? This note shows what contributions have been received by the Fund from the Co-op during the year.

	2025 £	2024 £
Deficit funding	-	10,600,000
Expense allowance	1,500,000	1,500,000
	1,500,000	12,100,000

Expense allowance contributions of £1.5m per annum were payable in accordance with the recovery plan dated 19 December 2023. These contributions are payable in monthly instalments.

3 Benefits paid or payable

What does this show? This note shows what benefits have been paid out to members of the Fund during the year.

	2025 £	2024 £
Pensions	16,524,753	15,822,246
Commutation and lump sum retirement benefits	3,614,508	3,906,516
Lump sum death benefits	34,773	29,848
	20,174,034	19,758,610

Pensions paid includes annuity pension paid of £81,103 (2024: £77,171).

4 Payment to and on accounts of leavers

What does this show? This note shows how much has been paid out to other pension schemes for members who have left the Fund during the year.

	2025 £	2024 £
Individual transfers to other schemes	108,340	1,154,416

5 Administrative expenses

What does this show?

This note shows what expenses the Fund has incurred during the year. It splits expenses into key categories, such as actuarial and administration fees.

	2025 £	2024 £
Actuarial fee	190,413	399,603
Administration fee	437,207	261,181
Audit fee	28,000	28,000
Legal & other professional fees	69,560	74,028
Personnel costs	298,315	302,119
Other expenses	57,401	30,650
	1,080,896	1,095,581

All administration expenses are borne by the Fund.

6 Pension Levies

What does this show?

This note shows the total amount of levies paid to the Pensions Regulator and Pensions Protection Fund during the year.

	2025 £	2024 £
Pension levies	40,057	43,713

The Pensions Act 2004 introduced the Pension Protection Fund levy and the Fund, in common with other pension schemes, is required to contribute.

7 Investment income

What does this show?

The Fund receives income and pays interest from its assets; this note shows the different types of income received during the year.

	2025 £	2024 £
Income from bonds	15,719,272	17,808,283
Income from pooled investment vehicles	735,469	2,290,717
Interest received on cash deposits	41,657	46,651
Gains on exchange	18	29
Annuity income	87,767	77,171
	16,584,183	20,222,851

There is a substantial percentage of assets invested in pooled funds. Certain assets within the pooled funds distribute income as shown above. Others are added to the pool, reflected in the unit price and not identified separately.

8 Investment management expenses

What does this show? This note shows the investment management expenses incurred by the Fund during the year.

	2025 £	2024 £
Investment manager fees	388,723	364,770
Investment consultancy fees	299,313	263,987
Custody fees	31,190	31,271
Investment expenses	12,672	19,470
	731,898	679,498

9 Reconciliation of investments

What does this show? This note provides a reconciliation of the sales, purchases and change in market value during the year between the opening and closing value of investments and analysed by asset class as disclosed on the face of the Statement of Net Assets.

	31 January 2024	Purchases at cost	Sales proceeds	Change in market value	31 January 2025
Note	£	£	£	£	£
Bonds	379,369,358	54,092,774	(34,686,001)	(26,929,387)	371,846,744
Pooled investment vehicles	9.1 192,021,175	37,643,161	(65,821,846)	17,414,224	181,256,714
AVC investments	9.2 2,133,155	-	(95,282)	167,412	2,205,285
	573,523,688	91,735,935	(100,603,129)	(9,347,751)	555,308,743
Repurchase agreements	(110,393,307)	196,121,869	(191,519,449)	(5,461,546)	(111,252,433)
Other investment balances	9.3 1,816,889				1,436,068
Income due	1,668,099				1,883,531
Tax recoverable	2,087				-
TOTAL	466,617,456		(14,809,297)		447,375,909

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.

Transaction costs

Included within purchases and sales figures are direct transaction costs comprising of fees incurred. The Fund did not incur any direct transaction costs this year.

Indirect costs are borne by the Fund in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately identifiable.

9.1 Pooled investment vehicles

	2025 £	2024 £
Bonds	93,167,598	87,397,851
Equity	53,028,373	69,927,358
Illiquid credit	31,310,229	33,628,191
Cash funds	3,750,514	1,067,775
	181,256,714	192,021,175

Concentration of investments

The following investments represent greater than 5% of the net assets of the Fund.

		2025 Market Value £	Net assets %	2024 Market value £	Net assets %
Insight	Buy and Maintain Bond Fund	93,167,598	20.7	87,397,851	18.7
Insight	Illiquid Credit fund	29,105,938	6.5	26,264,245	5.6
Mirova	Mirova GLB Sus Eqty fd SI NPF	25,835,015	5.8	42,028,608	9.0

9.2 AVC investments

	2025 £	2024 £
Royal London (CIS) Limited	2,205,285	2,133,155

Members' Additional Voluntary Contributions are invested separately from the main fund on a money purchase basis with Royal London (CIS) Limited.

Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements during the year.

9.3 Other investment balances

	2025 £	2024 £
Cash deposits	1,438,233	1,818,497
Sales awaiting settlement	68,785	372,710
Purchases awaiting settlement	(70,950)	(374,318)
	1,436,068	1,816,889

10 Tax Status

The Fund is a pension scheme registered under Chapter 2 of Part 4 of the Finance Act 2004 with Her Majesty's Revenue and Customs for tax purposes. As a registered scheme its income and investment gains are free of taxation.

11 Fair value determination

What does this show?

This note categorises the investment assets and liabilities held by the Fund into specific levels which correspond to how its market value has been determined. Market values can be determined from a number of sources including taking pricing information from market data i.e. a stock exchange, or using a valuation model not widely available.

The fair value of financial instruments has been estimated using the following fair value hierarchy:

- **Level 1:** The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;
- **Level 3:** Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

The Fund's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

At 31 January 2025

	Held at amortised cost not fair value £	Level 1 £	Level 2 £	Level 3 £	Total £
Bonds	-	-	366,452,700	5,394,044	371,846,744
Pooled investment vehicles	-	-	149,946,485	31,310,229	181,256,714
Repurchase agreements	(111,252,433)	-	-	-	(111,252,433)
AVC investments	-	-	-	2,205,285	2,205,285
Other investment balances	-	1,436,068	-	-	1,436,068
Income due	-	1,883,531	-	-	1,883,531
Recoverable tax	-	-	-	-	-
TOTAL	(111,252,433)	3,319,599	516,399,185	38,909,558	447,375,909

At 31 January 2024

	Held at amortised cost not fair value £	Level 1 £	Level 2 £	Level 3 £	Total £
Bonds	-	-	371,751,814	7,617,544	379,369,358
Pooled investment vehicles	-	-	159,626,857	32,394,318	192,021,175
Repurchase agreements	(110,393,307)	-	-	-	(110,393,307)
AVC investments	-	-	-	2,133,155	2,133,155
Other investment balances	-	1,816,889	-	-	1,816,889
Income due	-	1,668,099	-	-	1,668,099
Recoverable tax	-	2,087	-	-	2,087
TOTAL	(110,393,307)	3,487,075	531,378,671	42,145,017	466,617,456

12 Investment risk disclosures

What does this note show?

This note provides additional information to enable readers to evaluate the nature and extent of credit, market and other risks arising from certain investment assets which the Fund is exposed to. Information about how the Fund manages these risks is also provided.

FRS 102 requires that we, the Trustee, provide information in relation to certain investment risks. The risks are set out by FRS 102 are:

Credit Risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, e.g. the risk that a borrower may not repay a loan or a debt to the Fund.

Market Risk: this includes “currency risk”, “interest rate risk”, “inflation risk” and “other price risk”.

- **Currency risk:** this is the risk that the value of an investment changes because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the value of an investment decreases or increases because of changes in interest rates.
- **Inflation risk:** this is the risk that the value of an investment increases or decreases because of changes in inflation expectations.
- **Other price risk:** this is the risk that the value of an investment decreases or increases because of changes in market prices (apart from changes in value as a result of movements in interest rates or currency).

Other Risks:

Apart from the risks listed above, we make sure the following investment related risks are managed:

- **“Solvency risk and mismatching risk”:** The risk that the Fund does not generate strong enough investment returns, and cannot meet benefits.
- **“Manager risk”:** The risk that individual investment managers underperform their objectives.
- **“Liquidity risk”:** The risk that the Fund does not hold enough cash to meet short term requirements to pay benefits.
- **“Corporate governance risk”:** The risk that the Fund invests in poorly managed companies, and that the value of those investments falls as a result.
- **“Environmental, social and governance (“ESG”) risk”.** The risk that the Fund does not comply with its Responsible Investment Policy when implementing the investment strategy and does not comply with appropriate legislation and/or the value of investments fall as a result.
- **“Custody risk”:** The risk that the Fund’s assets are not held safely.
- **“Sponsor risk”:** The risk that the Fund’s sponsor cannot afford to pay money into the Fund if needed.
- **“Leverage risk”:** The risk that the Fund’s liability matching investments fall in value, and additional cash is required.
- **“Hedging related risks”:** The risk that investments made by the Fund to “match” its liabilities are not a good fit and do not behave in the same way as those liabilities.
- **“Inappropriate investments”:** The risk that the Fund invests in inappropriate investments (e.g. investments that are too risky).

- **“Counterparty risk”**: The risk that where the Fund enters into swap transactions either directly or via pooled funds, the selected counterparty cannot fulfil its obligations.

12.1 Investment Strategy

We make investment decisions after taking advice from a professional investment adviser. The Fund is subject to the risks above because of the investments it makes to implement its strategy, as described on page 19 of this report. We manage investment risks, including credit risk and market risk, within agreed limits which are set taking into account the Fund’s investment objectives. These investment objectives and risk limits are applied through the legal agreements the Fund has with its investment managers, and we regularly monitor that the managers are complying with these agreements.

A more detailed description of the Trustee’s approach to risk management and the Fund’s exposures to credit and market risks is set out below. This does not include annuity insurance policies or AVC investments, because these are relatively small compared to the overall investments of the Fund.

(i) Credit risk

The Fund is subject to credit risk because it invests in bonds issued by UK and overseas companies (which could default on their debt to the Fund), enters into repurchase agreements and because it holds cash in bank accounts and with investment managers.

The Fund also invests in pooled investment vehicles, such as open-ended investment companies and unit linked insurance contracts, and is therefore directly exposed to credit risk in relation to these pooled investment vehicles. The Fund is also indirectly exposed to credit risks arising on some of the financial instruments held by these pooled investment vehicles.

Credit risk – UK government and investment grade bonds:

We look to limit the credit risk the Fund is exposed to through its bond holdings by ensuring that the majority of the bonds held by RLAM and BlackRock are either government bonds (where the risk of default is minimal) or corporate bonds which are rated at least investment grade (i.e. where they are higher quality). The risk is also reduced by requiring the appointed investment managers to invest in a range of bonds issued by different entities, which reduces the impact on the total portfolio if a bond issuer is unable to meet the payments due.

The Fund’s investment managers are also allowed to invest in corporate bonds and similar investments which are not rated as investment grade. These investments are held at the investment managers’ discretion and are subject to limits. RLAM are allowed to invest in corporate bonds which are not rated as investment grade, at RLAM’s discretion and subject to limits; if a bond is downgraded RLAM can continue to hold it, but at most 20% of the Fund’s investment with RLAM can be sub-investment grade.

At the period end a total of 1.2% of the Fund’s invested assets were sub-investment grade corporate bonds (2024: 0.7%).

Credit risk – cash:

Cash is held within financial institutions which are at least investment grade credit rated. At year end, the total cash held is 0.5% of the Fund’s total net assets (2024: 0.4%).

Credit risk – repurchase agreements:

Credit risk on repurchase agreements is mitigated through collateral agreements. At year end, the market value of collateral held by the Fund was £0.4m (2024: £0.2m); and the market value of collateral pledged by the Fund was £3.5m (2024: £1.6m).

Credit risk – pooled investments:

The Fund also invests in pooled investment vehicles ('PIVs'), pooled funds which invest in underlying assets like shares and bonds on behalf of a number of investors, and is therefore directly exposed to credit risk for these investments (as the PIVs could default on their obligations to the Fund). A summary of pooled investment vehicles by type of arrangement is set out below.

The Fund's investments in PIVs are either rated investment grade or are unrated. Direct credit risk arising from pooled investment vehicles is reduced because:

- the underlying investments held by the pooled funds are legally ring-fenced from the investment manager(s);
- the investment managers that operate the PIVs need to meet the requirements of various financial regulations; and
- we invest in a number of different PIVs, spreading risk.

	2025	2024
	£	£
Open Ended Investment Company		
- Insight buy and maintain bond fund	93,167,598	87,397,851
- BlackRock cash fund	3,750,514	1,067,775
Société d'Investissement à Capital Variable (SICAV)		
- Mirova equity fund	25,835,015	42,028,608
Qualifying Investor Alternative Investment Funds		
- M&G illiquid credit fund	-	1,233,872
- Insight illiquid credit fund	29,105,938	26,264,245
Luxembourg Securitisation Undertaking ("organisme de titrisation")		
- ICG illiquid credit fund	2,204,291	6,130,073
Undertaking for collective investment in transferable securities (UCITS)		
- BlackRock equity fund	27,193,358	27,898,750
TOTAL	181,256,714	192,021,174

At year end, 41% of invested assets were held in pooled investment vehicles (2024: 42%).

Credit risk – custody:

We have appointed a global custodian for the safe-keeping of assets. The risk that the custody of the Fund's assets is not secure is addressed by monitoring the custodian's activities and creditworthiness. In addition, cash balances held by the custodian are transferred to a ring-fenced fund each night to reduce the risk of losses occurring should the custodian become un-creditworthy overnight.

The investment managers for the PIVs appoint their own custodians to ensure the safe-keeping of the assets within their mandates.

Indirect credit risk:

Indirect credit risk arises in relation to underlying investments held in pooled investment vehicles that the Fund invests in (totalling 28% of invested assets at year end – 2024: 26%). For example, if the Fund invested in a pooled illiquid credit fund which itself invests in bonds issued by a company, there is a risk that that company does not repay the bond to the pooled fund. We manage this risk by making sure that our investment managers diversify their investments over a number of companies and investments, to minimise the impact of a default on any individual investment.

(ii) Currency risk

The Fund is subject to currency risk because the Fund invests in overseas investments, through pooled funds. To reduce the risk that the value of these overseas investments fall in sterling terms, we have a policy of hedging at least 75% of overseas currency risk for its investments in developed market equities, and 100% for buy and maintain credit and illiquid credit mandates.

At the year end, the Fund's unhedged exposure to overseas currencies was 3% of total invested assets (2024: 3% of total invested assets).

(iii) Interest rate risk

The Fund is subject to interest rate risk on its assets (e.g. investments in bonds and financial derivatives) and its liabilities. However, the Fund adopts an investment strategy that is structured to (largely) offset the risks from its assets and liabilities. This is referred to as a liability driven investment strategy and is intended to protect the Fund against the impact of changes in interest rates and inflation on the Fund's liabilities.

The Fund currently manages this risk through investments in a segregated LDI investment managed by BlackRock, and long duration corporate bond holdings with Insight and RLAM. The LDI mandate holds government bonds, financial derivatives and cash collateral. We monitor the level of cash held within the LDI funds and operate a framework to ensure that if gilt yields rise then additional cash can be provided in a timely manner, should it be required.

We have set a target benchmark for total investment in LDI and bonds of 83% of the total investment portfolio. Under this strategy, if interest rates fall, the value of LDI and bond investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI and bond investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. These assets would be expected to change in value by £0.6 million for a change in interest rates of 0.01% (2024: £0.7 million). The Fund's liabilities would change by approximately £0.6 million for a change in interest rates of 0.01% (2024: £0.8million).

(iv) Inflation rate risk

The LDI portfolio is also exposed to inflation risk. If inflation rises, the value of these assets will rise to help match the increase in actuarial liabilities resulting from the rise. Similarly, if inflation falls, the LDI portfolio will fall in value, as will the actuarial liabilities. These assets would be expected to change in value by £0.4 million for a change in expected inflation of 0.01% (2024: £0.5 million). The Fund's liabilities would change by approximately £0.4 million for a change in expected inflation of 0.01% (2024: £0.5 million).

At the year-end the LDI and bond investments represented 80% of the Fund's total investment portfolio (2024: 77%).

(v) Other price risk

The Fund is also exposed to "other price risk", largely because of its investments in return seeking assets (which include equities held in pooled vehicles), and holdings invested in Illiquid Credit which covers less standard and liquid areas of the credit markets. To spread this risk, the Fund invests across multiple illiquid credit managers, each of which have diversified holdings by issuer and asset class.

The Fund manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets by setting the target allocation to both the equity and illiquid credit allocation to 17%.

At the year end, the Fund's exposure to investments subject to other price risk was 12% and 7% of total invested assets for the equity mandate and Illiquid Credit funds respectively (2024: 15% and 7% respectively).

(vi) Other risks

- **Manager risk** – this is managed by spreading the Fund's assets over a range of managers, and we regularly monitor the managers.
- **Liquidity risk** - the Co-op Pensions Department estimates the cash needed each month to meet benefit payments, and ensures that sufficient cash is available, seeking advice where necessary.
- **Custody risk** – this is managed by the safe custody of the assets is delegated to professional custodians either directly or via the use of pooled funds, with each manager appointing a custodian and being responsible for monitoring the custodian's activities.
- **Sponsor risk** – this is managed by regular assessments of the ability and willingness of the Co-op to support the Fund.
- **Corporate governance risk** - this is managed through setting controls to limit concentration of investments in individual companies, and through regular discussions with and reporting on investment managers' approach to sustainability risks.
- **Leverage risk** – this is managed by regular reviews of the amount and nature of any leveraged investments made by the Fund's investment managers.

- **“Hedging related risks”**: The risk that investments made by the Fund to “match” its liabilities are not a good fit and do not behave in the same way as those liabilities.
- **“Inappropriate investments”**: The risk that the Fund invests in inappropriate investments (e.g. investments that are too risky)
- **Counterparty risk** – managed via the diversification of counterparties and the collateralisation process

13 Current assets

What does this show? This note shows the value of non-investment assets held by the Fund at the year end.

	2025 £	2024 £
Contributions due:*	125,000	125,000
Cash balances:		
Current bank account	1,878,945	1,602,865
Administration bank account	563,835	400,017
Sundry debtors	144,878	147,538
	2,712,658	2,275,420

*Contributions due at year-end were all received subsequent to the year-end in accordance with the Schedule of Contributions.

14 Current liabilities

What does this show? This note shows the value of non-investment liabilities owed by the Fund at the year end.

	2025 £	2024 £
Investment and administration fees due	(526,386)	(631,724)
Unpaid benefits	(88,573)	(181,882)
Tax due	(254,677)	-
	(869,636)	(813,606)

15 Related party transactions

What does this show? Related parties include people (such as directors and key personnel) as well as entities. This note outlines the nature of the relationship of any related parties.

Apart from the payment of contributions to the Fund by the Co-op, other related party transactions are:

- the Co-op, in conjunction with Aptia UK Limited, performs fund administration. From 1 November 2024, Aptia became the payroll administrator to the Fund. The administration costs charged to the Fund by the Co-op are £298,315 (2024: £302,119) in relation to personnel costs. Included in current liabilities is £40,829 (2024: £45,740) of accrued personnel costs (note 14).
- At the Fund's year-end one director holds deferred benefits in the Fund and during the year two directors were receiving a pension from the Fund.
- Expenses incurred by Trustee Directors, including training, travel and overnight accommodation, where appropriate, may be charged to the Fund.
- Pensioner Member-Nominated Trustee Directors receive pensions from the Fund under normal terms and conditions and are paid £5,000 per annum.
- Member Nominated Trustee Directors who still work for the Co-op are paid £2,000 per annum in respect of attendance at the quarterly Trustee meetings. Attendance at additional sub-committee meetings is remunerated based on the workload of each committee. MNDs may opt out of receiving this remuneration.
- Independent Trustee Directors receive remuneration directly from the Co-op based on commercially-negotiated rates.
- The total of all Trustee Director remuneration paid by the Co-op during the year was £78,757 (restated¹ 2024: £65,756).

16 Employer related investments

What does this show?

Employer related investments include securities issued by the employer, loans to the employer and any investment property occupied by the employer. They also include investments made indirectly through pooled investment vehicles.

During the year, there were no direct or indirect employer related investments.

17 Subsequent events

What does this show?

Significant events which occurred between the reporting date and the date the report and accounts are formally signed by the Trustee.

Changes to the Fund's investment strategy

After the year end, the Trustee received advice from the Fund's investment consultant in order to review the efficiency of the Fund's investment strategy, particularly the diversification within its credit based assets. Following this review the Trustee agreed to:

- terminate the RLAM Buy and Maintain Credit mandate (19.5% of total Fund assets)
- appoint BlackRock to manage a pooled ABS mandate (totalling 10% of total Fund assets)
- appoint Allianz to manage a pooled Global Trade Finance mandate (totalling 10% of total Fund assets).

The RLAM assets were sold in March 2025, and the BlackRock ABS and Allianz Global Trade Finance mandates were funded during the second quarter of 2025.

¹ The prior year comparative has been restated from £58,717 to correct an error in calculation. The restatement has no impact on the overall financial position of the Fund.

Independent Auditor's Statement about Contributions to the Trustee of the United Norwest Co-operatives Employees' Pension Fund

We have examined the summary of contributions to the United Norwest Co-operatives Employees' Pension Fund for the Fund year ended 31 January 2025 to which this statement is attached.

In our opinion contributions for the Fund year ended 31 January 2025 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid from 1 February 2024 to 31 January 2025 at least in accordance with the Schedule of Contributions certified by the fund actuary on 19 December 2023.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached 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 fund and the timing of those payments under the Schedule of Contributions.

Respective Responsibilities of Trustee and Auditor

As explained in the Statement of Trustee's Responsibilities in respect of Contributions on page 47, the Fund's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our report

This statement is made solely to the Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them 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 Trustee as a body for our work, for this statement, or for the opinion we have formed.

Deloitte LLP
Statutory Auditor,
Belfast, United Kingdom

Date

Statement of Trustee's Responsibilities in respect of Contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Fund by or on behalf of the employer and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule of Contributions occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee's Summary of Contributions payable and reported on in the Auditor's statement in respect of the Fund year ended 31 January 2025

This Summary of Contributions has been prepared by, or on behalf of, the Trustee and is our responsibility. It sets out the employer contributions payable to the Fund in respect of the period from 1 February 2024 to 31 January 2025 under the schedule certified by the Fund Actuary on 19 December 2023. The Fund Auditor reports on these contributions payable under the Schedule of Contributions in the Auditor's Statement about Contributions.

Contributions payable under the schedule in respect of the Fund year	£
Employer: Expense	1,500,000
Contributions payable under the schedule (as reported on by the Fund auditor)	1,500,000
Reconciliation of contributions payable under the schedule of contributions to total contributions reported in the financial statements	
Contributions payable under the schedule (as above)	1,500,000
Total contributions reported in the financial statements	1,500,000

Signed for and on behalf of TCG Northern Trustees Limited on .

Russell Gill
Chair

Tom Taylor
Secretary

Actuary's Certification of Schedule of Contributions

Certificate Of Schedule Of Contributions

Name of the Fund **United Norwest Co-operatives Employees' Pension Fund**


Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 January 2023 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 19 December 2023.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Fund's liabilities by the purchase of annuities, if the Fund were to be wound up.

Signature	
Name	Damian McClure FIA
Date of signing	19 December 2023
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of employer	Mercer Limited

Appendix 1: Implementation Statement

United Norwest Co-operatives Employees' Pension Fund Engagement Policy Implementation Statement

3 June 2025

Background

In 2019, the government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 which requires the Trustee to publish a statement setting out (among other things) how the Trustee has followed its policies on the exercise of voting rights attaching to its investments and engagement activities. This document is intended to meet those requirements (and those in the DWP's statutory guidance on Reporting on Stewardship and Other Topics, dated June 2022), and will be included in the Fund's Report and Accounts and published on the Fund's website.

This is the United Norwest Co-operatives Employees' Pension Fund's fifth published Implementation Statement and covers the Fund year from 1 February 2024 to 31 January 2025.

The Trustee's review of the Statement of Investment Principles over the year

The Trustee maintains a Statement of Investment Principles (or "SIP") for the Fund, and it is reviewed annually or following any significant changes in investment policy.

Over the year, the SIP was updated in June 2024 to reflect the decision to de-risk the investment strategy agreed in April 2024 and inclusion of a specific reference to the Fund's Net Zero target. The SIP is available on the Fund's website, <https://www.unitedpensionfund.co.uk>.

In preparing the SIP, the Trustee consults with the sponsoring employer. The employer is consulted regarding any proposed changes to the Statement and investment strategy, however, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

The Trustee's policies on the exercise of voting rights and undertaking engagement activities (Section 12 of the SIP)

The Trustee's policies on engagement (as applicable during the year) are set out in the SIP and are summarised below, together with the Trustee's assessment of how and the extent to which these policies were implemented:

Policy (June 2024 SIP)	Assessment
<i>The Trustee seeks to address [the broad Responsible Investment issues set out in its Responsible Investment Policy] ... in a number of ways. For example, the Fund's equity assets are split between BlackRock, which are managed on a passive basis and the Mirova Global Sustainable Equity fund which is managed on an active basis.... The Trustee also applies a specific exclusion list of stocks for the segregated investment grade credit mandate to restrict investment in companies identified as</i>	The Trustee considers the most effective way to align the Fund's investment with its values is to appoint fund managers that take a responsible and sustainable approach to investment, as well as to engage with asset managers in relation to the three broad issues that the Trustee identifies as priorities in the Fund's responsible investment policy, namely:

conflicting with the Trustee's aims under these issues.

The Trustee gives its investment managers full discretion to evaluate ESG factors and engage with companies. The Trustee also encourages its investment managers to adopt best practices in these areas and to act in the best interests of Fund members. The Trustee recognises that where investments are held in pooled funds, it may not be possible to instruct the manager to follow a separate voting policy or to exercise votes.

- **Climate change and the protection of the environment;**
- **Labour conditions and equal pay; and**
- **Corporate governance.**

Where assets are held directly by the Fund (specifically the segregated RLAM corporate bond assets), the Trustee applies explicit exclusion lists to prevent investment in companies that manufacture or distribute controversial weapons, or those in the oil, gas or mining industries that have poor environmental records, or in government bonds from countries with poor human rights records. This has been applied throughout the year with updated exclusions lists provided to the managers quarterly based on ESG data licensed from MSCI. Please note that, following the Fund's year end, in April 2025, the corporate bond assets held via RLAM's segregated mandate were fully disinvested.

Elsewhere, the Fund invests entirely in pooled investment funds alongside other investors (excluding the segregated LDI mandate), hence, does not directly invest in underlying companies or have the ability to engage directly with these companies.

Over the year the Fund's equity holdings were managed by Mirova, via its active Sustainable Global Equity mandate, and also via a passive ESG global equity focused fund managed by BlackRock.

The Mirova mandate is actively managed and ESG principles are fully embedded within the investment process – portfolio construction has a focus on thematic views and the manager's opinion on ESG risks and alerts on potential human rights breaches.

	<p>The BlackRock passive equity fund tracks an index which implements ESG screens to exclude companies that are associated with controversial, civilian and nuclear weapons and tobacco, palm oil and arctic oil & gas, or that derive revenues from thermal coal and oil sands extraction and that are not compliant with the United Nations Global Compact principles. The fund also excludes companies that are involved in very severe controversies or in certain biodiversity or supply chain related controversies. The fund targets a minimum 30% reduction in carbon emission intensity relative to the underlying market capitalisation index.</p> <p>The Fund's equity investments are held through pooled vehicles and the Trustee does not therefore directly exercise voting rights.</p> <p>Mirova</p> <ul style="list-style-type: none"> • Mirova's voting decisions are the responsibility of Mirova's Voting Committee, which is composed of its CIO, its Head of Sustainability Research and its Head of Sustainability Research Listed Asset. • Mirova discloses its voting record on their website, including the company's voting universe, companies and AGMs that were voted by Mirova. <p>BlackRock</p> <ul style="list-style-type: none"> • BlackRock's voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance
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	<p>with BlackRock’s Global Principles and custom market-specific voting guidelines.</p> <ul style="list-style-type: none"> • BlackRock uses ISS's electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. BlackRock discloses its ‘voting bulletins publicly on its website, including the analysis underpinning the decisions and relevant engagement history when applicable.
<p><i>The Trustee may, from time to time, raise specific ESG issues with investment managers and seek a response.</i></p>	<p>No specific issues were escalated to investment managers during the year.</p>
<p><i>Investment Managers are asked to report to the Investment Committee on the issue of Responsible Investment.</i></p>	<p>The Trustee, directly or through the Co-op’s Manager Monitoring and Implementation Committee (“MMIC”), met with all five* of the Fund’s managers throughout the year as part of a rolling program, and ESG factors and engagement with investee companies are discussed at each meeting to understand the managers’ approaches to incorporating ESG considerations in the initial selection of investments, and areas of engagement as well as developments over the year.</p> <p>The MMIC met with BlackRock on 12 February 2025 and discussed the impact of the US withdrawing from the Paris climate agreement following Donald Trump’s inauguration as US President. Previously, the MMIC and a number of Trustee Directors met with BlackRock on 10 May 2024 to discuss their engagement policies and their voting process, including their reporting on significant votes.</p>

	<p>The MMIC also met with Mirova on 12 November 2024 and discussed their performance and Mirova’s engagement with investee companies, as well as how biodiversity risks will become a greater focus of Mirova’s sustainability analysis going forward.</p> <p>*Please note that we have excluded ICG from the list of managers given the Fund only has a nominal holding in ICG’s illiquid credit fund which was previously placed into run-off.</p>
<p><i>In addition, the Investment Committee monitors how each manager is incorporating ESG issues into investment decisions and, where relevant, exercising their approach to stewardship.</i></p>	<p>As well as receiving reporting at meetings on ESG considerations when making investment decisions or disinvesting, the Investment Committee receives reporting from its investment consultants integrated into the Fund’s quarterly performance monitoring on its researchers’ assessment of the integration of ESG considerations into each manager’s investment processes and their stewardship practices.</p>
<p><i>As part of the appointment of new investment managers and its ongoing monitoring process, the Trustee will consider the Investment Adviser’s assessment (in terms of ESG ratings) of how each investment manager embeds ESG and stewardship factors into its investment process and how the manager’s responsible investment philosophy aligns with the Trustee’s Responsible Investment policy. This includes the investment managers’ policy on voting and engagement.</i></p>	<p>After the 31 January 2025 year end, the Trustee agreed to switch its holding in Insight’s Buy and Maintain Bond fund into Insight’s newly launched Responsible Horizon’s Buy and Maintain Bond fund which has enhanced sustainability characteristics and an explicit Net Zero target.</p> <p>In addition, the Trustee also appointed BlackRock to manage a pooled ABS mandate and Allianz to manage a pooled Global Trade Finance mandate; in selecting the specific pooled funds, the Trustee considered the ESG approach and Net Zero alignment of available options, and the alignment with the Trustee’s wider ESG priorities.</p>

<i>In addition, the Trustee carries out regular reviews of the managers' ESG policies and actively engages with managers to better understand their processes.</i>	As noted above, the Co-op's Manager Monitoring committee met with all five of the Fund's managers throughout the year as part of a rolling program, and ESG factors and engagement with investee companies were discussed at each meeting.
<i>The Fund's passive and active global equity managers are expected to report on their adherence to the UK Stewardship Code on an annual basis.</i>	BlackRock report on their stewardship statistics quarterly on their website and disclose their global engagement summary annually. The 2023 stewardship report was published in April 2024. Mirova's Stewardship report to 31 December 2023 was published in 2024.

In each of these areas, the Trustee is comfortable that it has implemented the policies it intended to over the year.

Exercise of voting rights

As noted above, the Trustee invests in equities through pooled funds managed by Mirova and BlackRock. The table below sets out further details relating to BlackRock's voting record for stocks held their passive equity funds and Mirova's voting record for stocks held within the Global Sustainable Equity fund to the Fund's year end at 31 January 2025.

	Fund	
	BlackRock ACS World ESG Screened Equity Tracker Fund	Mirova Global Sustainable Equity Fund
Number of equity holdings in the fund at 31 January 2025	1,280	50
Number of meetings at which fund manager was eligible to vote over the year	1,356	45
Number of resolutions fund manager was eligible to vote on over the year	19,617	679
% of resolutions fund manager was eligible to vote on where they exercised that vote	93%	100%

% of resolutions where fund manager voted for management / voted against management / abstained from voting*	Voted with 96% Voted against 3% Abstained 0%	Voted with 56% Voted against 41% Abstained 3%
% of meetings at which fund manager voted at least once against management	22%	96%
% of meetings at which fund manager voted against the recommendation of the proxy advisor	0%	N/A

*May not sum due to rounding.

Significant Votes

Mirova

Mirova utilizes Institutional Shareholder Services, Inc. (ISS) as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to ISS research, however its recommendations are not prescriptive or determinative to Mirova's voting decision.

Mirova identify "Core" companies, and therefore significant votes, based on internal guidelines that consider the proportion of a company Mirova hold, and also the relative weight in their portfolio. Mirova also identify potentially contentious or complex votes and thematic issues that are related to their engagement strategy.

All voting decisions are made pursuant to Mirova's Voting Policy. For votes that do not have a pre-determined policy, Mirova's voting and engagement analyst liaises with the relevant internal parties on the sustainability research team and/or financial analyst. Certain votes are reviewed by their voting committee, as needed or required. As time and voting deadlines permit, Mirova would consult with clients on a case-by-case basis.

It is worth highlighting that Mirova has limited opportunities to cast votes on climate-related proposals because of the ESG methodology applied as part of its actively managed investment process. For instance, all issuers are pre-screened for climate and environmental issues, meaning that Mirova is not exposed to the largest emitting sectors and companies such as oil, coal and banks with strong exposure to fossil fuels.

BlackRock

BlackRock Investment Stewardship prioritizes its work around themes that it believes will encourage sound governance practices and deliver sustainable long-term financial performance. The themes BlackRock has identified in turn shape its Global Principles, market-specific Voting Guidelines and its Engagement Priorities, which form the benchmark against which it looks at the sustainable long-term financial performance of investee companies.

BlackRock periodically publish “vote bulletins” setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company’s sustainable long-term financial performance. These bulletins are intended to explain its vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to its clients and other stakeholders, and potentially represent a material risk to the investment it undertakes on behalf of clients. BlackRock makes this information public shortly after the shareholder meeting, so clients and others can be aware of its vote determination when it is most relevant to them. BlackRock considers these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

Mirova

Stewardship priority	Climate change and the protection of the environment	Labour conditions and equal pay	Labour conditions and equal pay	Corporate Governance
Asset manager	Mirova	Mirova	Mirova	Mirova
Company	Microsoft Inc.	Eli Lilly and Company	Adobe	Ecolab Inc
Date of the vote	10 December 2024	6 May 2024	14 April 2024	2 May 2024
Approximate size of the Fund’s holding at the date of the vote	c£1.4m	c£1.0m	c£1.0m	c£1.8m
Summary of the resolution	Report on Risks of Weapons Development	Report on Effectiveness of Diversity, Equity, and Inclusion Efforts	Report on Hiring of Persons with Arrest or Incarceration Records	Require Independent Board Chair
Why has the Trustee considered this vote "significant"?	Aligned with the Trustee's engagement priorities	Aligned with the Trustee's engagement priorities	Aligned with the Trustee's engagement priorities	Aligned with the Trustee's engagement priorities
How the asset manager voted	In Favour (against management)	In Favour (against management)	In Favour (against management)	In Favour (against management)

Was the voting intention communicated to the company ahead of the vote?	Yes	Yes	Yes	No
Rationale	<p>Shareholders request that the board issue an independent, third-party report to assess the reputational and financial risks to the company for being identified as a company involved in the development of weapons used by the military.</p> <p>Mirova is committed to investigate the company's exposure to military equipment and weapons, hence this resolution is aligned with our minimum standard policy.</p>	<p>On diversity and inclusion, Eli Lilly has a comprehensive approach regarding its Diversity & Inclusion (D&I) policy and has announced two goals: increase the number of women and minority group members in leadership and increase the current representation of Black/African Americans in their U.S. workforce from approximately 10% to 13%.</p> <p>Additionally, the company is committed to pay equity and has been conducting pay equity studies in the US for years, and also in the UK, Brazil, China, Ireland, Italy and Spain since 2018. However, no quantitative information is published.</p> <p>Overall, while the company is assessed as advanced regarding D&I, greater transparency</p>	<p>Mirova voted in favor of this resolution because it seeks to ensure that Adobe's hiring practices relating to people with arrest or incarceration records align with its publicly stated diversity commitments.</p> <p>This analysis is essential for uncovering potential reputational and legal risks linked to discriminatory practices, including racial discrimination, and strengthens the company's credibility in fulfilling its commitments to enhanced diversity and inclusion.</p> <p>The resolution requests for a report production enabling better voting decision for shareholders. As such, Mirova</p>	<p>Mirova believes The board of Ecolab Inc is responsible for overseeing management and instilling accountability, and conflicts of interest may arise when one person holds both the chairman and CEO positions, thereby leading both the management team and the board which oversees it. Effective board oversight may be enhanced by independent leadership and a balanced composition.</p>

		would be beneficial for shareholders. The resolution requests for a report production enabling better voting decision for shareholders. As such, Mirova supports this resolution.	supports this resolution.	
Outcome	Fail	Fail	Fail	Fail
Does the asset manager intend to escalate the stewardship efforts?	This vote is one of the steps of Mirova's long-term engagement with the company. Mirova will continue to engage with the company to foster the adoption of best practices.	This vote is one of the steps of Mirova's long-term engagement with the company. Mirova will continue to engage with the company to foster the adoption of best practices.	This vote is one of the steps of Mirova's long-term engagement with the company. Mirova will continue to engage with the company to foster the adoption of best practices.	This vote is one of the steps of Mirova's long-term engagement with the company. Mirova continue to engage with the company to foster the adoption of best practices.

BlackRock

Stewardship priority	Corporate Governance	Labour conditions and equal pay	Climate change and the protection of the environment	Climate change and the protection of the environment
Asset manager	BlackRock	BlackRock	BlackRock	BlackRock
Company	TESLA INC	TESLA INC	Shell Plc	Berkshire Hathaway Inc.
Date of the vote	13 June 2024	13 June 2024	21 May 2024	4 May 2024
Approximate size of the Fund's holding at the date of the vote	c£225k	c£225k	c£90k	c£215k
Summary of the resolution	Elect Director James Murdoch	Report on Harassment and Discrimination Prevention Efforts	Approve the Shell Energy Transition Strategy	Disclose Berkshire Hathaway Energy's (BHE)

				Emissions and Progress Towards Goal in Consolidated Report
Why has the Trustee considered this vote "significant"?	Aligned with the Trustee's engagement priorities	Aligned with the Trustee's engagement priorities	Aligned with the Trustee's engagement priorities	Aligned with the Trustee's engagement priorities
How the asset manager voted	Against (against management)	In Favour (against management)	In Favour (in line with management)	In Favour (against management)
Was the voting intention communicated to the company ahead of the vote?	Yes	Yes	No	Yes
Rationale	BlackRock did not support the re-election of Director James Murdoch, who is a member of the Board's Nominating and Corporate Governance Committee, to convey their concerns regarding the Board's decision-making process, independence, and ability to oversee management.	The resolution sought for Tesla's Board to oversee the preparation of an annual public report covering Tesla's efforts to prevent harassment and discrimination against protected classes of employees. Greater disclosure on this issue, which BlackRock deem material to the long-term economic interests of shareholders, would help investors better assess risks at the company.	In BlackRock's view Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risks and opportunities, while also demonstrating progress against its stated "Energy Transition Strategy." BlackRock also finds it helpful companies publish disclosures that clearly state their purpose and set out a long-term strategy consistent with it, including milestones against which shareholders can measure performance.	The resolution sought additional information regarding BHE's plan to manage their strategy in the context of a transition to a low-carbon economy will help investors assess long-term risks and opportunities on this economically material issue. In BlackRock's view the proposals addressed gaps in the company's existing disclosures.

Outcome	Pass	Fail	Pass	Fail
<p>Does the asset manager intend to escalate the stewardship efforts?</p>	<p>Where concerns are raised either through voting or during engagement, BlackRock will monitor developments and assess whether the company has addressed their concerns.</p>	<p>Where concerns are raised either through voting or during engagement, BlackRock will monitor developments and assess whether the company has addressed their concerns.</p>	<p>BlackRock encourage boards to oversee management’s approach to addressing material climate risk and may convey concerns about board oversight in voting on director elections when, in BlackRock’s view, the board is not acting in shareholders’ long-term financial interests.</p>	<p>Given Berkshire Hathaway’s dual class structure, the votes of minority investors, such as BlackRock have a muted effect on the outcome of business put to the AGM.</p>