

Clarkson PLC Pension Scheme (the “Scheme”)

Statement regarding the funding of the Final Salary Section of the Scheme

The purpose of this statement is to provide information regarding the funding position of the Final Salary Section of the Scheme.

Funding the Scheme

The assets of the Final Salary Section are not directly apportioned to each individual member. Instead the Trustees maintain one pool of assets for the benefit of all members, and members’ benefits are paid out of this single pool of assets when they fall due.

From time to time, the Trustees take advice from an actuary on whether the assets held by the Final Salary Section are likely to be sufficient to pay for the benefits promised to members.

The main exercise carried out for the Trustees by the actuary is the formal “actuarial valuation” of the Final Salary Section. The actuarial valuation is a detailed financial health-check and is normally carried out every three years. The valuation is concerned with two main issues:

- First of all, the valuation provides a “snapshot” assessment of the Final Salary Section’s financial position as at the valuation date.
- Secondly, the valuation is used to determine the level of contributions to be paid by the Company in the future.

Funding Position

The actuary carried out an actuarial valuation of the Final Salary Section as at 31 March 2019. The funding position at this date, together with the funding position at the previous funding update as at 31 March 2018 (as disclosed in last year’s statement), is summarised below:

	31 March 2019	31 March 2018
The value of the Final Salary Section’s liabilities (“funding target”)	£131.2M	£135.6M
The value of the Final Salary Section’s assets	£137.8M	£139.1M
Funding surplus	£6.6M	£3.5M

Change in Funding Position

As can be seen from the above table, the overall funding position improved between 2018 and 2019.

This was mainly due to higher than expected returns on the Final Salary Section's assets. In addition, lower life expectancy assumptions used by the actuary placed a lower value on the liabilities of the Final Salary Section as at 31 March 2019 relative to the position as at 31 March 2018, which also improved the funding position.

The Company's support

The Final Salary Section relies on the Company and its financial support to:

- make contributions when there is a funding shortfall;
- put in more money if the target set for funding the Final Salary Section turns out to be too low;
- pay the expenses of running the Final Salary Section each year; and
- pay any levies due to the Pension Protection Fund each year.

Following the 2019 actuarial valuation, the Trustees and the Company agreed that no further contributions were required at this time as the Final Salary Section is fully funded. The Company will continue to pay all administration expenses and any levies payable to the Pension Protection Fund.

The Company's contribution rate will be reviewed as part of the next full actuarial valuation of the Final Salary Section which is due as at 31 March 2022.

Winding-up

The valuation results stated above are prepared on the assumption that the Final Salary Section continues to operate in the future and continues to be funded by the Company.

The Trustees are also required to consider the financial position of the Final Salary Section in the event that the Scheme is wound up. In this scenario, the Scheme would be dissolved and members' accrued benefits would be secured by purchasing individual insurance policies from an insurance company. The actuarial valuation at 31 March 2019 indicated that the cost of securing benefits with an insurance company was approximately £32.0 million greater than the value of the Final Salary Section's assets at 31 March 2019.

In the actual event of the Final Salary Section being wound-up, the Company would be required to make a contribution to the Final Salary Section equal to the additional assets required to secure benefits with an insurance company. In the event that the Company had insufficient resources to pay this contribution then the benefits for some members would be reduced. In these circumstances, the members may be entitled to support from the Pension Protection Fund established by the Government in 2005.

Statutory Disclosures

Please note that we are required by legislation to confirm the following. First of all, there have been no payments to the Company out of Scheme funds since the last summary funding

statement. Secondly, the Pensions Regulator has not used its powers to impose any changes, directions or a Schedule of Contributions on the Scheme.

Scheme Information

The Scheme's booklet tells you more about the Scheme and your benefits. Anyone who has a right to benefits from the Scheme can also ask to see the following:

- The Statement of Funding Principles, which explains the Trustees' funding strategy for the Final Salary Section;
- The Statement of Investment Principles, which explains the Trustees' investment strategy;
- The Schedule of Contributions, which confirms the rates of contribution to the Scheme;
- The latest Trustees' Annual Report and Accounts, which shows the Scheme's income and expenditure;
- The latest full report on the Actuarial Valuation following the actuary's check of the financial position of the Final Salary Section.

Any questions?

If you have any questions about the Scheme or your benefits, or you want to see one of the documents listed here, please contact the Scheme's administrators, Kerr Henderson (Consultants and Actuaries), using the contact details below:

Clarkson PLC Pension Scheme
c/o Kerr Henderson (Consultants and Actuaries) Limited
29-32 College Gardens
Belfast
BT9 6BT

So that we can send you information about your pension, please remember to let us know if your address changes.

On behalf of the
Trustees of the Clarkson PLC Pension Scheme