

# Avon Rubber Retirement and Death Benefits Plan Summary Funding Statement at 31 March 2024

This Statement explains the funding that supports benefits in the Avon Rubber Retirement and Death Benefits Plan (“the Plan”). It tells you about the longer-term outlook for the Plan and the financial support the employer provides. There is some information to help you understand this statement and the terminology used on page 3.

Pension scheme valuations are carried out at least every three years in accordance with legislation, with less formal ‘updates’ being carried out annually in between valuations.

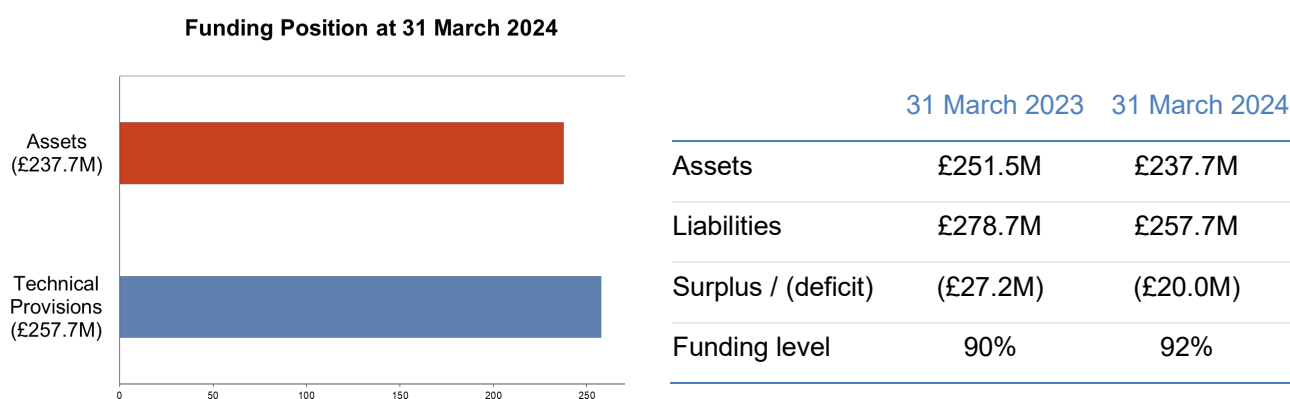
The purpose of this Statement is to provide the results of the latest annual actuarial update of the Plan as at 31 March 2024.

## How well funded is the Plan?

We previously reported the results of the formal actuarial valuation at 31 March 2022, which showed that the Plan had a shortfall of £35.2 million, which is the same as a funding level of 91%.

We also provided the results of the annual update at 31 March 2023 which showed that the Plan had a shortfall of £27.2M, which is the same as a funding level of 90%

At the more recent update date of 31 March 2024, the Plan’s Actuary found that the Plan had a shortfall of £20.0 million, which is the same as a funding level of 92%.



Over the period between 31 March 2023 and 31 March 2024 both assets and liabilities fell slightly in value. The asset value fell as a result of pension payments made, and we are invested in funds that fall when interest rates rise – this is a conscious decision by the Trustee (and many other pension schemes) as when interest rates rise, the amount of money needed today to meet future liabilities falls. This means by investing in assets that behave in this way too, our assets and liabilities are better matched and move in the same direction. The assets and liabilities are not perfectly matched, and the liabilities are higher than the assets, so the fall in liabilities was larger than the fall in assets. The outcome is therefore a lower deficit and slightly higher funding level.

The Trustees receive regular approximate updates on the Plan’s funding level from the Scheme Actuary and we’re pleased to be able to tell you at 30 September 2024 the Plan’s funding level had increased to 93%, which corresponds to a deficit of £18.1M

## The Company's support

The funding target we agree for the Plan meets the requirements of the Pensions Act 2004 and is called the 'technical provisions'. It aims to produce a prudent reserve of money to hold against the Plan's future needs. We have discussed our funding plan with Avon Technologies plc (the Company), and they have accepted the target and agreed to a Recovery Plan to make good the shortfall. The Plan relies on Avon Technologies plc and its financial support to:

- make contributions when there is a funding shortfall; and
- put in more money if the target set for funding the Plan turns out to be too low.

To address the shortfall disclosed in the 31 March 2022 valuation, the Company agreed to pay the following contributions:

- £1.45M between 1 April 2022 and 30 September 2022
- £3.05M by 30 September 2022
- £3.0M by 31 December 2023
- £1.6M between 1 October 2023 and 31 March 2024
- £3.5M between 1 April 2024 and 31 March 2025
- £3.9M between 1 April 2025 and 31 March 2026
- £4.3M between 1 April 2026 and 31 March 2027
- £4.7M between 1 April 2027 and 31 March 2028
- £5.2M between 1 April 2028 and 31 March 2029
- £2.3M on 1 April 2029

We can confirm the payments due in 2022, 2023 and 2024 have been received.

The Company will also pay up to £900,000 each year to cover the expenses of running the Plan.

There is also a commitment for the Company to discuss with the Trustee the ability to pay additional funds into the Plan in certain circumstances, including if special dividends are paid to Company Shareholders. The details of this commitment have been documented in a Memorandum of Understanding.

We must also tell you if there have been any payments to Avon Technologies plc out of Plan funds in the last twelve months. There have not.

The Pensions Regulator can change the Plan, give directions about working out its technical provisions or impose a schedule of contributions. The Pensions Regulator has not exercised these powers.

### What if the Plan started to wind up?

Even though funding may temporarily be below target, the Plan will continue to pay benefits in full as long as it continues. As part of the valuation, the actuary must also look at the Plan's solvency estimate – the position if it started to wind up (come to an end). This does **not** mean that the Company is thinking of ending the Plan.

The actuary looked at whether the Plan had enough money at the valuation date to buy insurance policies to provide members' benefits. Insurance companies have to invest in 'low risk' assets, which are likely to give low returns and policy prices will include administration charges and a profit margin. This means that even if a plan is fully funded on the technical provisions basis, the solvency figure is likely to be less than 100%.

If the Plan had started winding up at 31 March 2022, the actuary estimates the amount the Plan needed to ensure benefits were paid in full (the full solvency position) was £469.9 million. On this basis the Plan's shortfall was £132.4 million.

At 31 March 2024 the solvency deficit has reduced significantly to £61.7M.

### The Pension Protection Fund

If the Plan starts to wind up, Avon Technologies plc has to pay whatever the Plan needs to buy the insurance policies for members. If Avon Technologies plc becomes insolvent, the Pension Protection Fund (the PPF) may step in and pay some compensation to members. There are more details on the PPF website at [www.ppf.co.uk/](http://www.ppf.co.uk/).

## Understanding the Statement

As a Trustee Board, we are responsible for developing a funding target (called the technical provisions in legislation) for the Plan. We set out our aims, the funding target we believe is suitable for the Plan, and how we aim to achieve this. To work out the funding target, the Scheme Actuary looks at the benefits the Plan is currently paying and estimates how the cost of the benefits might change in the future. The Actuary uses assumptions (which have been agreed by the Trustee and Company) in respect of various factors; for example, how long people will live after they retire and how much the cost of living will rise in future.

Then the Actuary looks at the Plan's assets which are represented by the money the Plan has built up to date from contribution income and investment returns. The Actuary compares the value of those assets at the valuation date with the funding target. If the assets of the Plan are worth more than 100% of the funding target, the Plan has a surplus. If the assets are worth less than 100% of the funding target, the Plan has a shortfall (or deficit).

### Terminology

- **Technical provisions** – The funding target for the Plan agreed as part of the actuarial valuation
- **Recovery plan** – A plan for making good any deficit relative to the technical provisions
- **Solvency estimate** – Represents the cost of purchasing annuities to meet the Plan's benefits at the valuation date from an insurance company
- **Statement of Funding Principles** – Document setting out the Trustee's policy for meeting the statutory funding objective
- **Schedule of Contributions** – Document setting out the contributions payable by the Company

### Any questions?

If you have any questions about the Plan or your benefits, please contact us. You can also ask to see the Plan's formal documents, including our Statements of Funding and Investment Principles. We may make a charge to cover the cost of photocopying, postage and packaging if we need to send you copies. The latest audited accounts and actuarial report, as well as the Schedule of Contributions are also available.

Please contact:

- <https://pensionuk.aptia-group.com/>
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Tel: 0800 046 6183

By law, we cannot give you advice about your pension arrangements. If you are thinking about any changes, you may want to obtain independent financial advice.