

Summary Funding Statement

As someone with benefits held in The Emerson UK Pension Plan: EBCO 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, 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).

Change in the Plan’s investments

In December 2021, the Trustee entered into an insurance arrangement (known as a “buy-in”) with Just Retirement Limited that secured the Plan’s future benefit payments. The arrangement is a form of insurance policy which covers the cost of paying pensions to the Plan’s pensioners. The policy is an investment held by the Trustee and the Trustee retains full control and responsibility for paying the Plan’s pensions.

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 2020. 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 2023.

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 the 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 of the Plan as at 31 March 2020 was completed and approved by the Trustee at a meeting in December 2020. 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 2020 totalled £14.9m, 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 £15.5m which resulted in the Plan having a surplus of £0.6m and a funding level of 104.0%.

The estimated Technical Provisions of the Plan at 31 March 2022 totalled £13.9m, with the assets totalling £15.0m. This means that the Plan had an estimated surplus of £1.1m and an estimated funding level of 107.9%. The main factors affecting the improvement in the estimated funding level since 31 March 2020 are the buy-in executed in December 2021 and the strong asset performance over the period from 31 March 2020 to the date that the buy-in was completed.

The estimated funding level as at 31 March 2022 decreased from the estimated 31 March 2021 funding level (of 112.9%). The main factor contributing to this change is the buy-in executed in December 2021.

The above asset and liability figures exclude any AVCs and other DC benefits within the Plan.

What would happen if the Plan were wound-up?

At 31 March 2022, it is estimated that the Plan has sufficient assets to ensure that all members' benefits could be paid in full if the Plan started winding-up (full solvency). 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.

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

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.pensionprotectionfund.org.uk. Or you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA. However, currently no documents are being accepted by post.

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.wtco.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 Buck, the Administrator of The Emerson UK Pension Plan: EBCO 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 Buck know.

Additional documents available on request

The **Statement of Investment Principles** for the Plan. This explains how the Trustee invests the money 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 2020. 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 2022. This provides an update on the Plan's funding position.

The **Schedule of Contributions** for the Plan. This shows the level of any 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 2022, as well as details of the Plan's investments as at 31 March 2022. Equivalent reports are also available covering the years to, and the position at, 31 March 2020 and 31 March 2021.