

# SUMMARY FUNDING STATEMENT 2024

Each year the Trustee provides a Summary Funding Statement that contains information on the funding position of the DB Section of the Scheme. The purpose of this statement is to help members understand more about the Scheme's finances and its ability to pay the benefits that members have been promised. You may remember that we sent you a similar statement last year.

## The Scheme's funding position

Your pension contributions and those made by the Company are paid into a trust fund, which is invested by independent investment managers appointed by the Trustee. The funding position is an assessment of how the Scheme's assets (its investments in the trust fund) are able to meet its future liabilities (all of the pension benefits that will need to be paid out in the future). If the assets are more than the liabilities, the Scheme is said to have a surplus. If the liabilities are greater than the assets, the Scheme is said to have a shortfall.

The Scheme's funding position is measured by the Scheme's independent actuary using a complicated actuarial valuation based on certain assumptions for future interest rates, life expectancy and how investment markets will perform. This is carried out at least every three years. The Scheme's most recently completed actuarial valuation took place at 5 April 2023.

## The results of the 5 April 2023 actuarial valuation

The actuarial valuation at 5 April 2023 showed that:

- The value of the Scheme's liabilities was: £ 2,635 million
- The Scheme's assets were: £ 3,648 million
- The Scheme had a surplus of: £ 1,013 million

## How the Scheme's funding position has changed since 5 April 2023

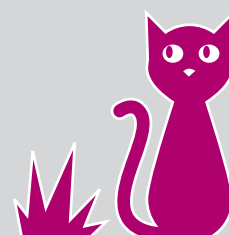
In the period between the three-yearly valuations, the Actuary checks the Scheme's funding position regularly. The latest review showed that the Scheme's funding position had improved, with a surplus between its assets and liabilities at 5 April 2024 of around £1,269 million. This increased surplus has primarily been caused by higher than expected growth in the Scheme's assets.

It is important to remember that pension schemes are long term investments. Investment market conditions, which affect the value of both the Scheme's assets and liabilities, change on a daily basis. As has been shown in the Scheme's annual summary funding statements over the past few years, fluctuations in the Scheme's funding position from year to year are common. However, the Trustee has made, and continues to make, changes to the Scheme's investments to help reduce the impact of future fluctuations.

## The Company's contributions and support of the Scheme

The Company normally pays contributions towards the cost of new pension that members earn each year.

In addition, the Company may agree to make contributions to address possible shortfalls present within the Scheme. These contributions are subject to the Scheme having a shortfall. As the Scheme had a surplus at the 5 April 2023 actuarial valuation, no shortfall contribution is due this year.



As a result of the size of the surplus shown in the 5 April 2023 actuarial valuation, the Trustee and Company agreed that the usual contribution payments from the Company (covering the cost of new pensions members earn and the administrative costs of running the Scheme) would not be required for the 12 months beginning October 2023. ABF's costs for new benefits for members of the DC Section would also be met from Scheme assets over this period. This approach will be re-assessed each year to ensure that the Scheme remains comfortably in surplus. Based on the increased surplus as at 5 April 2024 the Trustee and Company agreed to a continuation of this approach for a further 12 months beginning October 2024.

In March 2017, ABF plc provided a formal guarantee that it would cover at least £420 million of any future shortfall. This guarantee provides further security to benefits in the Scheme in addition to the Scheme's assets. ABF plc has also confirmed to the Trustee that it currently has no intention of discontinuing the Scheme and that it is committed to paying the ongoing expenses of running the Scheme and paying extra contributions when necessary to fund any shortfall (including if the shortfall were to exceed £420 million).

As required, we can confirm that no assets have been refunded from the Scheme to the Company and the Scheme has not been subject to any interventions by the Pensions Regulator since we last sent you a Summary Funding Statement.

### **Considering what would happen if the Scheme had to be stopped**

The Trustee is required by law to look at what would happen if the Scheme was to be stopped and members' benefits secured with an insurance company. At 5 April 2023, the Scheme's assets were expected to have been sufficient to secure member benefits in full with a surplus relative to the expected cost of doing this. The funding level was estimated to be 132%. This situation is much more positive than for the majority of UK pension schemes. We currently consider it a remote possibility that the Scheme will be stopped.

### **Climate Change Governance and Reporting**

The Trustee has published its report on climate change governance and reporting in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. The report sets out the Trustee's identification, assessment and management of climate change risk and can be found at the following website address: [www.abfpensions.com/db/tcfd](http://www.abfpensions.com/db/tcfd).

### **Next steps**

The next actuarial valuation will be undertaken in 2026, however the Trustee and the Actuary will continue to check the Scheme's funding position regularly. Looking further ahead, we can assure you that we will continue to keep the Scheme's financial situation under close review, with regular dialogue with the Company about the potential need for additional contributions if required.

### **Further information**

If you have any questions about this statement or the Scheme, you can contact us on **0800 090 2267** (or **+44 (0)20 7636 8111** if you're calling from outside the UK). It's free to call from UK landlines and mobiles and the team are available Monday to Friday, from 9am to 5pm. You can also contact us by email at [pensions.admin@abfoods.com](mailto:pensions.admin@abfoods.com) or write to us at Associated British Foods Pension Scheme, 50/51 Russell Square, London, WC1B 4JU.

You can also find lots of information on the Scheme's website: [www.abfpensions.com](http://www.abfpensions.com).

