

Summary Funding Statement

As someone with benefits held in The Emerson UK Pension Plan: DB Segregated Section (“the Plan”), you are entitled to certain information about the funding of the Plan. The Pensions Act 2004 also requires that the Trustee provides information to Plan members each year about the financial position of the Plan.

As you may know, the Plan is administered by a Trustee group independent of Emerson, whose role is to ensure that the Plan maintains adequate funding to meet its benefit obligations to its members.

How your benefits are secured

Security of your benefits is provided principally by the assets held by the Plan, Emerson’s continuing support and future contributions. Contributions are paid into the Plan by Emerson when necessary, so that it can pay benefits to members when they retire. These contributions are generally held in a common fund, rather than a fund for each individual member. This common fund is invested in line with the decisions taken by the Trustee, in conjunction with its professional advisors. All stocks and bonds are lodged with Northern Trust bank, the appointed official custodian for the Plan who will only deal with properly authorised instructions.

However, separate funds are held for each individual in The Emerson UK Pension Plan for:

- the assets of the defined contribution sections of the Plan (in the DC Segregated Section);
- the assets of the Fisher Controls Personal Retirement Accounts (in the DB Segregated Section); and
- any Additional Voluntary Contributions paid by members or other defined contribution investments (in the DB Segregated Section, the EBCO Segregated Section and the DC Segregated Section, as appropriate).

How the funding level is calculated

When looking at the funding level for the Plan, the cost of providing the benefits promised is compared to the value of the investments held in the Plan.

The Trustee commissions the Plan Actuary to perform an in-depth analysis of the Plan’s finances, called an ‘actuarial valuation’. The latest actuarial valuation of the Plan was carried out as at 31 March 2023. Actuarial valuations must be undertaken every three years to provide a report on the status of the Plan. This means that the next valuation of the Plan is expected to be carried out as at 31 March 2026.

Valuations show the status of the Plan’s funding at that date. Valuations are important to the Plan as they allow the Trustee to develop a new Schedule of Contributions which details any amounts Emerson must contribute to ensure that the Plan maintains a satisfactory funding level. In addition to the triennial valuation, the Plan Actuary also produces a yearly report.

When the Plan Actuary calculates the cost of providing Plan benefits, a number of assumptions are made about what the Plan Actuary and the Trustee think will happen in the future with, for example, future investment returns, price inflation and life expectancy.

Actuarial valuation of the Plan

An actuarial valuation as at 31 March 2023 was completed and approved by the Trustee at a meeting in December 2023. A new Schedule of Contributions was also approved under which no employer contributions are required to the Plan at least until completion of the next actuarial valuation. The Plan’s Technical Provisions at 31 March 2023 totalled £513.9m, where the Technical Provisions is a measure which reflects the amount that may be needed to pay members’ pensions as they fall due. The Plan’s assets totalled £626.3m which resulted in the Plan having a surplus of £112.4m and a funding level of 121.9%.

The estimated Technical Provisions of the Plan at 31 March 2024 totalled £472.0m, with the assets totalling £594.2m. This means that the Plan had an estimated surplus of £122.2m and an estimated funding level of 125.9%.

The funding level as at 31 March 2023 increased from the estimated 31 March 2022 funding level. The main factors contributing to this increase were a substantial increase in the discount rate (essentially, the allowance for future investment returns) which served to reduce the Technical Provisions and more than offset an increase in inflation expectations and a fall in Plan assets over the period.

The funding level as at 31 March 2024 is estimated to have increased from the 31 March 2023 funding level. The main factors contributing to this increase were an increase in the discount rate and a decrease in inflation expectations, both of which served to decrease the Technical Provisions. This more than offset a fall in Plan assets over the period.

The above asset and liability figures exclude all benefits provided in respect of the DC Segregated Section and the EBCO Segregated Section and also exclude any Personal Retirement Accounts, Additional Voluntary Contributions and other DC benefits within the Plan.

Plan's estimated financial position at:

Date	Funding Level
1 April 2009	93%
1 April 2010	103%
1 April 2011	107%
1 April 2012	87%
1 April 2013	84%
31 March 2014	104%
31 March 2015	104%
31 March 2016	100%
31 March 2017	102%
31 March 2018	102%
31 March 2019	105%
31 March 2020	108%
31 March 2021	116%
31 March 2022	113%
31 March 2023	122%
31 March 2024	126%

What would happen if the Plan were wound-up?

At 31 March 2023, it was estimated that all members' benefits could be paid in full if the Plan started winding-up (full solvency) and there was an estimated solvency surplus of £58.4 million as at that date. The benefits would have to be secured with an insurance company or other provider if the Plan were to wind-up. By winding-up we mean Emerson being unwilling (or unable) to continue to run the Plan and contribute to it on an ongoing basis. Emerson has a legal obligation to fund any shortfall if this were to happen, although the above estimate suggests that there was no such shortfall at 31 March 2023.

The Trustee has a statutory obligation to give you this wind-up information..

Emerson has demonstrated its willingness to support the Plan by making contributions to the Plan that are significantly larger than it was required to make. Since 2005, Emerson has paid in contributions totalling £200.0 million in relation to the DB sections of the Plan compared with a contribution requirement of £134.0 million over the same period.

If Emerson became insolvent, the Pension Protection Fund (the "PPF") might be able to take over the Plan and pay compensation to members, should there be a shortfall between the Plan's assets and the PPF's measure of Plan liabilities. Further details on the operation of the PPF are available on the PPF's website at www.ppf.co.uk. Or you can write to the Pension Protection Fund at PO Box 254, Wyndham, NR18 8DN.

Where can I find the Plan's report on climate-related financial disclosures?

The Plan is required to publish a report setting out the possible impact of climate-related risks on the Plan's financial position. You can find this report here

<https://oneemerson.co.uk/assets/uploads/Documents/PDFs/Emerson-2023-TCFD-Report.pdf>

You can request a hard copy of this report at the contact details below.

Other matters

We are obliged to inform you if any payment has been made from the Plan to Emerson since the previous Summary Funding Statement. The Trustee can confirm that no such payment has been made. Similarly, we are obliged to inform you if the Pensions Regulator has made modifications to the Plan or given specific directions on the funding of the Plan. Again, the Trustee can confirm that no such modifications or directions have been made.

Looking after your data

Some of the member data (such as date of birth) required for the running of the Plan, including for paying out the right benefits, is known as 'personal data'. The use of this data is regulated under the Data Protection Act (DPA) and the General Data Protection Regulation (GDPR), which place certain responsibilities on those who exercise control over the data (known as 'data controllers' under the DPA and GDPR). Data controllers would include the Trustee of the Plan and may also include the Plan Actuary and WTW, who have provided further details at: <https://www.wtwco.com/en-GB/Notices/how-willis-towers-watson-uses-personal-data-for-actuarial-services-to-uk-pension-scheme-trustees>

Where can I get more information?

If you have any questions, or would like any more information, please contact Gallagher, the Administrator of The Emerson UK Pension Plan: DB Segregated Section, [via the details on the back page]. A list of more detailed documents which provide further information is shown below. If you would like us to send you any of these documents, please let Gallagher know.

Additional documents available on request

The **Statement of Investment Principles** for the Plan. This explains how the Trustee invests the money held and paid into the Plan.

The **Statement of Funding Principles** for the Plan. This explains how the cost of providing benefits is calculated and the Trustee's policy for ensuring that the cost is adequately met.

The full report on the **Actuarial Valuation** following the actuary's check of the financial situation of the Plan as at 31 March 2023. This report gives detailed information on the Plan's funding position and on the many factors that will influence the development of the Plan in the future.

The **Actuarial Report** as at 31 March 2024. This provides an update on the Plan's funding position.

The **Schedule of Contributions** for the Plan. This shows the level of contributions that are being paid into the Plan.

The **Annual Report and Accounts** of the Plan. These show the Plan's income and expenditure in the year up to 31 March 2024, as well as details of the Plan's investments as at 31 March 2023. Equivalent reports are also available covering the years to, and the position at, 31 March 2021, 31 March 2022 and 31 March 2023.