

Epson (UK) Limited Pension Scheme

SUMMARY FUNDING STATEMENT

We recommend you read this statement as it contains important information about your pension.

We are responsible for providing you with a summary funding statement from time to time to let you know about the scheme's financial security and the funding of the scheme. The information in this summary is based on the valuation that was carried out as at 31 March 2021 and the approximate assessment that was carried out as at 31 March 2023.

A full actuarial valuation is carried out at least every three years. In the years where a full valuation is not carried out, we are required to obtain an approximate assessment of the scheme's funding.

If you have any questions about the contents of this statement then please contact us at the address below.

Trustees of the Epson (UK) Limited Pension Scheme

c/o Mercer
Maclaren House,
Talbot Road,
Stretford
Manchester
M32 0FP

Please ensure that correspondence to Mercer is sent to the address above (and not to any other address which may appear on previous correspondence) quoting the reference "summary funding statement" along with your full name, National Insurance number and pension scheme name.

HOW IS MY PENSION PAID FOR?

Your benefit entitlement under the scheme is calculated using a formula based on your earnings and length of active membership of the scheme. This calculation is carried out at your retirement or earlier date of leaving service and you are advised of the amount of your benefit at that time. Your pension does not come from a pot of money held in your name but comes from a larger pool of money put aside with the aim of meeting all of the scheme's future pension payments.

All contributions and investment income are held in this common fund and make up the scheme's assets. The scheme assets have been invested in Equity, bonds, diversified growth fund and cash. Further details of our investment strategy are given in the statement of investment principles, which is available on request, or accessible online at:

<https://www.epson.co.uk/legal/pension-scheme>

Since this statement of investment principles was finalised, further changes to the investment strategy have been considered to remove risk from the assets in light of the improved funding position (see next page).

HOW WELL FUNDED IS THE SCHEME?

The results of the valuation of the scheme and the latest approximate assessments of the scheme showed that on 31 March 2021, 31 March 2022 and 31 March 2023 respectively the funding positions were as follows:

31 March 2021

Assets	£74.2 million
Amount needed to provide benefits earned to date (technical provisions)	£91.3 million
Shortfall	£17.1 million
Funding level	81%

31 March 2022

Assets	£82.0 million
Amount needed to provide benefits earned to date (technical provisions)	£92.6 million
Shortfall	£10.6 million
Funding level	89%

31 March 2023

Assets	£55.2 million
Amount needed to provide benefits earned to date (technical provisions)	£59.7 million
Shortfall	£4.5 million
Funding level	92%

It should be noted that these figures have been calculated using the actuarial assumptions derived from the funding plan (statement of funding principles) agreed at the last full actuarial valuation. There is no

requirement to update this funding plan between full valuations. Significant changes in circumstances might mean that, were a full actuarial valuation to be carried out now, different actuarial assumptions would be used that would show a significantly different position.

The above figures includes an allowance for additional liabilities or costs that have arisen due to sex inequality of benefits that results from unequal Guaranteed Minimum Pensions, as confirmed by the judgment in the case of Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC and others.

CHANGE IN FUNDING POSITION

The funding level has improved from 89% as at 31 March 2022 (when we last wrote to you) to 92% as at 31 March 2023. The improvement in funding is mainly due to rises in gilt yields that have decreased the value of past service liabilities and contributions paid by the employer, partially offset by worse than expected investment performance.

HOW WILL THE SHORTFALL BE MET?

The last full actuarial valuation showed a shortfall of £17.1 million, at which point we agreed a recovery plan with the employer which aims to eliminate the shortfall by 31 October 2024. This is being achieved through payment of annual contributions of £4,000,000 (in equal monthly instalments) from 1 April 2021 to 31 October 2024 in respect of the shortfall. A recovery plan is usually only revised following each full actuarial valuation and so this recovery plan will remain in place until the next full actuarial valuation has been completed in spite of the reduction in the shortfall. The recovery plan put in place following the next full actuarial valuation will reflect the amount of any shortfall at that time.

We have agreed a funding plan with the employer that aims to make sure there is enough money in the scheme to pay for

pensions now and in the future. The amount of money that the employer pays into the scheme may go up or down following regular funding checks by the actuary (known as actuarial valuations), which are carried out at least every three years. Following each full actuarial valuation, we come to an agreement with the employer on future contributions, which allow for making good any shortfall over an agreed timescale. These matters are documented in the statement of funding principles, recovery plan and schedule of contributions. A copy of these documents is available on request.

We have not made any payments to the employer since the last summary funding statement was produced.

Under the provisions of the Pensions Act 2004, the Pensions Regulator has the authority to:

- Change the rate at which members earn benefits.
- Instruct a pension scheme on how to value members' benefits.
- Set a deadline for making good the shortfall.
- Set the future level of contributions.

Such a course of action is rare and has not occurred for this pension scheme.

WHAT WOULD HAPPEN IF THE SCHEME STARTED TO WIND UP?

Please be reassured that it is a legal requirement to provide this information and does not imply that the employer has any intention to wind up the scheme.

The valuation as at 31 March 2021 showed that the assets could not have paid for the full benefits of all members to be provided by an insurance company if the scheme had wound up at that date, with the funding level on this basis being 69%. The shortfall on this basis was £33.8 million.

If the scheme were to terminate, the law requires the employer to pay sufficient

money to the trustees so that we can purchase the full benefits built up in the scheme with an insurance company. It may be, however, that the employer would not be able to pay this full amount. If the employer became insolvent, the Pension Protection Fund might be able to take over the scheme and pay compensation to members. Further information and guidance is available on the PPF website at www.ppf.co.uk.

Alternatively, you can write to the Pension Protection Fund by emailing: information@ppf.co.uk

THE IMPORTANCE OF THE EMPLOYER'S SUPPORT

Our objective is to have enough assets to pay pensions now and in the future. However, success of the funding plan relies on the employer continuing to support the scheme because:

- The employer will be paying the future expenses of running the scheme on an annual basis.
- The funding level can fluctuate and where there is a funding shortfall the employer will usually need to put in more money.
- The target funding level may turn out not to be enough so that the employer may need to put in more money.

EXPRESSION OF WISH FORM AND CHANGES OF ADDRESS

We take this opportunity to remind you of the need to ensure that your "expression of wish form", indicating who you would like lump sum benefits to be paid to in the event of your death, is kept up to date. Please contact Mercer if you want to update this form or if you have changed address.

WHERE CAN I GET MORE INFORMATION?

Please contact Mercer at the address given earlier if you have any questions, or would like any more information including a copy of the scheme booklet, trust deed and rules, actuarial valuation, recovery plan, statement of funding principles, schedule of contributions, actuarial report, statement of investment principles or annual report & accounts. These can be viewed free of charge but, if you require a copy, this may involve a charge to cover copying and posting for some of the items.

Important: If you are thinking of leaving the scheme for any reason you should always consult a professional advisor, such as an independent financial adviser, before taking any action.

June 2023