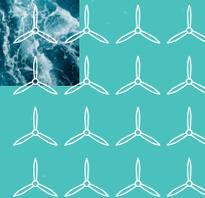




Pension update

Summary accounts and news for members of the SSE Southern Group of the Electricity Supply Pension Scheme



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Welcome

from Kate Jarvis, Chair of the Trustees

I'm pleased to present this year's update from the Trustees of the SSE Southern Group of the Electricity Supply Pension Scheme.

Funding

The last year has seen continued strong performance for the Group, with the ongoing funding position remaining robust at around 100%, showing a small surplus at both 31 March 2024 and 31 March 2025. The Company continues to make contributions at the rate agreed during the 2022 valuation.

The 31 March 2025 triennial funding valuation is now under way, and the Trustees will work with the Company to review and agree the assumptions which underpin the funding position. This will be

the first valuation to be carried out under the Pensions Regulator's new funding code, which requires us to agree both the current valuation position, and to formalise the position in relation to our longer-term funding objective. As members will be aware, we've worked closely with the Company on the longer-term funding objective for a number of years and would look to build on this position in the context of the new requirements.

Pension benefits

With inflation returning to levels more consistent with recent historic norms, the

pension increase awarded in April 2025 was 2.7%, compared to 6% in April 2024. This increase was applied automatically.

Following the completion of the GMP reconciliation process last year, the focus this year has been on advancing GMP equalisation, with the majority of the work to be completed in 2025 and communicated to impacted members in early 2026. This is a highly technical process, and we expect it to ultimately have a minimal impact on members and the Group. We will keep members updated on our progress in a future Pension update.

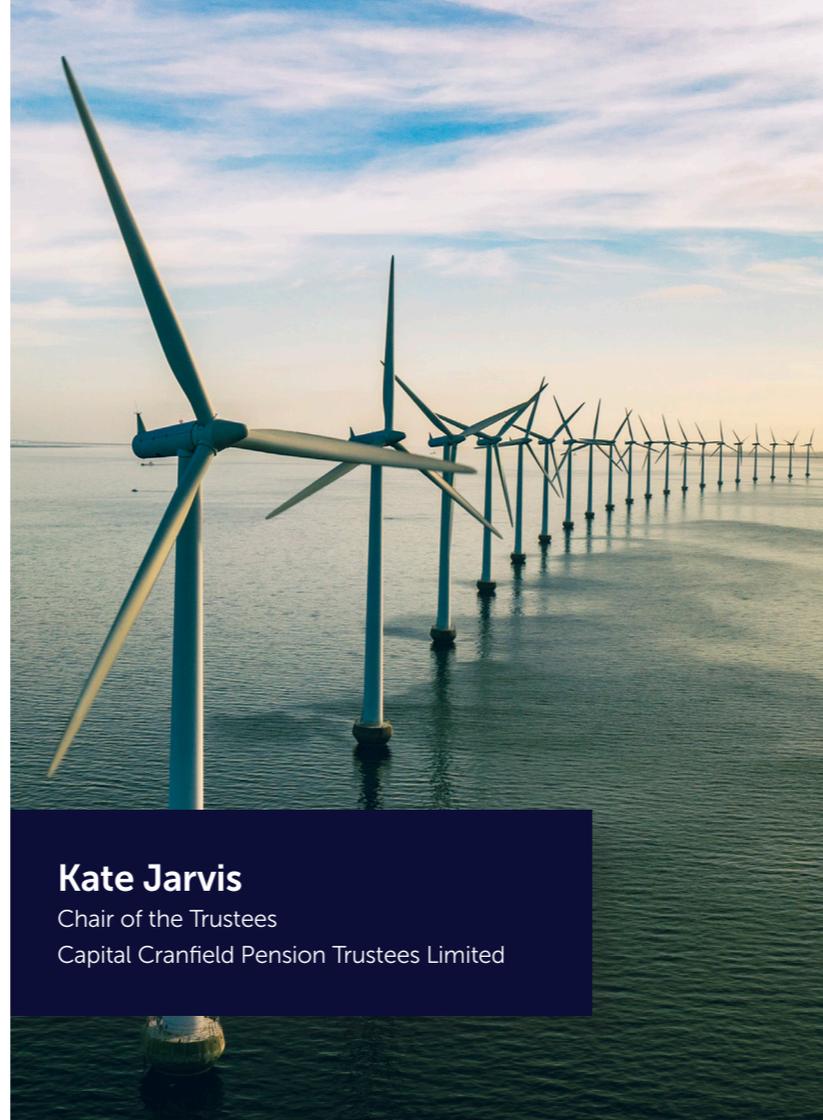
Update to the Group Trustee

We've seen one change to the Trustee Board this year. Robert Bennis stepped down as a Trustee due to leaving SSE's employment. The Trustees expressed their gratitude to Robert for all his efforts, including his work as Deputy Chair and with EPTL.

The Company nominated Martin McEwen, SSE's Group Tax Director, to the vacancy, effective from December 2024. Martin also assumes the role of Deputy Chair.

Finally, we're continuing to look at how we can communicate more effectively through an improved member portal. In 2025 we held our annual meeting of members in June, however, given the relatively low attendance rates, we continue to look for more effective ways to engage with members and we're continuing to look at how we can communicate more effectively through an improved member portal.

As always, we welcome input and feedback from members, which can be directed to pensions-se@sse.com



Kate Jarvis

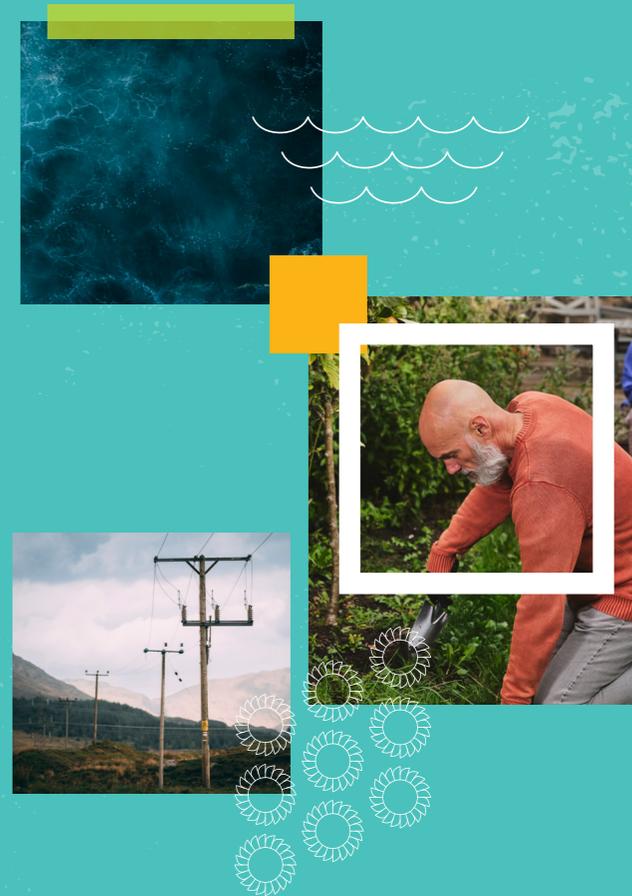
Chair of the Trustees
Capital Cranfield Pension Trustees Limited

At 31 March 2025, the Group's assets were worth **£1.5 billion**

You are one of **7,525 members**

During the year, income from investments was **£10 million**

The Scheme paid benefits to members during the year worth **£105 million**



ESPS Annual General Meeting

All members of the SSE Southern Group are eligible to attend the Annual General Meeting (AGM) of the wider Electricity Supply Pension Scheme (ESPS), which covers all the Groups in the Scheme.

The AGM will be held virtually, as it has been in previous years, and members who wish to attend must register online first.

The purpose of the AGM is to receive the Scheme's annual report and financial statements 2024/25 and the auditor's report, receive the report of the Scheme Trustees, and conduct any general business.

Date: Tuesday, 18 November 2025

Time: 1.00pm

Members have up to 28 days before the date of the AGM to submit a written resolution to the Scheme Secretary. The deadline for receipt of resolutions this year is therefore Tuesday 21 October 2025.

Written resolutions should be sent to the Scheme Secretary, Kevin Groves (kevin.groves@capita.com), with a copy to the Company Secretary, Paul Wallis (paul.wallis@capita.com).



You may wish to discuss any proposed resolutions with the Group Trustees and Employer before sending any resolutions to the Scheme Secretary, in case they are able to find an easy solution in advance of the meeting.

Please note: you must attend the virtual meeting in order to hear the debate and vote on any resolutions tabled. If you do not have internet access, you can join by phone and listen to the meeting, but you will not be able to vote or ask questions.

Virtual meeting arrangements

Capita will run the registration process and pretesting in a similar way to last year, that is: if you would like to attend the virtual AGM, you will need to register in advance by going to https://fieldfisher-events.zoom.us/webinar/register/WN_Qt_0RRF7T0mvB1BYEhulAQ#/registration

Capita will carry out a test run for joining the virtual AGM which will be held on 4 November 2025 at 1pm. This will give everyone who wishes to attend a chance to practise how to join a virtual meeting. For the test meeting, please register using the following link: https://fieldfisher-events.zoom.us/webinar/register/WN_CCy6I-X5TSebyRJYPVmUKQ#/registration

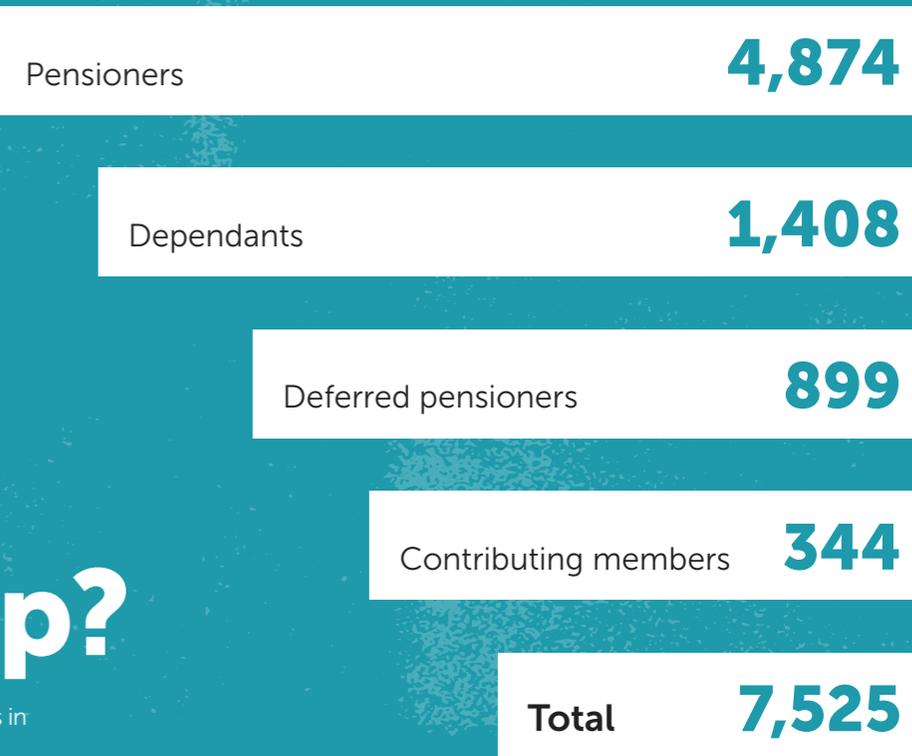
Accounts summary

These tables give a summary of the Trustees' formal accounts for the year to 31 March 2025, showing the Group's income and expenditure over the period.

Value of the Group as at 31 March 2024	£1,692.6m
Money in	
Employer regular contributions	£25.7m
Employee contributions	£0.1m
Transfers in	£1.6m
Total income	£27.4m
Money out	
Benefits paid to members	(£104.7m)
Transfers out	(£1.6m)
Administrative expenses	(£1.5m)
Total expenditure	(£107.8m)
Investments	
Investment income after tax	£10m
Change in market value of investments	(£93.2m)
Investment management expenses	(£2.6m)
Net decrease in investments	(£85.8m)
Value of the Group as at 31 March 2025	£1,526.4m

Who's in the Group?

The chart shows the different types of members in the Group as at 31 March 2025.



Investments

The Trustees continue to manage and monitor the Scheme's investments in accordance with the overall investment strategy. The strategy aims to balance the returns from the assets with the risk that holding those assets carries.

Risk, in this context, means the risk related to having sufficient assets to be able to pay all future pension obligations, so the Trustees need to be mindful of how the liabilities perform. The Trustees remain on target to meet their longer-term funding objective, and to continue to gradually reduce the levels of investment risk as we get closer to that target.

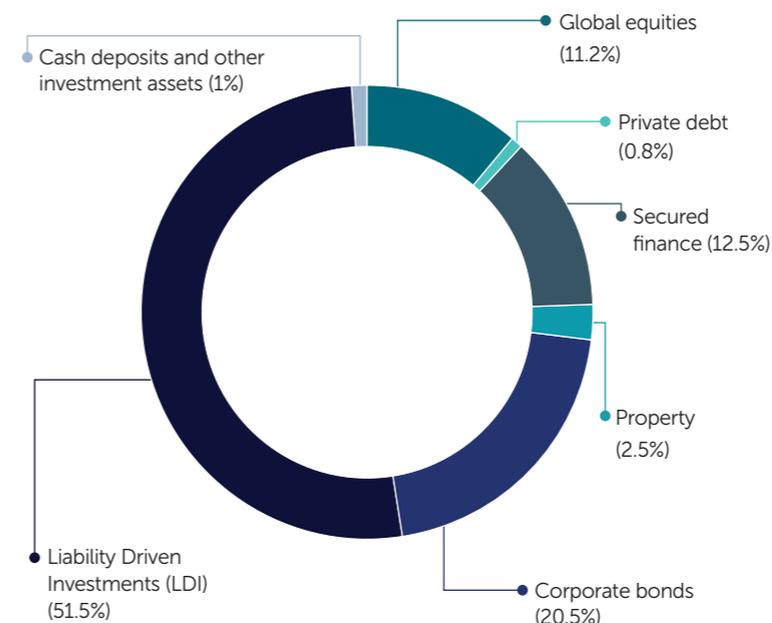
Changes were made to the equity holdings in the first quarter of the year, with new investments made into Storebrand's ESG Plus Equity holding and LGIM's Future World Global Equity Index holdings. The Trustees believe that these investments are more aligned to their responsible investment policies and provide an appropriate level of risk and return.

As the funding level has seen sustained improvements, the Trustees reduced the overall allocation to 'growth' assets, which has enabled them to move 5% of the Scheme's assets out of equities. At the year end, this was invested within the 'protection' portfolio. The Trustees anticipate further rebalancing between the protection and credit portfolios to make sure they continue to reflect the increasing maturity of the liabilities, and to provide a better match between the cashflows paid out by investments and the pensions paid out each month.

The investment strategy is formally set out in a document called the Statement of Investment Principles (SIP), and the Scheme's commitments to Environmental, Social and Governance principles are outlined in the TCFD report. You can find both documents on the website: <https://ssepensions.com>

Investments split

As at 31 March 2025, the Group's investments were allocated to the following asset types:



Investments performance

During the year, the Group's investments achieved an overall return of (5.5%), slightly lower than the benchmark set by the Trustees. The chart shows the annualised performance over the one-year, three-year and five-year periods to 31 March 2025.

	Group performance	Benchmark
One year %	(5.5)	(5.3)
Three years % p.a.	(10.2)	(10.0)
Five years % p.a.	(3.1)	(3.3)

Although these investment figures show a negative return, we want to assure you that the Scheme's funding level remains stable. The Scheme is well protected against interest rate and inflation changes, and the Trustees regularly monitor the Scheme's assets to ensure cashflow requirements can be met as they fall due.

Scheme noticeboard

New website: coming soon

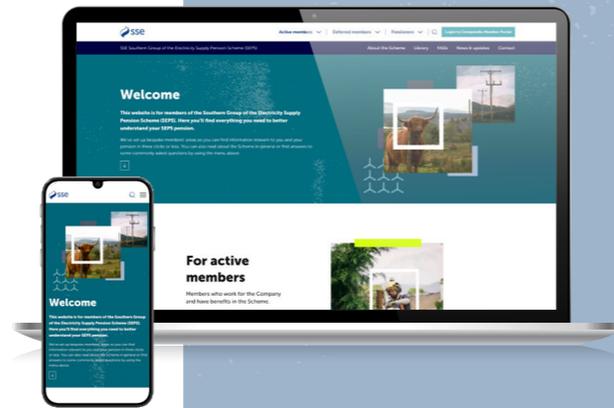
The Group has continued to work closely with our supplier on developing the new pensions website, which we plan to launch next year.

The new website will feature bespoke member areas so you can find information relevant to you and your pension in three clicks or less. You'll also be able to read about the Scheme in general, log in to Compendia (the member portal) and find answers to some commonly asked questions.

Pension increases

Pensions in payment are increased on 1 April each year in line with inflation as measured by the Retail Prices Index (RPI) as at the previous September.

The September 2024 RPI figure was 2.7%, and the pension increase applied from 1 April 2025, was 2.7%.



An update from the Group Trustee Board

At the Group Trustee Board meeting held in September, the Group Trustee considered certain resolutions which had been raised at a recent meeting of the Electricity Pension Trustees Limited ('EPTL'). As background, from time to time, resolutions are referred by EPTL to ESPS Groups for their awareness or consideration. The resolutions are not binding on a Group.

On this occasion, the Group Trustee considered two resolutions which had been referred by EPTL to ESPS Groups. These were:

- i. To request that Principal Employers who increased pensions in payment in 2023 and/or 2024 by less than the full Retail Prices Index (RPI) use next year's increases as an opportunity to fund a two-year programme to mitigate the effect on the value of pensions; and
- ii. To ensure that all Groups have arrangements in place so Group Trustees can be elected to office at appropriate intervals, as specified in the ESPS constitution.

Having reviewed and considered these EPTL resolutions, the Group Trustee determined that it will raise the pension increase issue with the Principal Employer and seek its views on the topic in respect of this Group.

On the issue of the appointment of Group Trustees, the current procedures which the Group has in place were considered, and the Group Trustee concluded that such existing procedures, which apply where candidates for 'member Trustee' positions are elected by a panel (involving existing Trustees and members), are consistent with legislation and the Scheme's constitution. It was therefore decided that the current arrangements would be maintained, but it was further agreed that they will continue to be kept under review and specifically prior to each member Trustee process being undertaken.

News update

Changes ahead for inherited pensions

The government is proceeding with plans to bring unused pensions into the scope of inheritance tax. From 6 April 2027, unused pension pots and death benefits can no longer be automatically passed on tax free to your beneficiaries, but will be included in the value of your estate – your property, money, possessions, etc. – when working out if any inheritance tax is due. For many people, the change will have no impact. Inheritance tax isn't due if you leave your entire estate, regardless of its value, to your spouse (or civil partner) in the UK.

The changes will apply mainly to any members who have defined contribution pension savings.

Inheritance tax at 40% is due on amounts over a threshold of £325,000 (or £500,000 if you leave your home to a direct descendant). The government has confirmed these levels remain fixed until 2030. The rules are complex and if you're concerned, you should get advice from an estate planning specialist when making your will.

An update on pensions dashboards

Work continues on the government's pensions dashboards programme. The dashboards are set to transform the way we interact with our pensions and help us all plan for retirement more effectively. When ready, the dashboards will allow you to access information about

all your pensions that aren't yet in payment securely online and in one place.

The Scheme connected to the dashboards' ecosystem on 30 September 2025, but it won't be until autumn 2026 that all the UK's pension schemes are connected, ahead of a public launch. You don't need to do anything or provide any information.

Please be aware that scammers may attempt to take advantage of the project as it gains momentum and greater public awareness. At no point will anyone from a pensions dashboard or from your pension schemes contact you to ask for confirmation of any of your data.

Stay safe from scams

Pension scammers appear professional, and it's getting harder than ever to spot the difference between something that's genuine and something that's a scam. Here are four red flags that could indicate a scam:

1. Is the offer unexpected?

Cold calling about pensions is illegal. Legitimate pension providers won't ever contact you out of the blue. Be wary of 'free pension reviews' and promises of high or guaranteed returns.

2. Have you checked who you're dealing with?

The Financial Conduct Authority (FCA) has a Financial Services Register that you can check on its website. Use it to make sure anyone offering you advice or services is authorised to do so. Double check the contact details you've been given match those on the register.

3. Stop and think – are you being rushed or pressured?

Pressure to act quickly is a warning sign. Take your time to make all the checks you need – if it sounds too good to be true, it probably is.

4. Should you get impartial advice or guidance?

MoneyHelper provides free and impartial information and guidance online, over the phone or via webchat. Call 0800 011 3797 or visit www.moneyhelper.org.uk

State pension increases

The government increases the State pension each year by an amount determined by the 'triple lock', ensuring that the rise is the higher of either 2.5%, CPI inflation or average earnings growth.

From April 2025, the State pension increased by 4.1%, in line with the increase in average earnings. For people who reached State pension age after April 2016, this is a rise of £461 a year, bringing the full State pension close to £12,000 a year.

Tax implications

It's important to remember that the State pension isn't paid tax free; it counts as part of your total income from all sources. If your total income is greater than your personal allowance (the amount you can earn before paying income tax), you'll need to pay tax.

With tax thresholds expected to remain frozen until 2028, the State pension alone is edging ever closer to the standard tax-free personal allowance, which is currently £12,570. So, if you're getting a full State pension and you have a workplace pension or any other form of income, you may find that you're paying tax on your Scheme pension for the first time, or that you're paying more tax than before.

Are you missing out on your pension?

Almost 200,000 people could be missing out on their full State pension entitlement as a result of errors in their National Insurance records, as the DWP admits it's struggling to reunite most with their money.

The error relates to Home Responsibilities Protection (HRP), which was available between 1978 and 2010 for people in receipt of Child Benefit or with caring responsibilities.

Anyone affected can retrospectively apply for HRP online or by post. Visit www.gov.uk/home-responsibilities-protection-hrp for more information.



Group Trustees

The Group is looked after by six Trustees. Three are appointed by the Company (including an independent Chair), and three are nominated by our members.

Independent Trustee (and Chair)

Represented by Kate Jarvis, Capital Cranfield Pension Trustees Limited

Member-nominated Trustees

- Mark Laker*
- Jeff Rowlinson*
- Andy Rees*

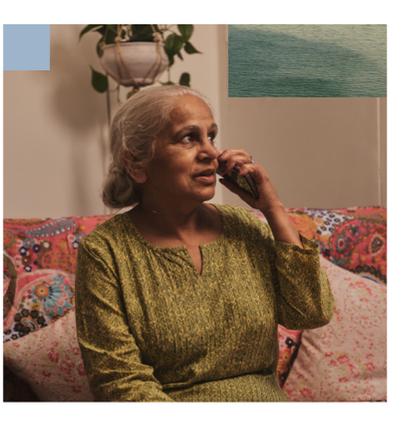
Company-appointed Trustees

- Martin McEwen (Deputy Chair) (from 7 December 2024)
- Robert Benns (Deputy Chair) (until 6 December 2024)
- Jackie Moore*

*retired member

During the year, the Trustees were advised by:

Group actuary	Russell Agius FIA, Aon
Independent Group auditor	PricewaterhouseCoopers LLP
Scheme custodian	The Bank of New York Mellon
Investment adviser	Hymans Robertson LLP
Legal advisers	Eversheds Sutherland (International) LLP
Performance measurer	Hymans Robertson LLP
Covenant adviser	Penfida LLP
Group administrator	Lynsey Dickson



Contact us

If you need to update your personal details, or have any questions about your benefits, please contact us:

 Email us: pensions-se@sse.com

 Call us: 0345 071 9622

 Write to us: Pensions Department
SSE plc
Inveralmond House
200 Dunkeld Road
Perth PH1 3AQ

If you have a query about income tax, please contact:

HM Inspector of Taxes
Centre 1
Queensway House
Stewartfield Way
East Kilbride
Glasgow G7 1AA

Phone
0300 200 3300

Reference
961/GA54173

Is your expression of wish up to date?

It's important to review and update your expression of wish regularly and whenever your circumstances change, such as if you get married or divorced, enter or leave a civil partnership, or become a parent.

Your expression of wish tells the Trustee who you would like to be considered for any benefits that would be due in the event of your death. If you'd like an expression of wish form, or you're unsure if you need to complete one, please contact the pensions department.