

Kingfisher Pension Scheme – Final Salary Section

Summary Funding Statement as at 31 March 2021



Each year the Trustee sends you a statement on the financial position of the Kingfisher Pension Scheme – Final Salary section (“the Scheme”), known as your ‘Summary Funding Statement’. The information given here is your statement for 2021 and shows the Scheme’s finances as they stand at 31 March 2021.

This newsletter is for information purposes only, it does not affect your current benefits.

If you have any questions about this Statement, please contact the Group Pensions Department. You can also visit our website at www.kingfisherpensions.com.

Yours faithfully

A handwritten signature in black ink, appearing to read "Dermot".

Dermot Courtier

Secretary

Kingfisher Pension Trustee Ltd

The position as at 31 March 2019

Following the full Actuarial Valuation of the Scheme, completed as at 31 March 2019, we reported that overall, the funding levels had improved. The Secondary Funding Objective (2FO) funding level and the Technical Provisions funding level had improved to 94% and 105% respectively.

Scheme Funding Level

105%



Surplus

£157m

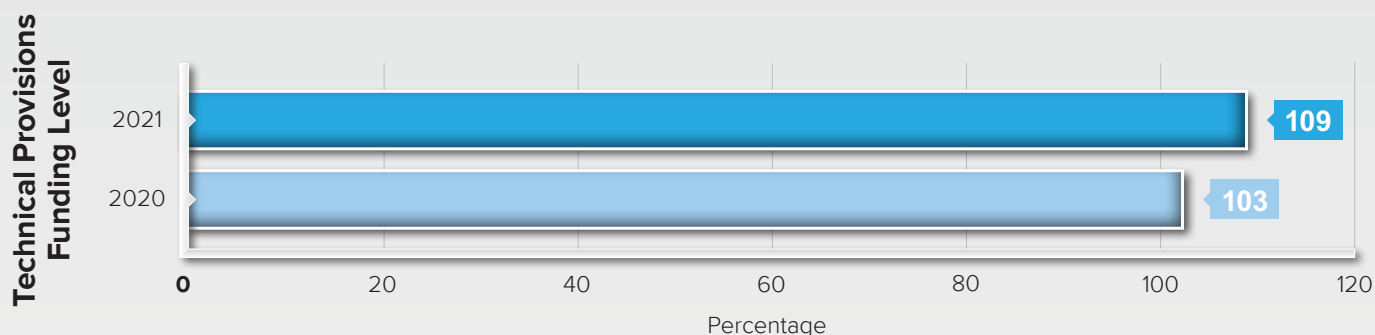
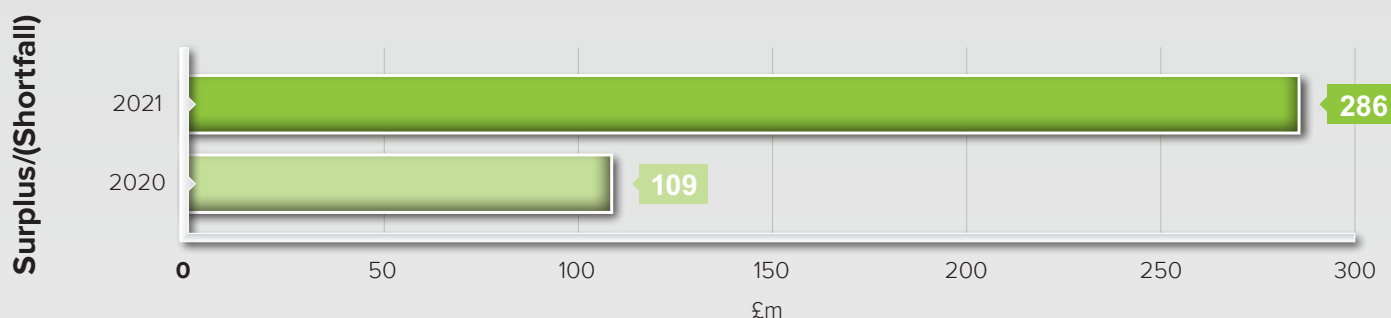


The latest position

Every three years a full 'actuarial valuation' has to be undertaken, however the Trustee and the Scheme's Actuary continue to monitor the funding level on a more regular basis.

The funding level on a Technical Provisions basis has increased from 103%, as at 31 March 2020, to 109%, which means the Scheme's surplus has increased from £109 m as at 31 March 2020 to a surplus of £286 m as at 31 March 2021.

The increase in the funding level was driven largely by improved asset returns, after initial uncertainty in the financial markets during February and March 2020 due to COVID-19, and continued contributions by the Company towards meeting the secondary funding objective (2FO).



Results (£m)	2020	2021
Assets	3,635	3,649
Technical Provisions Liabilities	3,526	3,363
Surplus/(Shortfall)	109	286
Technical Provisions Funding level	103 %	109 %

Definitions

Assets – the Scheme's contributions and investment income.

Technical Provisions Liabilities – the cost of Scheme benefits for all members calculated using the assumptions set out in the Scheme's Statement of Funding Principles.

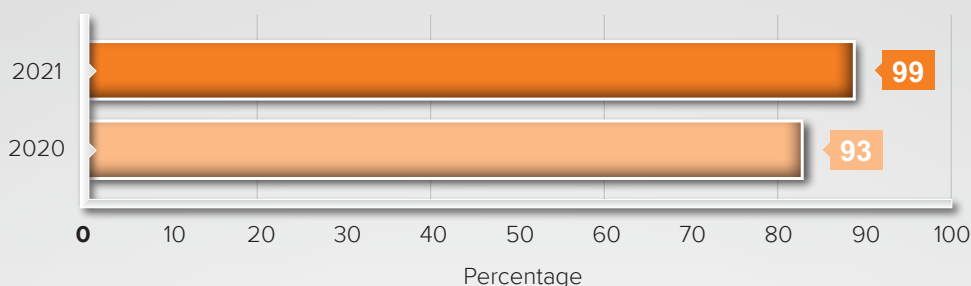
Technical Provision Funding level – the percentage of the Scheme's Technical Provisions liabilities that would be covered by the Scheme's assets.



Secondary Funding Objective (2FO)

The Trustee and Company have agreed a long term objective, known as the Secondary Funding Objective. Its aim is to hold enough funds to pay for all of the Scheme's liabilities and invest mainly in low risk assets by 2030 in order to limit the reliance the Scheme has on the Company for further financial support.

The Scheme's Actuary uses a different set of assumptions to calculate the liabilities under the 2FO. The Trustee monitors the 2FO funding level on a regular basis. The 2FO funding level increased from 93% at 31 March 2020 to 99% at 31 March 2021.



The Company is currently paying £27m (which includes the contributions received from the Scheme's SPV) each year towards improving the 2FO based funding level, Scheme expenses and some of your other ongoing benefits.

Have any payments been made to Kingfisher plc?

No payments have been made out of the Scheme's funds to Kingfisher plc or to any of the participating employers in the previous 12 months.

How is my pension paid for?

All participating employers pay contributions to the Scheme so that pensions can be paid to members when they retire. Prior to the closure of the Scheme on 30 June 2012 active members also paid contributions. The money paid into the Scheme is held in a common fund and not in a separate account for each individual member.

The importance of Kingfisher plc's ongoing support

Our objective is to have enough money in the Scheme to pay pensions now and in the future. The success of this plan relies on continuing support from Kingfisher plc and the participating companies. We review the financial position of the Scheme with Kingfisher plc regularly (usually every three years).

What would happen if the Scheme started to wind up?

If the Scheme were to start to wind up the participating companies would be required to pay enough money into it to enable members' benefits to be provided instead by an insurance company. Neither the Trustee nor Kingfisher plc has any plans to wind up the Scheme but we are required by law to let you know the Scheme's financial position if this were to happen.

The full actuarial valuation as at 31 March 2019 revealed the following position:

	(£m)
Estimated cost of buying benefits with an insurance company and expenses	4,502
Estimated value of the Scheme's assets on wind up	3,498
Shortfall	1,004
Funding level	78%

If Kingfisher plc and the participating companies could not pay this full amount or became insolvent, the Pension Protection Fund (PPF) might be able to take over the Scheme and pay compensation to members.

Further information and guidance is available on the PPF's website at www.pensionprotectionfund.org.uk

Or you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

...and finally

In 2015 and 2018, the Trustee invested a proportion of the Scheme's assets in bulk annuity policies with Legal & General Assurance Society Limited (L&G) and Pension Insurance Corporation (PIC) respectively. PIC is a specialist UK life insurer in the pensions bulk annuity market. The Trustee is pleased to report that it has recently invested a further proportion of the Scheme's assets in a bulk annuity policy with Aviva Life & Pensions UK Limited (Aviva). Investing assets in bulk annuity policies is the long-term aim for most UK pension schemes and is common in the pensions industry. It is central to the Trustee's strategy for securing all members' benefits.

The bulk annuity policy with Aviva is held by the Trustee as an asset of the Scheme [as are the bulk annuity policies with L&G and PIC]. Aviva was selected and contracted with after a thorough process carried out by the Trustee with the support of Kingfisher's in-house pensions team and the Trustee's external professional advisers. [Like L&G and PIC,] Aviva is authorised by the Prudential Regulation Authority (PRA) and regulated by both the PRA and the Financial Conduct Authority. The Trustee is confident that the long-term security of members' accrued benefits in the Scheme has been further improved through the purchase of the bulk annuity policy with Aviva.

A copy of the Summary Funding Statement report as at 31 March 2021 is available on the Trustee website www.kingfisherpensions.com or on written request to the Group Pensions Department.

Data control

In order to administer your pension scheme, your personal data is used by the Kingfisher Pension Trustee Limited (of 3 Sheldon Square, Paddington, London, W2 6PX), and the Scheme Actuary (of 20 Waterloo Street, Glasgow, G2 6DB) who both act as Data Controllers. Your personal data will be processed fairly and lawfully in accordance with the principles of the Data Protection Act 2018 solely in connection with your pension scheme. You can find the Trustee's Data Privacy Statement on the Trustee website www.kingfisherpensions.co.uk.

If you have any queries in relation to your personal data, please contact the Group Pensions Department.

If you have any questions about any of the information provided here, please contact the Group Pensions Department, Kingfisher Pension Trustee Limited, 3 Sheldon Square, Paddington, London, W2 6PX.

