HYMANS ROBERTSON

Kingfisher Pension Scheme

Actuarial valuation as at 31 March 2022

Scheme funding report

23 September 2022

Lisa Deas

Fellow of the Institute and Faculty of Actuaries
For and on behalf of Hymans Robertson LLP

Contents

1 The results of the valuation

I carried out an actuarial valuation of the final salary section of the Kingfisher Pension Scheme ('the Scheme') as at 31 March 2022 ('the valuation date') and this is my report on the results of the valuation. This is a scheme funding report.

Funding objectives

The Trustee is required to adopt a 'statutory funding objective'. The statutory funding objective is that the Scheme must have 'sufficient and appropriate' assets to meet the expected cost of providing members' past service benefits, which we refer to as 'technical provisions'[1].

In addition to the statutory funding objective, the Kingfisher Pension Trustee Limited ('the Trustee') and Kingfisher plc ('the Sponsor') have a secondary funding objective ('the 2FO') which is to reach full funding on a gilts basis[2] by 2030. This is intended to be a proxy for the level of funding at which the Scheme will have sufficient assets for the Trustee to have the option to transfer assets and liabilities to an insurer. The Trustee and Sponsor will review whether this proxy remains appropriate at subsequent valuations taking into account factors such as the Scheme's maturity and levels of bulk annuity pricing.

The 'statement of funding principles' sets out the Trustee's policy for meeting the statutory funding objective.

Summary of results

The Scheme's funding position as at 31 March 2022 on the technical provisions and 2FO basis are shown below alongside the position at the last valuation for comparison.

Technical provisions **£m**	**Previous valuation** **31 March 2019**	**This valuation** **31 March 2022**
Assets (excluding AVCs and money purchase section assets) *See the Trustee's' Report and Accounts as at the valuation date for further details*	**3,573**	**3,506**
Technical provisions liabilities *An estimate of the amount needed to pay benefits, using the assumptions specified by the Trustee's (see appendix A)*	**3,416**	**3,323**
Employed deferred liabilities	449	330
Deferred liabilities	1,601	1,566
Pensioner liabilities	1,366	1,387
Expenses	0	40
Surplus/(deficit) *Technical provisions less assets*	**157**	**183**
Funding level *Assets divided by technical provisions*	**105%**	**106%**

[1] The phrase used in the legislation to refer to the expected cost of providing members' past service benefits.

[2] For this purpose, the Trustee will calculate the liabilities using a discount rate derived with reference to fixed interest gilt yields with no allowance for asset outperformance.

2FO £m	Previous valuation 31 March 2019	This valuation 31 March 2022
Assets (excluding AVCs and money purchase section assets) *See the Trustee's' Report and Accounts as at the valuation date for further details*	**3,573**	**3,587**
2FO liabilities *An estimate of the amount needed to pay benefits, using the assumptions specified by the Trustee's (see appendix A)*	**3,812**	**3,564**
Employed deferred liabilities	527	355
Deferred liabilities	1,918	1,687
Pensioner liabilities	1,366	1,481
Expenses	0	40
Surplus/(deficit) *2FO liabilities less assets*	**(239)**	**23**
Funding level *Assets divided by 2FO liabilities*	**94%**	**101%**

The technical provisions surplus has increased from £157m at the last valuation to £183m at this valuation.

The 2FO funding position has increased from a deficit of £239m at the last valuation to a surplus of £23m at this valuation.

Changes since the previous valuation are covered in section 3.

Contributions

Given the improvement in the funding position since the last valuation, the Scheme will continue to receive income from the Trustee's partnership interest in the Special Purpose Vehicle ('SPV') but no contributions will be payable by the employers in addition.

The Trustee has also agreed to the Sponsor's request to use 3 years' worth of income from the SPV to cover a portion of the employer contributions due in respect of the money purchase section for the period 1 September 2022 to 30 June 2025. The scheme lawyer has confirmed this is permitted under the Scheme rules.

An expense reserve has been included in the technical provisions and 2FO liabilities to cover the costs of administering the Scheme, including an allowance for the Pensions Protection Fund levy and other levies collected by the Pensions Regulator. The Scheme will therefore meet these expenses.

In order to inform the decision of the appropriate combination of contributions and investment strategy for the Scheme going forward and assess the suitability of the above, the Trustee commissioned a financial review in conjunction with the valuation. This review involved a stochastic asset and liability modelling exercise.

Post valuation changes

As noted above, the Trustee has agreed to use 3 years' worth of income from the SPV to cover a portion of the employer contributions due in respect of the money purchase section for the period 1 September 2022 to 30 June 2025. In practice, amounts equal to the SPV income received will be transferred from the final salary section to the money purchase section on a monthly basis. The 'schedule of contributions' dated September 2022 sets out full details.

To illustrate the impact of this agreement, the arrangement can be considered as an additional liability for the final salary section, equal to the present value of the SPV contributions expected to be diverted to the money purchase section over the next 3 years. The table below shows the estimated funding position as at 31 August 2022[3] (immediately before the start of the period covered by the new schedule of contributions) before and after allowance is made for the additional liability. As shown below, even after allowing for the contribution agreement, the funding position has improved over the period 31 March 2022 to 31 August 2022 mainly due to better than expected asset returns and contributions paid under the previous schedule of contributions.

£m	Technical provisions	2FO
Estimated surplus / (deficit) as at 31 August 2022 **before** agreement to use 3 years' worth of SPV contributions to cover employer money purchase contributions	194	117
Estimated surplus / (deficit) as at 31 August 2022 **after** agreement to use 3 years' worth of SPV contributions to cover employer money purchase contributions	148	70

[3] The estimated funding position as at 31 August 2022 is based on an approximate rollforward of the position as at 31 March 2022 allowing for changes in financial conditions, benefits paid over the period, unaudited asset values as provided by the Scheme's investment managers as at 31 August 2022 and all other experience in line with that assumed at the valuation.

2 What would happen if the scheme was wound up?

The results in the previous section of the report were prepared on the assumption that the Scheme will continue to operate with the financial backing of the Sponsor and participating employers. If the Sponsor and the employers were no longer able to support the Scheme, it may then be necessary to 'wind up' the pension scheme. This would involve selling the Scheme's investments and using the proceeds to buy annuities from an insurance company. The insurance company would then be responsible for paying pensions to members and their dependants. I have, therefore, estimated the cost of securing members' benefits in this way, had the Scheme wound up on the valuation date.

Summary of results

£m	Previous valuation 31 March 2019	This valuation 31 March 2022
Assets *See the Trustee's' Report and Accounts as at the valuation date for further details*	3,498	3,530
Solvency liabilities *Estimated cost of buying annuities from an insurance company*	4,456	3,657
Expenses *Expenses of winding up the scheme*	46	11
Surplus/(deficit) *Solvency liabilities less assets*	(1,004)	(138)
Funding level *Assets divided by solvency liabilities*	78%	96%

On a wind-up further funds may be recovered from the employers under section 75 of the Pension Act 1995 and the employer debt regulations. The impact of any such recovery has been ignored in this assessment. If the assets on a wind-up are insufficient to secure the benefits in full, then a statutory priority order applies.

- Benefits corresponding to those covered by the PPF would be met first (either by the PPF or, if there were sufficient funds, by securing these benefits with an insurance company)
- Any remaining assets would be used to secure part of the remaining benefits with an insurance company.

Why are the solvency liabilities different to the technical provisions and 2FO liabilities?

The assumptions used to estimate the solvency liabilities differ from those used to calculate the technical provisions and 2FO (see Appendix A). This is because they are intended to reflect the assumptions which would be used by an insurer to calculate the cost of the annuities they sell.

The solvency estimate has been calculated using a basis that produces values consistent with our experience of bulk annuity quotations and the general levels of pricing in the market as at the date of valuation. Please note the results are a guide and should not be viewed as a quotation. The true cost of insurance can only be determined by obtaining quotations from providers active in the market and following completion of wind-up.

Annuities for deferred members are more expensive than for pensioner members. All else being equal, the solvency liabilities are expected to move towards the 2FO liabilities as more members retire.

Why are the solvency assets different to the technical provisions and 2FO liabilities?

The solvency position illustrates the estimated position if the Scheme were to wind up today. The assets include the estimated 'vacant possession' value of the SPV which represents how much might be recovered from the properties in a Sponsor insolvency situation.

In addition, a different value is placed on the buy-in policies for the purposes of the solvency estimate because different assumptions are used to calculate the solvency liabilities.

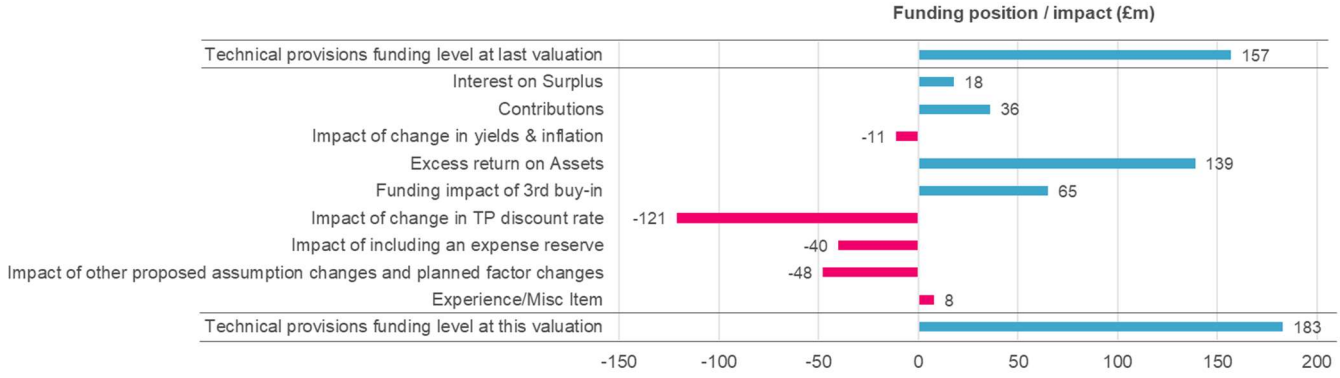
3 Changes since the previous valuation

Since the previous actuarial valuation of the Scheme, there have been changes to the scheme membership, the value of its investments, the economic environment in which the Scheme operates and the valuation assumptions.

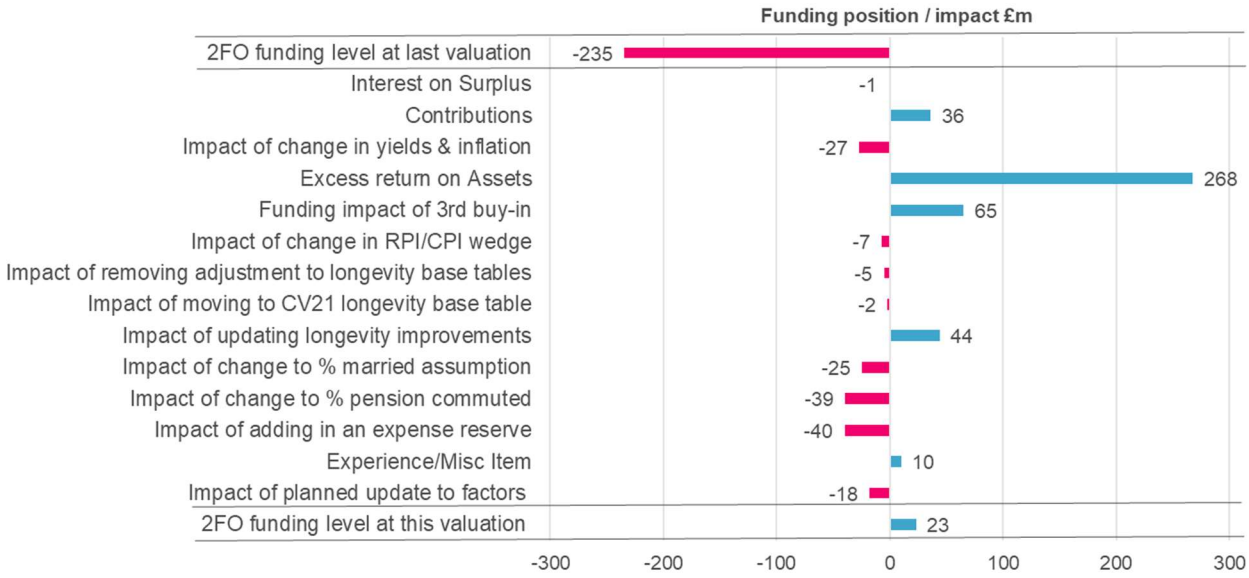
Better than expected asset returns, the funding gain achieved from the third buy-in and contributions received from the employers have acted to improve the technical provisions and 2FO position. Changes made to the assumptions have partially offset this improvement. The overall effect is an improvement in the funding position on both the technical provisions and 2FO bases.

Further details on the drivers behind the change in position are set out below.

Technical provisions



2FO



4 Risk management

In the previous section, I showed the extent to which the assumptions made at the previous valuation did not reflect actual experience over the period since the last actuarial valuation. In this section I discuss the key risks to the Scheme and the potential implications of the actuarial assumptions not being met in the future.

Funding, investment and covenant risks

Trustee's should understand the risks to their funding plans, particularly those related to funding, investment and the employer covenant.

Risk	How the Trustee manage this risk
Employer covenant The employer may not be able to continue to pay contributions or make good deficits in the future. The impact of this scenario is considered in section 2 of this report.	The Trustee manages this risk by prudently funding the Scheme when the Sponsor can afford to pay, taking into account the strength of the Sponsor covenant when setting assumptions, building sufficient prudent margins into the technical provisions assumptions and the balance between Sponsor contributions and investment risk. The Trustee's interest in the SPV also provides protection for the Scheme in the event of covenant failure as the property assets within the SPV would pass to the Scheme. The Trustee commissioned a formal covenant review as part of the valuation to get a sufficiently accurate assessment of sponsor support and this was considered when setting the contribution strategy. The improved funding position also means there is reduced reliance on the Sponsor compared to previous valuations.
Investment If future investment returns are lower than allowed for in the valuation assumptions, assets will not grow in value as expected, and the funding level will fall. **This places greater reliance on the employer covenant since the employer would need to help put scheme funding back on track.**	In order to inform the decision of the appropriate combination of contributions and investment strategy for the Scheme to ensure it's objectives continue to be met, the Trustee commissioned a financial review in conjunction with the valuation. This review involved a stochastic asset and liability modelling exercise to help understand: • the risks to the overall strategy for meeting objectives; • the chance of these risks materialising; and • how bad things could look if they don't go to plan. Together with an understanding of sponsor support, this understanding has helped to underpin the agreed schedule of contributions and investment strategy and ongoing monitoring. The Trustee also manages the risk by receiving regular updates on the performance of the Scheme's investments.

Risk	How the Trustee manage this risk
Funding Over time, the funding position will depend on the extent to which future experience matches the assumptions made. In particular, if life expectancy improves at a faster pace than allowed for in the valuation assumptions, then pensions will need to be paid for longer, so the liabilities will increase and the funding level will fall.	The Trustee has adopted Scheme specific mortality base tables derived using Hymans Robertson's Club Vita data bank which allows the Trustee to use the best available information when setting longevity assumptions. The Trustee receives annual updates on longevity from Club Vita. By incorporating an allowance for future longevity improvements in the actuarial assumptions the Trustee can lessen the future adverse impact of such improvements. The Trustee has undertaken three pensioner buy-ins covering the majority of pensioner members. The buy-in policies match the benefits in respect of the insured members and therefor offer protection against adverse changes in interest rates and inflation and longevity experience for this group of members. The Scheme's investment strategy also provides protection against movements in interest and inflation rates for the non-insured liabilities.

Other risks

There are a range of further risks which the Trustee keep under review. These include the development of legislation relating to pensions and the impact of options offered to members.

There is also an increasing body of evidence demonstrating that resource and environment ('R&E') issues pose risks and opportunities to the companies that sponsor pension schemes, to investment portfolios and to the wider economy (with implications for funding assumptions). R&E risks include factors such as rising and/or volatile energy prices, resource shortages, property damage (e.g. flooding, storms) and air, water and land pollution (e.g. clean-up costs, health effects, reputational damage).

These risks exist and may prove to be material. The Trustees have sought to understand and manage R&E risks in the following ways:

- When assessing the financial strength of the sponsor, the Trustees asked their covenant adviser to consider R&E issues.
- Using scenario analysis to explore uncertainty in financial and demographic factors arising from R&E issues.
- Through Club Vita the Trustees consider a range of possible longevity improvement scenarios including those which incorporate R&E constraints in their narrative description.

Sensitivity of key assumptions

Scenario[4] £m	Technical provisions funding position surplus/(deficit)	Comments
Base case	183	This is the technical provisions position.
0.25% p.a. decrease in pre-2030 discount rate	144	The Trustee should have regard to the sponsor's ability and willingness to support the funding and investment risks within the Scheme. If the risks being run appear to be too great then the Trustee could target reaching a lower risk position by reducing the assumed investment returns within the discount rate.
0.25% p.a. decrease in post-2030 discount rate	96	
0.25% p.a. increase in future inflation	182	For illustrative purposes I have shown the position if inflation-linked benefit increases linked to RPI or CPI grow at a faster rate. As the Scheme has hedged broadly 94% of its inflation exposure (on the 2FO basis), your hedging assets would also be expected to increase in value in this scenario. The estimated impact on the funding position allows for both changes in liabilities and asset values.
0.25% p.a. decrease to RPI/CPI 'gap' pre 2030	182	The assumption for CPI is rather subjective due to a lack of CPI related instruments which can be invested in. If CPI increases are greater than assumed then the funding position will deteriorate slightly.
Broadly a 1 year increase in life expectancy at retirement age	98	The valuation results are sensitive to changes in future life expectancy. If longevity improves in the future at a faster pace than allowed for in the valuation assumptions then the funding position will deteriorate.

Longer-term projection

If the actuarial assumptions were borne out over the period from the date of this valuation to the next, then, provided employer contributions are paid at the rates shown in Section 1 of this report, the technical provisions funding level would be expected to be around 104% at the 2025 valuation and the solvency funding level would be expected to have increased to around 98%.

[4] All other assumptions as per the base case

Appendix A: Methodology and assumptions

A1. Methodology

Using the actuarial assumptions set by the Trustee I have estimated the payments which will be made from the Scheme throughout the future lifetimes of existing employed deferred members, deferred pensioners, pensioners and their dependants. I then calculate the amount of money which, if invested now, would be sufficient to make these payments in future, assuming that future investment returns are in line with the assumed discount rate. This is the technical provisions. I compare these technical provisions with the value of the assets. The ratio of the asset value to the technical provisions is known as the 'funding level'. If the funding level is more than 100% there is a 'surplus'; if it is less than 100% there is a 'deficit'.

It is a requirement of the legislation that an 'accrued benefits funding method' must be used for valuing the technical provisions. In their application to technical provisions, such methods vary in only one material respect: the extent to which future pensionable pay growth is anticipated for employee members. As the Scheme is closed to accrual, there is no material difference in the accrued benefits funding methods.

A2. Assumptions

The Trustee and Sponsor are responsible for setting the funding assumptions for the actuarial valuation as at 31 March 2022. The assumptions adopted as at 31 March 2022 are set out in the statement of funding principles dated September 2022.

	Technical provisions 31 March 2019	Technical provisions 31 March 2022	2FO 31 March 2022
Key financial assumptions			
RPI increases	Market implied gilt yield RPI curve		
CPI increases	RPI curve less 1% p.a.	RPI curve less 1% p.a. pre 2030 and RPI curve post 2030	
Pension increases	LPI Pension Increases curves derived from RPI, adjusted for the impact of the cap and floor		
Discount rate	Pre-retirement: Market implied gilt yield curve plus 2% p.a. Post-retirement: Market implied gilt yield curve	Pre 2030: Market implied gilt yield curve plus 1% p.a. Post 2030: Market implied gilt yield curve	Market implied gilt yield curve
Key demographic assumptions			
Longevity base tables – post retirement	2018 VITA tables. Current female pensioners and male dependants multiplied by 113% and 106% respectively to reflect heavier mortality	2021 VITA tables – no adjustment	

	Technical provisions 31 March 2019	Technical provisions 31 March 2022	2FO 31 March 2022
Longevity future improvements	CMI 2018 model with long term rate of improvement of 1.5% tapering to 0% p.a. over ages 85 to 110 for pensioners and 90 to 120 for deferreds, initial addition to improvements of +0.5% p.a. for males and +0.25% p.a for females	CMI 2021 model with no weighting on 2020 or 2021 data, initial addition to improvements of +0.3% p.a. and long term rate of improvement of 1.5% p.a. tapering to 0% p.a. over ages 85 to 110	
Early retirement	Age related allowance for retirements for employed deferred members whilst they remain employed: 14.8% at age 55, phasing to 100% at age 65. All other members assumed to retire at the earliest age they can do so unreduced and without consent.		
Late retirement	No allowance is made for late retirement because the terms are cost neutral. Members above normal retirement age are assumed to retire immediately.		
Ill health retirements	An allowance for ill health retirements for employed deferred members whilst they remain employed: 0.1% at age 40, phasing to 1.7% at age 60 for males / 1.0% at age 55 tapering to 0 at age 60 for females. No allowance is made after these ages.		
Withdrawals	Age related allowance for withdrawals from service for employed deferred members: 18% at age 20, phasing to 4.5% at age 55 tapering to 0 at age 60. No allowance is made after age 59.		
Proportion married	Actual data where available, otherwise 82% of male members and 56% of female members are assumed to have a dependant at retirement or earlier death.	Actual data where recent and available covering the buy-in members and members who have reviewed their benefit details in PRISM. Otherwise 77% of male members and 65% of female members are assumed to have a dependant at retirement or earlier death (derived from actual data).	
Cash commutation	Employed deferred members are assumed to exchange 10% of their pension, all other members are assumed to exchange 25% of their pension for cash at retirement.	Members are assumed to exchange 18% of their pension for cash at retirement.	
Transfers out	No allowance		
Expenses	No allowance	£40m (c£5m p.a. expenses over the period to 2030)	
GMP equalisation	0.2% loading to liabilities		

A3. Solvency assumptions

With the exception of the following changes I have used the same demographic and financial assumptions as for assessing the technical provisions:

- I have used a discount rate based on Swaps market curves +0.2% p.a. pre and post retirement for deferred members and a discount rate based on Swaps market curve +0.6% p.a. for pensioners.
- Inflation has been set in line with implied inflation from swaps market curves.
- I have assumed that future CPI inflation is 0.3% p.a. less than future RPI inflation. The gap is smaller than used for technical provisions because there is no deep and liquid market for CPI linked assets that insurers could use to hedge CPI in their annuity book and so they need to hold additional reserves for CPI risk.
- I have used the same longevity base tables as for assessing the technical provisions as these are intended to reflect the expected future experience of the Scheme's membership; I would expect an insurer to take account of the Scheme's demographics in a similar way. Future improvements have been assumed as CMI 2020 model with no weighting on 2020 or 2021 data, initial addition to improvements of +0.3% p.a. and long term rate of improvement of 1.5% p.a. tapering to 0% p.a. over ages 85 to 110
- Within the liabilities I have allowed for insurer expenses in line with our understanding for transactions of this size.
- No allowance has been made for members commuting pensions for a cash lump sum on retirement.

Appendix B: Data – benefits, membership and assets

B.1 Benefits

The Scheme benefits that I have taken into account for the valuation are set out in the Scheme's trust deed and rules dated 29 June 2012 and the associated summary document.

The Scheme rules provide for discretionary benefits to be awarded at the discretion of the Sponsor. Whilst, on occasion, discretionary benefits have been awarded in the past this is not considered to be established practice so no allowance is made in the technical provisions or 2FO for future discretionary benefits, with the exception of early retirement terms for employed deferred members. The Sponsor has directed that employed deferred members are given preferential early retirement terms. Allowance for this discretion is made in calculating the expected cost of the benefits payable from the Scheme.

In October 2018, the High Court ruled that occupational pension schemes are required to equalise male and female benefits for the effect of unequal Guaranteed Minimum Pensions (GMPs). A loading of 0.2% has been added to the liabilities to allow for the estimated impact of GMP equalisation.

B.2 Membership

The membership data as at the valuation date is summarised below:

Status	31 March 2019			31 March 2022		
	Number	Pensions	Average age	Number	Pensions	Average age
Employed deferred	1,903	£11m p.a.	51.4	1,385	£8m p.a.	52.0
Deferred	14,918	£42m p.a.	52.2	12,563	£37m p.a.	53.1
Pensioner	15,627	£57m p.a.	67.2	14,714	£64m p.a.	67.7
Total	**32,448**			**28,662**		

The Scheme membership has changed since the previous valuation, as members have left the Scheme, retired and died. Whilst membership changes were anticipated at the previous valuation, the actual changes have inevitably not exactly matched the assumptions made at the previous valuation. The Scheme also undertook a trivial commutation exercise for a subset of members.

The data has been provided by the Trustee via the scheme administrator. I have carried out some high level checks to be comfortable that the data is broadly consistent with that provided for the last valuation but I have relied on the accuracy of this information provided. I have no reason to doubt that the membership data provided is materially complete and correct.

The pensions shown in the table above are as at the valuation date. Average ages in the table are weighted by liability.

B.3 Assets

The Scheme's assets include additional voluntary contributions (AVCs) paid by members. At retirement, these funds are used to buy benefits for members on a money-purchase basis, with no possibility of profit or loss for the Scheme. In my valuation I have excluded these assets and the corresponding liability. Similarly no allowance has been made in either the assets or liabilities for funds in respect of the money purchase section. The market value of assets at the valuation date for the final salary section (excluding money purchase Additional Voluntary Contribution funds) was £3,589m as shown in the audited accounts for the Scheme for the period ending on the valuation date. Adjustments are made to this figure on some bases to reflect differences in the value placed on the Scheme's SPV and annuity policies – see below for more details.

The Trustee's investment strategy as at the valuation date was as follows:

Asset class	Allocation as at 31 March 2022 (£m)	Allocation as at 31 March 2022 (%)
Invested assets including cash:		
Equities, alternatives, emerging market debt and currency and illiquid growth	372	9%
Multi-asset credit	328	9%
Absolute return and corporate bonds	568	13%
Liability driven investment and cash	895	31%

Asset class	Allocation as at 31 March 2022 (£m)	Allocation as at 31 March 2022 (%)
Special Purpose Vehicle	144 (2FO and technical provisions)[5] / 122 (solvency)[6]	4%
Annuity policies[7]	1,199 (technical provisions) / 1,280 (2FO) / 1,245 (solvency)	35%
Total	3,506 (technical provisions) / 3,587 (2FO) / 3,530 (solvency)	100%

Full details of the Trustee's investment strategy are contained in the Scheme's Statement of Investment Principles.

[5] Reflects the present value of the income stream expected from the SPV over the term of the SPV which runs until 2031.

[6] Reflects is the estimated 'vacant possession' value of the SPV which represents how much might be recoverable by the Trustee from the properties in a Sponsor insolvency position.

[7] Value of the annuity policies included in the assets is set equal to the insured liabilities

Appendix C: Technical provisions certificate

My certification of the calculation of the technical provisions is included below. I am also required to certify the adequacy of the contribution rates set out in the schedule of contributions. That certificate is appended to the contribution schedule.

Actuarial certification of the calculation of technical provisions as required by regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: Kingfisher Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 31 March 2022 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated September 2022.

Signature	
Date	23 September 2022
Name	Lisa Deas
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	20 Waterloo Street Glasgow G2 6DB

Appendix D: Reliances and limitations

Purpose of the valuation

This valuation has been carried out to comply with the statutory requirements of Part 3 of the Pensions Act 2004, which requires trustees to periodically obtain an actuarial valuation, defined as "a written report, prepared and signed by the actuary, valuing the scheme's assets and calculating its technical provisions".

Addressee

This report is addressed to the Trustee of the Scheme who commissioned the work and is provided solely for their purposes in the management of the Scheme and in particular to fulfil their statutory obligations and requirements of the Scheme governing documents. It should not be used for any other purpose. It should not be released or otherwise disclosed to any third party except as required by law or with our prior written consent, in which case it should be released in its entirety. The Trustee is obliged to pass a copy of the report to the sponsor within 7 days. Neither I nor Hymans Robertson LLP accept any liability to any party other than the Trustee's unless we have expressly accepted such liability in writing.

Compliance

This report complies with the requirements of the following Technical Actuarial Standards (TASs): TAS 100 and TAS 300.

The following communications are also relevant to this report:

- The 'Actuarial valuation as at 31 March 2019 Scheme funding report' dated August 2019;
- My advice on assumptions report dated 15 December 2021;
- My paper on cash commutation experience analysis dated 30 March 2022;
- My update on assumptions advice, including longevity assumptions dated 14 April 2022;
- My update on valuation assumptions and factors dated July 2022;
- My paper 'Revised results in respect of the actuarial valuation as at 31 March 2022' dated 13 July 2022;
- My summary 'Trustee position on the 2022 actuarial valuation' dated July 2022
- The current statement of funding principles and schedule of contributions dated September 2022; and
- My paper '2022 valuation – strategic analysis' dated June 2022.

Climate-related risks

The weight given to resource & environment (R&E) issues should depend on a scheme's circumstances, including its funding position and maturity, its investment strategy and its sponsor's industry sector. These risks exist and may prove to be material. Given the lack of relevant quantitative information available specifically relevant to the Scheme, I have not explicitly incorporated such risks in these valuation results. However, I have considered three climate scenarios in my financial review/ALM which allowed the Trustee to test the resilience of any proposed funding and investment strategy in the context of these scenarios. More detail is included in my '2022 valuation – strategic analysis' report dated June 2022.

Covenant risk

I have not advised on factors particular to the sponsor, or the sponsor's industry. I am not, in my opinion, best qualified to advise the Trustee on these sponsor-related matters. The Trustee commissioned a formal covenant review as part of the valuation to get an assessment of sponsor support.

Material judgements

There are no other material judgements made to the valuation.