Trustee's annual report and financial statements for the year ended 31 March 2025

Engineering Employers' Federation Staff Pension Fund

Registered number: 10092555

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Trustee, Participating Employers and advisers

Trustee	Ross Trustees Services Limited (trading as Independent Governance Group) represented by D Brickman , M Keen
Trustee Directors	S J Andrews (resigned 1 October 2025) D Best P Bhardwaj A Bradshaw J Branagh (appointed 20 June 2025) R Cousins H Frisby (appointed 20 June 2025) C A Garfield (appointed 31 March 2025) A Hardiman (appointed 25 June 2025) K Hardingham C M Kember H Kotecha (appointed 20 June 2025) A Livingstone (resigned 2 May 2025) C Martin (appointed 20 June 2025) R Mattingly N Moore N Mullock (appointed 20 June 2025) J Myerson A Osborne M Sohal G Suckling
Participating Employers	EEF Limited (trading as Make UK) EEF Northern Ireland Scottish Engineering Midland Group Training Services Limited (MGTS)
Scheme Actuary	Jill Ampleford FIA, Lane Clark & Peacock LLP ("LCP") (resigned 1 November 2024) Laura Amin FIA, LCP (appointed 1 November 2024)
Pension administrator	Lane Clark & Peacock LLP
Independent auditor	Cooper Parry Group Limited
Investment managers	Alcentra Limited ("Alcentra") Partners Group Management ("Partners") Insight Investment Management (Global) Limited ("Insight")
Investment consultants	Lane Clark & Peacock LLP
Legal adviser	Gowling WLG (appointed 1 October 2024) ARC Pensions Law (until 15 November 2024)
Banker	HSBC UK Bank plc

Enquiries	Engineering Employers' Federation Staff Pension Fund Lane Clark & Peacock LLP St Paul's House St Paul's Hill Winchester Hampshire SO22 5AB Email: EEFAdmin@lcp.uk.com

Trustee's report

The Trustee of the Engineering Employers' Federation Staff Pension Fund (the "Fund") presents its report together with the financial statements for the year ended 31 March 2025.

Constitution of the Fund

The Fund is comprised of a defined benefit (DB) section and until 1 April 2019 a defined contribution (DC) section. The DB section closed to new members in 2006 and ceased to have any active members accruing benefits with effect from 31 August 2010.

The Fund has four participating employers ("the Employers"), details of which are included on page 3.

Management of the Fund

The Fund is managed by a sole corporate Trustee, Ross Trustees Services Limited represented by D Brickman and M Keen.

Independent Governance Group is the trading name of Ross Trustees Services Limited, Independent Trustee Services Limited, Independent Trustee Limited, Clarity Trustees Limited, Clark Benefit Consulting Limited, Leadenhall Independent Trustees Limited all registered in England and Wales.

There were three Trustee meetings during the year.

Financial statements and financial development of the Fund

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

The fund account and statement of net assets (available for benefits) on pages 20 and 21 show that the value of the Fund's assets decreased by £14,013,000 to £119,509,000 during the year. The decrease was composed of net withdrawals from dealings with members of £7,223,000 together with net losses on investments of £6,790,000.

Further details of the financial developments of the Fund may be found in the audited financial statements on pages 20 to 32.

Transfer values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and in accordance with the regulations under the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008, Pensions Act 2004.

No discretionary benefits were included in the calculation of the transfer values.

Pension increases

Pension increases awarded during the year with effect from 1 April 2024 are detailed in the table below:

Description	Increase %
Guaranteed minimum pension (GMP) accrued before 6 April 1988 in payment after GMP Age.	Nil
Excess - 3.5% fixed increase (Ex-BISPA members only)	3.50
Excess – Limited Price Index (LPI) 5% - the increase in the Retail Prices Index (RPI) subject to a maximum of 5% and a minimum of 3.5% (Ex-BISPA members only)	5.00
Excess - 3% fixed increase	3.00
Excess - LPI 5% - the increase in the RPI subject to a maximum of 5% and a minimum of 3%	5.00
Excess - LPI 5% - the increase in the RPI subject to a maximum of 5%	5.00
Excess - LPI 2.5% - the increase in the RPI subject to a maximum of 2.5%	2.50
GMP accrued after 5 April 1988 in payment after SPA (the increase in the September 2021 to September 2022 CPI subject to a maximum of 3%)	3.00
GMP in payment before GMP Age for members who left before 6 April 1988	8.50
GMP in payment before GMP Age for members who left between 5 April 1988 and 6 April 1993	7.50
GMP in payment before GMP Age for members who left between 5 April 1993 and 6 April 1997	7.00
GMP in payment before GMP Age for members who left between 5 April 1997 and 6 April 2002	6.25
GMP in payment before GMP Age for members who left between 5 April 2002 and 6 April 2007	4.50
GMP in payment before GMP Age for members who left after 5 April 2007	4.00
Excess - CPI 2.5% - the increase in the CPI subject to a maximum of 2.5% (applies to post 6 April 2005 benefits for post 1 April 2004 joiners)	2.50
Excess - CPI 5% - the increase in the CPI subject to a maximum of 5% (applies to pre 6 April 2005 benefits for post 1 April 2004 joiners)	4.00

No discretionary increases were awarded during the year. Deferred pensions were increased in accordance with statutory requirements.

Guaranteed Minimum Pension equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to GMP benefits. Subsequently, on 20 November 2020 the High Court ruled that historical individual transfers from the Fund would also be due a top-up payment where the original transfer payment fell short of what it would have been had the inequalities in Fund benefits from GMP been removed.

The Trustee and Employers have agreed the equalisation methodology to be used to adjust benefits for the impact of inequalities in GMP and new retirements from 1 June 2025 are being administered reflecting the agreed GMP equalisation method. The Trustee is planning to implement GMP equalisation for current pensions and dependants in payment by the end of the year including the payment of arrears which will be recognised in next year's financial statements.

Further work to equalise past transfers out and past deaths with no dependants will commence in 2026. Given the current status of the GMP equalisation project, the Trustee is not in a position to obtain an estimate of any backdated benefits and related interest that might be payable in respect of past transfers and past deaths with no dependants. Therefore, the cost of any such payments has not been recognised in these financial statements. They will be recognised once the Trustee is able to obtain a reliable estimate.

The Virgin Media Ltd v NTL Pension Trustees' II decision

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was upheld on appeal on 25 July 2024. On 5 June 2025 the Government announced that it will introduce legislation that would enable such confirmation to be obtained retrospectively. However, the detail and effectiveness of that legislation is not yet known.

Given these uncertainties it is not currently possible to determine whether any amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. Further, it is not currently possible to reliably estimate the retrospective possible impact to the defined benefit obligations of the pension scheme if these amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. Having considered the matter, the Trustee has determined that there is no immediate need for action, but the Trustee will monitor developments.

Change in Scheme Actuary

During the Fund year there was a change of Scheme Actuary, Jill Ampleford of LCP LLP resigned on 1 November 2024 and Laura Amin of LCP LLP was appointed in her place. In Jill Ampleford's resignation letter, she wrote "I confirm that I know of no circumstances connected with my resignation which, in my opinion, might significantly affect the interest of the Fund members, prospective members, or beneficiaries."

Report on actuarial liabilities

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

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

The actuarial valuation undertaken as at 31 March 2023 (signed 14 December 2023) showed the Fund to have insufficient assets to meet all of its liabilities. The past service position on the technical provisions basis showed a total funding target of £161m with assets valued at £143m leaving a shortfall of £19m (Figures noted do not sum due to rounding). This represents a funding level of 88%. Following consideration of the valuation results, the Trustee and Employers agreed the level of contributions to be paid by the Employers into the Fund.

The next actuarial valuation due as at 31 March 2026 and is to be completed no later than 30 June 2027.

Method

The valuation adopted the 'projected unit method', under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected benefit cashflows, based on benefits accrued to the valuation date and the various assumptions made.

Assumptions

The technical provisions were calculated on the following key assumptions:

- The return from gilts over each future year is taken from the LCP gilt yield curve as at the valuation date for fixed interest gilts.
- Price inflation as measured by the RPI over each future year from the LCP break even RPI curve.
- Price inflation as measured by the CPI over each future year is calculated as the corresponding assumption for RPI less 1.0% pa until 2030, and then reducing to a gap of 0.1% pa from 2030 onwards.

Key financial assumptions*	% pa
Rate of RPI price inflation	3.6
Rate of CPI inflation	3.2
Gilt yield	3.8
Discount rate	The discount rate is set as the return on gilts + 1.3% pa until 31 March 2025 where it then reduces linearly to a return of gilts + 0.5% pa by 31 March 2030 and thereafter. A single equivalent rate of 4.5% pa
Rate of pension increases	
RPI, maximum 5% pa, minimum 3% pa	3.8
RPI, maximum 5% pa, minimum 0% pa	3.5
CPI, maximum 5% pa, minimum 0% pa	3.1
CPI, maximum 3% pa, minimum 0% pa	2.5
CPI, maximum 2.5% pa, minimum 0% pa	2.2
Fixed pension increases at 3% pa	3.0

*these reflect single equivalent assumptions as the valuation calculations used full yield curves and a cashflow approach.

Mortality assumption

Base mortality table

90% of S3NA tables

Allowance for future improvements

In line with the CMI 2022 projections from 2013 with a long-term trend rate of improvement of 1.5% pa, a smoothing parameter of 7, an initial addition parameter of 0.25% and allowance for 2020/2021/2022 date of 0%/0%/25% respectively.

Membership

The membership of the Fund at the beginning and end of the year and changes during the year are set out below.

Deferred members	2025
Deferred members at the start of the year	335
Retirements	(21)
Transfer out	(1)
Death	(1)
Deferred members at the end of the year	312

Pensioner members	2025
Pensioners at the start of the year	607
Adjustment*	1
New pensioners	21
New dependants	9
Deaths	(15)
Trivial commutations	(4)
Pensioners at the end of the year	619

*Adjustment relates to a late notification.

Pensioners include 109 dependants (2024: 103) in receipt of a pension following the death of a member.

Regulatory bodies

The Pensions Ombudsman is appointed by the Secretary of State for the Department for Work and Pensions to investigate and determine any complaint or dispute of fact or law in relation to occupational pension schemes.

The Pensions Ombudsman can be contacted at:

Email: enquiries@pensions-ombudsman.org.uk
Tel: 0800 917 4487
www.pensions-ombudsman.org.uk

The Pensions Regulator is responsible for occupational pension schemes and enforcing the law that relates to them. It has wide ranging powers which include the ability to:

- suspend, disqualify and remove trustees for consistently not carrying out their duties;
- wind up schemes where necessary;
- apply for information to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary; and
- take action to prevent schemes being left in deficit with nobody to meet the liability.

The Trustee, its advisers, the Employers and anyone connected with the administration of the Fund have a statutory duty to report in writing to The Pensions Regulator if there are any breaches of legislation which are deemed to be materially significant to The Pensions Regulator.

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

The Pensions Regulator can be contacted at:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton
BN1 6AF

Tel: 0345 600 0707
www.thepensionsregulator.gov.uk

The Pension Tracing Service is designed to help former members of pension schemes trace their benefits if they have lost contact with the pension scheme in question. The Pension Tracing Service can be contacted at:

Tel: 0800 731 0175
www.gov.uk/find-pension-contact-details

The Money & Pensions Service ("MaPS") is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustee of the Fund MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the Government and free to use.

The Money and Pensions Service
Borough Hall
Cauldwell Street
Bedford
MK42 9AB

Tel: 0800 011 3797
https://www.maps.org.uk/en

Further information

Any enquiries about the Fund or a member's own pension position should be addressed to:

Engineering Employers' Federation Staff Pension Fund Staff Pension Fund
Lane Clark & Peacock LLP
St Paul's House
St Paul's Hill
Winchester
Hampshire
SO22 5AB

Email: EEFAdmin@lcp.uk.com

Internal Dispute Resolution Procedure

Under the Pensions Act 1995, the Fund is required to put in place and maintain an Internal Dispute Resolution Procedure (IDRP) to deal with members' disputes. This procedure has been updated in line with the requirements of the Pensions Act 2004. Although the Trustee always tries to resolve disputes informally and swiftly, an IDRP has been put in place. The formal IDRP details can be obtained from the Trustee. In the first instance, complaints should be sent to the administration team at the address above.

Investment management

The investments of the Fund are managed on behalf of the Trustee by the Fund's investment managers:

- Alcentra
- Partners
- Insight

Custodial arrangements

The underlying assets are held by a number of custodians who have agreements with the investment manager of the assets. There is no direct relationship between the investment managers' custodians and the Trustee.

Manager	Custodian
Insight	Northern Trust International Fund Administration Services (Ireland) Ltd
Alcentra	n/a
Partners Group	Alter Domus Depositary Services S.à.r.l.

The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians' nominee companies, in line with common practice for pension scheme investments.

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Trustee following consultation with the Employers. The main purpose of the SIP is to set out details of the investment strategy that is to be followed, the Trustee's investment objectives and its attitude to risk.

The SIP was last reviewed and updated in March 2025. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. The Employers are consulted during the review. A copy of the latest SIP is available online at the following address: https://weareigg.com/client-docs/eef-pension-fund/ .

Departures from SIP

The Trustee confirms that the investment of the Fund's assets during the year to 31 March 2025 was broadly in accordance with the SIP in place during the reporting period. There was a 10% deviation relating to private credit - an illiquid asset class that cannot be rebalanced frequently. This variance is not considered material and remains consistent with the Fund's overall strategy and stated rebalancing strategy.

The Trustee is satisfied that during the Fund year:

- The Fund's investment policies and strategy were broadly implemented as intended;
- No new asset managers were selected or appointed, but they were monitored in line with the Trustee's policies;
- ESG and stewardship matters were considered in accordance with the policies in the SIP.

The Trustee notes that the SIP was updated on 28 March 2025, towards the end of the Fund year. Adherence has therefore been assessed relative to the SIP that was in place for the majority of the reporting period.

Implementation statement

The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 requires the Trustee to include an annual statement confirming the extent to which the Trustee has followed its SIP, including details of any reviews or subsequent changes to the SIP during the Fund year.

The Implementation Statement relating to the Fund has been appended to the end of this report as Appendix 2. The Statement forms part of this Trustee's report.

Investment strategy and Principles

The Trustee is responsible for determining the Fund's investment strategy.

The Fund's primary objective is to ensure that the benefit payments are met as they fall due. In addition to this, there is an investment objective to achieve full funding by 2030 on a self-sufficient basis as defined as Gilts + 50 bp p.a.

The Trustee sets the investment strategy for the Fund taking into account this objective and considerations such as the strength of the Employers covenants, the long-term liabilities of the Fund and the funding agreed with the Employers. The investment strategy is set out in the Fund's SIP.

The following tables detail the asset distribution at the financial year end by fund and strategic allocation as set out in the SIP.

Fund	Asset class	Allocation as at 31 March 2025 £'000	Allocation as at 31 March 2024 £'000
Insight – Global Absolute Return Bonds Fund	Asset backed securities	30,891	25,991
Insight - LDI Short Duration Buy & Maintain Credit Fund	Conventional Credit	23,360	19,148
Insight - LDI Enhanced Selection Longer Real Fund	Liability-Matching	11,419	14,858
Insight - LDI Enhanced Selection Longer Nominal Fund	Liability-Matching	10,420	14,007
Insight - LDI GBP Liquidity Holding Fund	Liability-Matching	8,877	9,566
Insight - LDI Enhanced Selection Shorter Nominal Fund	Liability-Matching	7,019	9,189
Insight - LDI Enhanced Selection Shorter Real Fund	Liability-Matching	6,834	8,839
Alcentra - EDL III AIV (Treaty Feeder) SCSp & EDL III (GBP) SCSp Funds	Private Credit	10,791	14,163
Partners Group - Private Markets Credit Strategies 2018 (GBP) S.C.A, SICAV-RAIF Fund	Private Credit	7,209	12,587
Total		**116,820**	**128,348**

The agreed strategic allocation for the Fund is set out below.

Asset class	Strategic SIP allocation (%)
Liability-Matching	40.0
Conventional Credit	15.0
Asset backed securities	20.0
Private Credit	25.0
Total	**100.0**

The Trustee monitored the portfolio over the year and rebalanced the portfolio in November 2024 and December 2024. This was necessary as a result of rising gilt yields that reduced the value of the Fund's LDI portfolio, resulting in the Fund becoming underweight in Liability Matching compared to its strategic target above.

Investment performance

The performance of the investment managers is reviewed periodically at the Trustee's meetings. The following table shows the performance of the Fund over the one, three and five year periods to 31 March 2025, based on the performance of the investments managers after the deduction of fees.

	Year 1 (%)	3 years pa (%)	5 years pa (%)
Fund	-5.59	-12.59	-4.65
Benchmark	-6.39	-14.53	-5.06

The Fund's benchmark is a composite benchmark (ie a weighted-average of the underlying managers' benchmarks).

Trustee's policies in relation to voting rights

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and environmental, social and governance ("ESG") considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, considering the long-term financial interests of the beneficiaries.

The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council.

The Trustee has identified climate change as the priority it will focus engagements on with investment managers moving forward.

Trustee's policies on ESG and ethical factors

The Trustee considers how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Fund and its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee has limited influence over investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

Trustee's policy on the implementation of asset manager arrangements

The Trustee has limited influence over managers' investment practices because all the Fund's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Fund meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Fund's investment mandates.

Employer-related investment

There were no employer-related investments as at 31 March 2025 within the meaning of section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 (2024: Nil).

Statement of Trustee's responsibilities

The Financial Statements, which are prepared in accordance with UK 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 the assets and liabilities, other than the liabilities to pay pensions and benefits after the Fund year; 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, 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 preparation 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 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 Employers and the active members of the Fund 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 Employers in accordance with the Schedule of Contributions. Where breaches of the Schedule occurs, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the Members.

Signed for and on behalf of the Trustee

____ Date: ____________________

Ross Trustees Services Limited

Independent Auditor's Report to the Trustee of the Engineering Employers' Federation Staff Pension Fund

Opinion

We have audited the financial statements of the Engineering Employers' Federation Staff Pension Fund for the year ended 31 March 2025 which comprise the Fund Account, the Statement of Net Assets and notes to the financial statements, including significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2025 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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.

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 statement thereon and our auditor's statement about contributions. 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.

Other information (continued)

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 Statement of Trustee's responsibilities set out on pages 15 and 16, the Fund's 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 determines 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 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.

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:

Our assessment focused on key laws and regulations the Fund has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Pensions Act 1995 and United Kingdom Generally Accepted Accounting Practice.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Fund and how the Fund is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Fund's control environment and how the Fund has applied relevant control procedures, through discussions and sample testing of controls;
- obtaining an understanding of the Fund's risk assessment process, including the risk of fraud;
- reviewing Trustee meeting minutes throughout the year; and

- performing audit testing to address the risk of management override of controls, including testing the appropriateness of journal entries and other adjustments made.

Auditor's responsibilities for the audit of the financial statements (continued)

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Fund's Trustee, 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 it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's Trustee, for our audit work, for this report, or for the opinions we have formed.

Cooper Parry Group Limited
Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: ___________________

Fund account

	Note	2025 £'000	2024 £'000
Contributions and benefits			
Employers contributions		2,300	2,830
Total contributions	4	2,300	2,830
Other income	5	1	1
		2,301	2,831
Benefits paid or payable	6	(8,750)	(8,258)
Payments to and on account of leavers	7	(37)	-
Administrative expenses	8	(737)	(822)
		(9,524)	(9,080)
Net withdrawals from dealings with members		(7,223)	(6,249)
Returns on investments			
Investment income	9	6,061	1,221
Change in market value of investments	10	(12,912)	(3,968)
Investment management expenses	12	61	(129)
Net return on investments		(6,790)	(2,876)
Net decrease in the fund during the year		(14,013)	(9,125)
Net assets of the Fund			
At 1 April		133,522	142,647
At 31 March		119,509	133,522

The notes on pages 22 to 32 form part of these financial statements.

Statement of net assets (available for benefits)

	Note	2025 £'000	2024 £'000
Investment assets			
Pooled investment vehicles	10/14	116,820	128,348
Other investment balances	10/15	525	498
Total net investments	10	117,345	128,846
Current assets	19	2,542	4,966
Current liabilities	20	(378)	(290)
Net assets of the Fund at 31 March		119,509	133,522

The notes on pages 22 to 32 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 actuarial position of the Fund, which takes into account such obligations, is dealt with in the report on actuarial liabilities on pages 7 to 9 of the Trustee's report and these financial statements should be read in conjunction with this report.

These financial statements were approved for and on behalf of the Trustee by:

____________________________________ Date: __________________

Ross Trustees Services Limited

Notes to the financial statements

1. Basis of preparation

The individual 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, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The financial statements have been prepared on the going concern basis which the Trustee believes to be appropriate based on their expectations for a 12 month period from the date of approval of these financial statements which indicate that sufficient funds should be available to enable the Fund to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due.

2. Identification of the financial statements

The Fund is established as a trust under English law. The Fund is a registered pension scheme for tax purposes. It is therefore exempt from UK income and capital gains taxes. The Fund is a DB occupational pension scheme, providing retirement and other benefits, which closed to new members in 2006 and ceased to have any active members accruing benefits with effect from 31 August 2010. The address for enquiries to the Fund is included in the Trustee's report on page 11.

3. Accounting policies

The principal accounting policies of the Fund have been applied consistently and are as follows:

3.1. Currency

- The Fund's functional currency and presentational currency is pounds sterling (GBP). Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

3.2. Contributions

- Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are being paid.

3.3. Other income

- Other income is accounted for on an accruals basis.

3.4. Benefits paid or payable

- Pensions in payment are accounted for in the period to which they relate.
- Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.
- Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.

3.5. Payments to and on account of leavers

- Individual transfers out of the Fund are accounted for on a cash basis which is usually when a members' liability is discharged.

3.6. Administrative

- Administrative expenses are accounted for on an accruals basis.

3.7. Investment income and change in market value

- Income from pooled investment vehicles which distribute income, is accounted for on an accruals basis on the date stocks are quoted ex-dividend, or in the case of unquoted instruments, when the dividend is declared.
- Investment income arising from the underlying investments of the pooled investment vehicles which do not distribute income is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within 'Change in market value'.
- Other interest on cash and short-term deposits is accounted for on an accruals basis.
- 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.

3.8. Investment management expenses and transaction costs

- Investment management expenses and rebates are accounted for on an accruals basis and shown net within investment returns.
- Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees.

3.9. Investment assets/liabilities

- Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing price, single dealing price or most recent transaction price is used.
- Pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value, determined in accordance with fair value principles, provided by the pooled investment manager.

4. Contributions

	2025 £'000	2024 £'000
Employers contributions:		
Deficit funding	2,300	2,830

The Employers will pay the contributions detailed below in respect of deficit funding contributions in accordance with the Schedule of Contributions.

Employer	EEF Limited	MGTS	Scottish Engineering	EEF Northern Ireland
Share of deficit at 31 March 2023	88.1%	6.7%	2.5%	2.7%
1 April 2023 to 31 March 2024	£2,392,920 (£199,410 per month)	£192,220 (paid annually each 1 April)	£151,848 (£12,654 per month)	£97,380 (£8,115 per month)
Year from 1 April 2024	£2,000,000 (£166,667 per month)	£170,000 (paid annually each 1 April)	£56,000 (£4,667 per month)	£70,000 (£5,833 per month)
Year from 1 April 2025	£2,100,000 (£175,000 per month)	£173,400 (paid annually each 1 April)	£57,120 (£4,760 per month)	£71,400 (£5,950 per month)
Year from 1 April 2026	£2,205,000 (£183,750 per month)	£176,868 (paid annually each 1 April)	£58,262 (£4,855 per month)	£72,828 (£6,069 per month)
Year from 1 April 2027	£2,315,250 (£192,938 per month)	£180,405 (paid annually each 1 April)	£59,428 (£4,952 per month)	£74,285 (£6,190 per month)
Year from 1 April 2028	£2,431,013 (£202,584 per month)	£184,013 (paid annually each 1 April)	£60,616 (£5,051 per month)	£75,770 (£6,314 per month)
Year from 1 April 2029	£2,552,563 (£212,714 per month)	£187,694 (paid annually each 1 April)	£61,829 (£5,152 per month)	£77,286 (£6,440 per month)
Year from 1 April 2030	£2,680,191 (£223,349 per month)	£191,448 (paid annually each 1 April)	£47,299 (£5,255 per month until 31 December 2030)	£59,124 (£6,569 per month until 31 December 2030)
Year from 1 April 2031	£1,407,100 (£234,517 per month until 30 September 2031)	Nil	Nil	Nil

For EEF Limited, Scottish Engineering and EEF Northern Ireland contributions will be payable monthly. The amounts from 1 April 2024 will be increased each subsequent 1 April by 5% pa for EEF Limited and by 2% pa for Scottish Engineering and EEF Northern Ireland. For MGTS contributions will be payable annually each April. The amount from 1 April 2024 will be increased each subsequent 1 April by 2% pa.

5. Other income

	2025 £'000	2024 £'000
Other income	1	1

6. Benefits paid or payable

	2025 £'000	2024 £'000
Pensions	7,942	7,561
Commutation of pensions and lump sum retirement benefits	808	697
	8,750	8,258

Included within pensions are arrears payments totalling £33,000 as detailed in note 26.

7. Payments to and on account of leavers

	2025 £'000	2024 £'000
Individual transfers out to other schemes	37	-

8. Administrative expenses

	2025 £'000	2024 £'000
Administration, processing and consultancy	516	525
Audit fees	15	15
Legal fees	19	73
Pension Protection Fund levies and regulatory fees	8	25
Trustee fees and expenses	173	183
Other professional fees	5	-
Bank and sundry charges	1	1
	737	822

The Fund bears all costs of administration.

9. Investment income

	2025 £'000	2024 £'000
Gain / (Loss) on foreign exchange	-	(1,200)
Income from pooled investment vehicles	5,894	2,288
Interest on cash deposits	167	133
	6,061	1,221

10. Reconciliation of investments

Reconciliation of investments held at the beginning and the end of the year:

	Value at 31 March 2024 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 March 2025 £'000
Pooled investment vehicles	128,348	10,296	(8,912)	(12,912)	116,820
Other investment balances	498				525
	128,846				117,345

11. Transaction costs

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Fund such as fees, commissions and stamp duty. There were no direct transaction costs during the year.

In addition, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect cost is not separately provided to the Fund.

12. Investment management expenses

	2025 £'000	2024 £'000
Administration, management and custody	-	159
Advisory fees	24	(15)
Investment manager rebates	(85)	(15)
	(61)	129

13. Taxation

The Fund is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

14. Pooled investment vehicles

The Fund's investments in pooled investment vehicles at the year end comprised:

	2025 £'000	2024 £'000
Asset backed securities funds	30,891	25,991
Private credit funds	17,999	26,750
Short duration credit funds	23,360	19,148
Cash funds	8,877	9,566
LDI funds	35,693	46,893
	116,820	128,348

15. Other investment balances

	2025 £'000	2024 £'000
Investment income receivable	525	498

16. Concentration of investments

The following investments represent more than 5% of the net assets of the Fund:

	2025 £'000	%	2024 £'000	%
Insight				
Absolute Return Bonds Fund	30,891	26	25,991	19
LDI Short Duration Buy & Maintain Credit Fund	23,360	20	19,148	14
LDI Enhanced Selection Longer Real Fund	11,419	10	14,857	11
LDI Enhanced Selection Longer Nominal Fund	10,420	9	14,007	10
LDI GBP Liquidity Holding Fund	8,877	7	9,566	7
LDI Enhanced Selection Shorter Nominal Fund	7,019	6	9,189	7
LDI Enhanced Selection Shorter Real Fund	6,834	6	8,839	7
Alcentra				
EDL III AIV (Treaty Feeder) SCSp Fund	10,791	9	14,163	11
Partners				
Private Markets Credit Strategies 2018 (GBP) S.C.A., SICAV-RAIF Fund	7,209	6	12,587	9

17. Fair value hierarchy

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 (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (ie 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 as follows:

31 March 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	98,821	17,999	116,820
Other investment balances	525	-	-	525
	525	98,821	17,999	117,345

31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	101,598	26,750	128,348
Other investment balances	498	-	-	498
	498	101,598	26,750	128,846

18. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

- Credit risk: one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation
- Market risk: comprises the following three types of risk:
  1. Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates
  2. Currency risk: the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
  3. Other price risk: the risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency)

The Trustee determines its investment strategy after taking advice from a professional investment consultant. The Fund has exposure to these risks because of the investments it makes in following the investment strategy set out on the following pages. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits that are set taking into account the Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on these risks and the Trustee's approach to risk management is set out below. This does not include cash and commitments balances or other investment balances as these are not considered significant in relation to the overall investments of the Fund.

Investment strategy

The Fund’s primary objective is to ensure that the benefit payments are met as they fall due. In addition to this primary objective, there is an objective to achieve full funding by 2030 on a self-sufficient basis as defined as Gilts + 50 bp p.a.

The Trustee sets the investment strategy for the Fund taking into account considerations such as the strength of the Employers covenant, the long-term liabilities of the Fund and the funding agreed with the Employers. The investment strategy is set out in the Fund’s SIP.

The agreed strategic asset allocation for the Fund’s assets is set out below:

Asset class	Strategic SIP allocation (%)
Liability-Matching	40.0
Conventional Credit	15.0
Asset backed securities	20.0
Private Credit	25.0
Total	**100.0**

Credit risk

The Fund is subject to credit risk because it directly invests in pooled investment vehicles. It is directly exposed to credit risk in relation to the funds managed by Insight, Alcentra and Partner’s Group, and indirectly exposed to credit risks arising on the financial instruments held by these pooled investment vehicles.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle’s governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

The pooled investment vehicles comprise of Umbrella ICAVs (Insight), Public limited company (Alcentra) and shares of limited liability partnerships (Partners Group).

A summary of pooled investment vehicles by type of arrangement is as follows:

	2025 £’000	2024 £’000
Public limited company	10,791	14,163
Shares of limited liability partnerships	7,209	12,587
Umbrella ICAV	98,820	101,598
	116,820	128,348

Currency risk

The Fund is subject to indirect currency risk because some of its investments are held in overseas markets, via pooled investment vehicles. Currency hedging techniques may be applied within the pooled investment vehicles to reduce this risk but may not eliminate it entirely.

Interest rate risk

The Fund is subject to indirect interest rate risk because some of the investments are held in cash and bonds through pooled investments vehicles – in particular, in the LDI Funds. The LDI Funds adopted by the Trustee is designed to protect the Fund against future changes in expected interest rates. As interest rates change, the value of the LDI Funds should rise or fall in a similar manner to the Fund's technical provisions liabilities.

Other price risk

The Fund is subject to indirect other price risk principally in relation to the non-liability matching assets held through pooled investment vehicles, in particular the Insight Global ABS Fund. Other price risk is mitigated by the Fund's assets being diversified between different asset classes and within each asset class.

Credit and market risks

The table below shows the extent to which the various classes of investments held by the Fund are affected by the indirect investment financial risks. However, each risk has been considered in isolation, in practice there is often a high degree of correlation between these risks.

	Credit risk	Currency risk	Interest rate risk	Other price risk	2025 £'000	2024 £'000
Insight - Global ABS Fund	●	○	○	●	30,891	25,991
Insight – Short Duration Buy and Maintain Credit Fund	●	○	○	○	23,360	19,148
Insight - LDI Enhanced Selection Longer Nominal Fund	●	○	●	○	10,420	14,007
Insight - LDI Enhanced Selection Longer Real Fund	●	○	●	○	11,419	14,857
Insight - LDI Enhanced Selection Shorter Nominal Fund	●	○	●	○	7,019	9,189
Insight - LDI Enhanced Selection Shorter Real Fund	●	○	●	○	6,834	8,839
Insight - Liquidity Fund	○	○	○	○	8,877	9,566
Alcentra – Direct Lending	●	○	○	○	10,791	14,163
Partners Group – Direct Lending	●	○	○	○	7,209	12,587

Key: The risk noted affects the fund significantly (●) or hardly / not at all (○).

19. Current assets

	2025 £'000	2024 £'000
Contributions due in respect of:		
Employers	177	216
VAT recoverable	58	85
Sundry debtors	17	-
Cash balances	2,290	4,665
	2,542	4,966

All contributions due to the Fund at 31 March 2025 and 31 March 2024 relate to March 2025 and March 2024 respectively and were paid in full to the Fund in accordance with, and within the timescales of, the Schedule of Contributions in force for those years, and therefore do not constitute employer-related investments.

20. Current liabilities

	2025 £’000	2024 £’000
Unpaid benefits	-	13
Tax due to HM Revenue & Customs - PAYE	149	133
Accrued expenses	229	144
	378	290

21. Employer-related investments

There were no employer-related investments as at 31 March 2025 within the meaning of section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005 (2024: Nil).

22. Related-party transactions

To support the Participating Employers’ obligations under the statutory funding requirement of the Pensions Act 2004, the Employer debt requirements of the Pensions Act 1995 and the Rules of the Fund. The Fund has the following:

- fixed charges over EEF Limited's properties Broadway House, Woodland Grange and Engineers’ House;
- a fixed charge over Midland Group Training Services Limited’s property;
- a floating charge over EEF Limited's investment holding of units in Schroder’s Income Fund A Inc. up to a maximum amount of £15,000,000;
- a negative pledge in relation to EEF Limited's investment holding of units in Schroder’s Income Fund C Inc; and
- a contingent profit sharing mechanism under which EEF Limited will pay contributions to the Fund (in addition to those payable under the Schedules of Contributions) conditional upon achieving trading profits (calculated on a prescribed basis).

Included within note 8 is £173,000 (2024: £183,000) in respect of Trustee fees of which £30,147 (2024: £18,000) was outstanding at year end.

No Trustee directors were members of the Fund at the year end.

23. Guaranteed Minimum Pension Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group’s defined benefit pension schemes. Subsequently, on 20 November 2020 the High Court ruled that historical individual transfers from the Fund would also be due a top-up payment where the original transfer payment fell short of what it would have been had the inequalities in Fund benefits from GMP been removed.

The Trustee and Employers have agreed the equalisation methodology to be used to adjust benefits for the impact of inequalities in GMP and new retirements from 1 June 2025 are being administered reflecting the agreed GMP equalisation method. The Trustee is planning to implement GMP equalisation for current pensions and dependants in payment by the end of the year, including the payment of arrears which will be recognised in next year's financial statements.

Further work to equalise past transfers out and past deaths with no dependants will commence in 2026. Given the current status of the GMP equalisation project, the Trustee is not in a position to obtain an estimate of any backdated benefits and related interest that might be payable in respect of past transfers and past deaths with no dependants. Therefore, the cost of any such payments has not been recognised in these financial statements. They will be recognised once the Trustee is able to obtain a reliable estimate.

24. The Virgin Media Ltd v NTL Pension Trustees' II decision

The Virgin Media Ltd v NTL Pension Trustees decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met. The court decision was upheld on appeal on 25 July 2024. On 5 June 2025 the Government announced that it will introduce legislation that would enable such confirmation to be obtained retrospectively. However, the detail and effectiveness of that legislation is not yet known.

Given these uncertainties it is not currently possible to determine whether any amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. Further, it is not currently possible to reliably estimate the retrospective possible impact to the defined benefit obligations of the pension scheme if these amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. Having considered the matter, the Trustee has determined that there is no immediate need for action, but the Trustee will monitor developments.

25. Contingent liabilities

The Trustee has sought Counsel opinion which has confirmed the legal view on the benefit entitlements due to certain groups of members. The Trustee is now undertaking an exercise to rectify benefits for the confirmed legal view and in this financial year the Trustee made arrears payments totalling £33,000 to 8 members in respect of historical underpayments of pensions in payment. The Trustee intends to proceed with further rectification and make further arrears payments for current pensioners in payment alongside the GMP equalisation exercise later in 2025. As calculations are still ongoing in respect of this exercise, these further payments will be recognised in next year's financial statements and the Trustee is unable to provide an estimate at this stage of the overall financial impact of the rectification exercise.

26. Capital commitments

The Fund had capital commitments at the year end of £7,347,201 (2024: £4,675,051) in respect of investments managed by Alcentra.

Independent Auditor's Statement about Contributions to the Trustee of the Engineering Employers' Federation Staff Pension Fund

We have examined the Summary of Contributions to the Engineering Employers' Federation Staff Pension Fund for the year ended 31 March 2025 which is set out on page 34.

Statement about Contributions payable under the Schedule of Contributions

In our opinion contributions for the Fund year ended 31 March 2025 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 14 December 2023.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and Auditor

As explained more fully in the statement of Trustee's responsibilities, 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 Employers 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 Fund's Trustee, 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 on contributions has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to them in such 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 Fund and the Fund's Trustee, for our work on contributions, for this statement, or for the opinions we have formed.

Cooper Parry Group Limited
Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: ______________________

Summary of Contributions payable during the year ended 31 March 2025

During the year, the contributions payable to the Fund were as follows:

	£'000
Required by the Schedule of Contributions	
Employer contributions:	
Deficit funding contributions	2,300
Total contributions as required by the Schedule of Contributions and as reported on by the Fund Auditor	2,300

Signed for and on behalf of the Trustee

______________________________ Date: ________________

Ross Trustees Services Limited

Appendix 1 – Certification of the Schedule of Contributions

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: **Engineering Employers' Federation Staff 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 can be expected to be met by the end of the period specified in the recovery plan dated 14 December 2023.

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 14 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 scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature: .... Date: 14 December 2023

Name: *Jill Ampleford*
Appointed Scheme Actuary
Fellow of the Institute and Faculty of Actuaries

Address: Lane Clark & Peacock LLP
95 Wigmore Street
London
W1U 1DQ

Appendix 2 – Implementation statement (forming part of the Trustee's report)

Engineering Employers’ Federation Staff Pension Fund

Implementation statement for the year to 31 March 2025

Introduction

This Implementation Statement has been prepared by the Trustees of the **Engineering Employers’ Federation Staff Pension Fund** (“the Scheme”) in accordance with the requirements of the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). Its purpose is to:

- Set out how, and the extent to which, the policies in the Statement of Investment Principles (SIP) have been followed during the year;
- Describe any review of the SIP during the year and any changes made;
- Provide information about the voting behaviour by or on behalf of the Trustees, including the most significant votes cast and the use of proxy voting services.

SIP Review

The SIP was last reviewed and updated on **28 March 2025.** The changes made during the year included updates in relation to:

- The Scheme’s added an additional objective (to the primary objective of ensuring that the benefit payments are met as they fall due) as follows:
    - Achieve full funding by 2030 on a self-sufficient basis as defined by Gilts + 50 bps p.a.
- The Trustees reviewed and updated their stewardship, voting and engagement policies, to reflect a more strategic and outcome-focused approach to responsible investment.
    - The revised policies place greater emphasis on the selection and monitoring of investment managers with strong ESG and stewardship credentials, rather than on direct engagement or prescriptive oversight.
    - In recognition of the Scheme’s pooled fund structure, the Trustee delegates voting and engagement responsibilities to its investment managers and is not able to direct voting decisions. Instead, the Trustee:
        - Appoints managers with robust stewardship policies;
        - Periodically reviews managers’ voting activity and engagement practices, particularly in relation to the Scheme’s ESG priorities;
        - Communicates expectations to managers regarding the quality and focus of engagement, including key themes such as climate risk, governance standards, and long-term value creation;
        - Engages with managers where concerns are identified, and may consider their performance in future retention or replacement decisions.
    - The Trustee has also adopted a long-term ambition to align Scheme assets with net zero greenhouse gas emissions by 2050.
    - ESG priorities are reviewed regularly and used to guide the Trustee’s monitoring and engagement with investment managers.

The SIP reflects the Trustees’ investment beliefs and policies, including those on environmental, social and governance (ESG) considerations.

Adherence to the SIP

Due to the changes in the SIP occurring toward the to the end of the reporting year (on 28 March 2025), the adherence has been considered relative to the previous SIP. The Trustees are satisfied that during the Scheme year:

- The Scheme's investment policies and overall strategy were broadly implemented as intended during the period. The Trustee notes an approximate 10% deviation from the agreed strategic allocation to private credit. Given the illiquid nature of this asset class and the limited scope for rebalancing, this variance is considered to be consistent with the Scheme's long-term investment objectives and rebalancing framework.
- No new asset mangers were selected or appointed, but they were monitored in line with the Trustees' policies;
- ESG and stewardship matters were considered in accordance with the policies in the SIP.

Following the reporting period, the Scheme amended its operating model to enhance the delegation of collateral management. This change was implemented to better support the Scheme's objectives, particularly in achieving full funding by 2030 on a self-sufficient basis (Gilts + 50 bps p.a.). The enhanced delegation has improved adherence to the Scheme's collateral management policy by strengthening oversight and alignment with the Scheme's risk management and investment strategies.

Voting and Engagement

The Scheme's assets are invested in pooled funds managed by external investment managers. The Trustees delegate voting and engagement activities to these managers, in line with the stewardship policy set out in the SIP.

Voting Activity

The Scheme's assets are invested in pooled funds focused on fixed income, liability-driven investments (LDI), and other non-equity assets, reflecting the Trustees' strategy to prioritise liability matching and low-risk returns to achieve full funding by 2030 on a self-sufficient basis (Gilts + 50 bps p.a.). As a result, the Scheme did not hold listed equities during the year to 31 March 2025, and no voting opportunities arose.

The Trustees delegate voting responsibilities to investment managers, who are selected for their robust stewardship and voting policies aligned with the Scheme's ESG priorities, including climate risk, governance standards, and long-term value creation. The Trustees review these policies during manager selection and periodic monitoring to ensure readiness for voting if the Scheme's asset allocation changes. Managers are expected to use proxy voting, with decisions reflecting the Scheme's commitment to net zero by 2050 and other ESG objectives.

The Trustees will annually assess whether changes in asset allocation introduce voting opportunities and ensure stewardship policies remain fit for purpose.

Engagement

The Trustees regularly assess the extent to which managers engage with investee companies. Each of the manager's approach to engagement and actions taken over the year are summarised below:

Alcentra

Alcentra defines ESG engagement as direct, logged interactions with companies - including management meetings, sponsor discussions, and due diligence reviews - that address ESG matters. These stewardship activities support Alcentra's objective of delivering long-term investment returns while promoting responsible corporate behaviour.

The following table shows the number of individual interactions and engagement topics per quarter over the year to 31 March 2025:

Quarter	Individual interactions	ESG engagement topics
Q2 2024	10	31
Q3 2024	8	48
Q4 2024	13	46
Q1 2025	9	21

As an example in Q1 2025, Alcentra engaged with a **motorcycle accessories manufacturer** to help integrate ESG considerations into its growth strategy. The engagement included:

- Supporting the development of a sustainability plan aligned with upcoming regulatory requirements;
- Providing the company with learning materials and ESG guidance to structure an actionable ESG roadmap;
- Recommending third-party service providers for data collection and ESG reporting;
- Facilitating the completion of Alcentra's annual ESG questionnaire, which informed baseline metrics and next steps.

Following this engagement, the company committed to exploring external ESG support and began integrating ESG factors into its operational planning. Alcentra expects this engagement to result in improved ESG performance and reporting transparency over time.

Partners Group

Partners Group defines engagement as targeted communication with portfolio companies aimed at encouraging change at an individual issuer level and/or the goal of addressing systematic risk, particularly in relation to governance, sustainability and risk mitigation.

The number of entities engaged was not precisely quantified, but regular engagements were conducted with company management, GPs and stakeholders across multiple regions. Partners Group tracks over 100 ESG-related projects across its direct lead portfolio, covering topics such as energy use, safety and labour.

As an example, Partners Group engaged with **Andra Tech Group** to support its financial stability and strategic positioning, aligning with their investment approach focused on value creation and successful exits.

- Partners Group provided senior secured debt financing and maintained close engagement with company leadership.
- This included ongoing financial oversight and strategic support, culminating in the company's acquisition by Castik Capital in September 2024.

Insight Investment Management

Insight Investment Management defines engagement as purposeful, targeted communication with an entity with the goal of encouraging change at an individual issuer and/or the goal of addressing market-wide or systematic risk.

The following table shows the number of entities engaged and the number of engagements per fund the scheme was invested in over the year to 31 March 2025:

Quarter	Entities engaged	Number of engagements
Global ABS Fund	55	60
LDI Funds	75	126
Liquidity Fund	5	6
Short-dated Buy and Maintain Fund	67	108

As an example, the Global ABS Fund manager engaged with **Pepper**, a significant issuer in the Australian market, to address the lack of ESG considerations in its loan origination and underwriting practices. The engagement began in late 2022 and continued throughout 2023 and late 2024, including multiple meetings with senior company representatives.

- Initial discussions focused on raising awareness of ESG issues in lending decisions and encouraging improved disclosure.
- Follow-up engagement explored ways Pepper could enhance energy performance certificate (EPC) analysis to better assess environmental risks in their loan book.
- Pepper has since acknowledged ESG was not previously a core part of its decision-making but has committed to improving related disclosures and practices.

While changes to origination policies have not yet been made, the outcome is considered positive in terms of increased awareness and disclosure, with further engagement planned to ensure progress on embedding ESG factors in underwriting decisions.

Conclusion

The Trustees believe that the policies set out in the SIP have been adhered to during the Scheme year. The Trustees continue to develop their understanding and oversight of responsible investment and stewardship matters.

This statement will be made available on the Scheme's website: https://weareigg.com/client-docs/eef-pension-fund/

Signed: Agreed by the Trustee

On behalf of the Trustees of the Engineering Employers' Federation Staff Pension Fund

Date: 14 October 2025