

## **Kingfisher Pension Scheme – Final Salary Section Summary Funding Statement as at 31 March 2023**

Each year the Trustee prepares 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 shows the Scheme’s finances as they stand at 31 March 2023.

If you have any questions about any of the information provided here, please contact the Group Pensions Department, Kingfisher Pension Trustee Limited, One Paddington Square, Paddington, London, W2 1GG.

Yours faithfully

**James Chemirmir**

Secretary

Kingfisher Pension Trustee Ltd

### **The position as at 31 March 2022**

In the recent Valuation Update, following the full Actuarial Valuation of the Scheme completed as at 31 March 2022, we reported that overall, the funding levels had improved. We reported the secondary funding objective (2FO) funding levels improving to 101% and the technical provisions funding levels improving to 106% as at 31 March 2022.

### **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 remains the same but the Scheme’s surplus has decreased from £183 m as at 31 March 2022 to £137 m as at 31 March 2023 as the overall size of the Scheme has decreased.

Since the 2022 Actuarial Valuation, interest rates have increased markedly, which has significantly decreased the value of the liabilities. Due to the high level of hedging in place for the Scheme (which is designed so that assets move to match changes in the liabilities), assets have fallen by a similar amount and the funding level has remained broadly constant.

<b>Results (£m)</b>	<b>2022</b>	<b>2023</b>
<b>Assets</b>	3,506	2,404
<b>Technical Provisions Liabilities</b>	3,323	2,267
<b>Surplus/(Shortfall)</b>	183	137
<b>Technical Provisions Funding level</b>	106 %	106 %

**Assets** – Scheme assets bought using 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 an agreed 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 101% at 31 March 2022 to 102% at 31 March 2023.

### **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.

Due to the strong funding position of the Final Salary section of the Scheme at the last valuation, the Trustee and Company agreed to use the income from the special purpose vehicle (which is normally paid into the final salary section), to cover a portion of the company contributions due to the money purchase section of the Scheme in respect of active members. The Trustee considered this carefully and took advice from its advisers before agreeing to this arrangement. The agreement was for a fixed period of 3 years and will be reviewed again at the 2025 actuarial valuation.

The funding positions shown include allowance for SPV income which has been used money purchase contributions up until the effective date of the figures. As you can see from the above, the funding level has remained stable despite the SPV income being used for money purchase contributions.

### **How is my pension paid for?**

All participating employers have paid contributions to the Scheme in the past so that pensions can be paid to members when they retire. Prior to the closure of the final salary section 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 2022 revealed the following position:

	<b>(£m)</b>
<b>Estimated cost of buying benefits with an insurance company and expenses</b>	3,668
<b>Estimated value of the Scheme's assets on wind up</b>	3,530
<b>Shortfall</b>	138
<b>Funding level</b>	<b>96%</b>

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](http://www.pensionprotectionfund.org.uk)

Or you can write to the Pension Protection Fund at

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

A copy of the Summary Funding Statement report as at 31 March 2023 is available on the Trustee website [www.kingfisherpensions.com](http://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 One Paddington Square, Paddington, London, W2 1GG), 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](http://www.kingfisherpensions.co.uk). If you have any queries in relation to your personal data, please contact the Group Pensions Department.