

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.

A full actuarial valuation is carried out at least every three years. The last full actuarial valuation was carried out with an effective date of 31 March 2018 and a summary funding statement was issued to you following its completion. In the years where a full valuation is not carried out, we are required to obtain an approximate assessment of the scheme's funding.

The information in this summary is based on the approximate assessment that was carried out as at 31 March 2020.

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

Trustee of the Epson (UK) Limited Pension scheme

St James's Tower
7 Charlotte Street
Manchester
M1 4DZ

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. At 31 March 2020, the scheme's assets were invested as follows:

- Equities – 25%
- Bonds – 49%
- Diversified Growth Funds – 5%
- Hedge Funds – 5%
- Property- 5%
- Cash – 11%

Further details of the scheme's investment strategy are given in the Statement of Investment Principles, which is available on request.

The previous paragraph does not relate to any part of your benefits that are provided on a "Money Purchase" or "Defined Contribution" basis such as those provided from Additional Voluntary Contributions (AVCs). Any such benefits are dependent on the value of the "pot of money" allocated to you at your retirement and are equal to the pension that this money can buy at that time.

HOW WELL FUNDED IS THE SCHEME?

The latest approximate assessment of the scheme showed that as at 31 March 2020 the funding position was as follows:

Assets	£66,200,000
Amount needed to provide benefits earned to date (technical provisions)	£90,900,000
Shortfall	£24,700,000
Funding level	73%

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 approximate allowance for the additional liabilities and costs that have arisen due to the sex inequality of benefits that result 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 position as at 31 March 2020 has improved from the previous annual update as at 31 March 2019, which showed a funding level of 70%. This is due to the contributions, which have been paid into the scheme over the year by the employer. The impact of this has been partially offset by changes in market conditions which have resulted in an

increase in the value placed on the scheme's liabilities.

HOW WILL THE SHORTFALL BE MET?

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.

The last full actuarial valuation showed a shortfall of £27,100,000 and we have agreed a recovery plan with the employer which aims to eliminate this shortfall by 31 October 2024. This is being achieved through payment of annual contributions of £4m (payable in equal monthly instalments) for a period of 6 years and 7 months from 1 April 2018 to 31 October 2024. 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. The recovery plan put in place following the next full actuarial valuation will reflect the amount of shortfall, if any, at that time.

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 2018 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 49%. The shortfall on this basis was £63,700,000.

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. However, it may be 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 at:

Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA

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.
- 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.

GENERAL DATA PROTECTION REGULATION

The trustee needs to hold personal information about you in order to run the scheme and pay your benefits. Details of the data they collect and process is contained within the Privacy Notice dated May 2018, which you should have

received by post. If you need an additional copy of this, please contact Mercer using the contact details above.

COVID-19 STATEMENT

As well as its impact on daily life, the COVID-19 pandemic is contributing to significant volatility in investment markets. The trustee is working closely with their advisers to understand any potential impact on the scheme's funding position and ensure appropriate steps are taken to mitigate these.

In addition, the trustee is working closely with the employer and Mercer to ensure there is minimum disruption to your pension administration service.

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.

September 2020