SCOTTISH & NEWCASTLE
PENSION PLAN

YOUR SUMMARY FUNDING STATEMENT 2023

Each year we provide information on the financial position of the Plan, helping you to understand more about how your pension is paid for and the Plan's ability to pay all the benefits that have been promised.

While you don't need to take any action at this time, it is still important that you read the statement carefully, so you can understand what the figures mean and how they are used to assess the financial health of the Plan. The details in the statement are for your information only and should help you to keep an annual track of the Plan's financial position.

Measuring the Plan's financial security

As you are aware, members stopped building up benefits in the Plan from 8 July 2011. If you had left the Plan or were an active member up to 8 July 2011, you will have earned benefits during your membership which will be payable on retirement. Retired members are, in general, already receiving a pension from the Plan.

The estimated cost of providing the benefits you and other members have earned is known as the Plan's 'liabilities'. The Company pays in contributions which are invested to help provide these benefits. All contributions and investment income are held in a communal fund and make up the Plan's 'assets'.

To check the Plan's financial security, we compare the value of its liabilities with its assets:

- If the value of the Plan's assets is less than the value of its liabilities, there is a shortfall.
- If the value of the Plan's assets is more than the value of its liabilities, there is a surplus.

We carry out an in-depth look at the Plan's finances (known as an actuarial valuation) at least once every three years. The Plan's actuary, a qualified, independent professional, undertakes this valuation. We also check the financial security of the Plan regularly in between the full valuations on a more approximate basis, and the actuary provides a certified report once a year.

HEINEKEN

The Plan's current position

The table below compares the funding position on 31 October 2023 with the results from the 2022 update and the 2021 valuation.

	2023 update	2022 update	2021 valuation
Funding level	96%	97%	99%
Assets	£2,156m	£2,455m	£3,560m
Liabilities	£2,240m	£2,537m	£3,596m
Shortfall	£84m	£82m	£36m

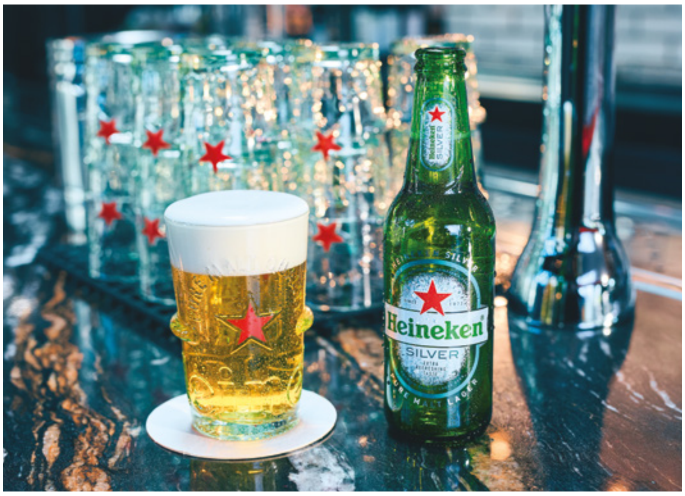
The Plan's funding position at 31 October 2023 was lower than expected, mainly due to lower-than-assumed investment returns which decreased the value of the Plan's assets. As the Trustee invests the Plan's assets to match movements in the Plan's liabilities to a certain extent, the rising gilt yields that contributed to a fall in the Plan's asset value also led to a fall in the value of the Plan's liabilities. The Trustee continues to monitor the situation closely but notes that the funding position has remained strong throughout this volatile period.

The next full valuation of the Plan will look at the funding position as at 31 October 2024.

Financial support for the Plan

Following each actuarial valuation, the actuary estimates the contributions the Company needs to pay to cover the cost of benefits. We then agree a level of contributions for the Plan with the Company and record this in a document called the Schedule of Contributions.

We review and update the Schedule of Contributions at least each time the Plan has an actuarial valuation. Our aim is to have enough money in the Plan to pay pensions now and in the future, but this depends on the Company continuing to support it. In the event of a shortfall in funding, the Company would usually need to pay in more money to make up the difference (along with the future expenses of running the Plan).



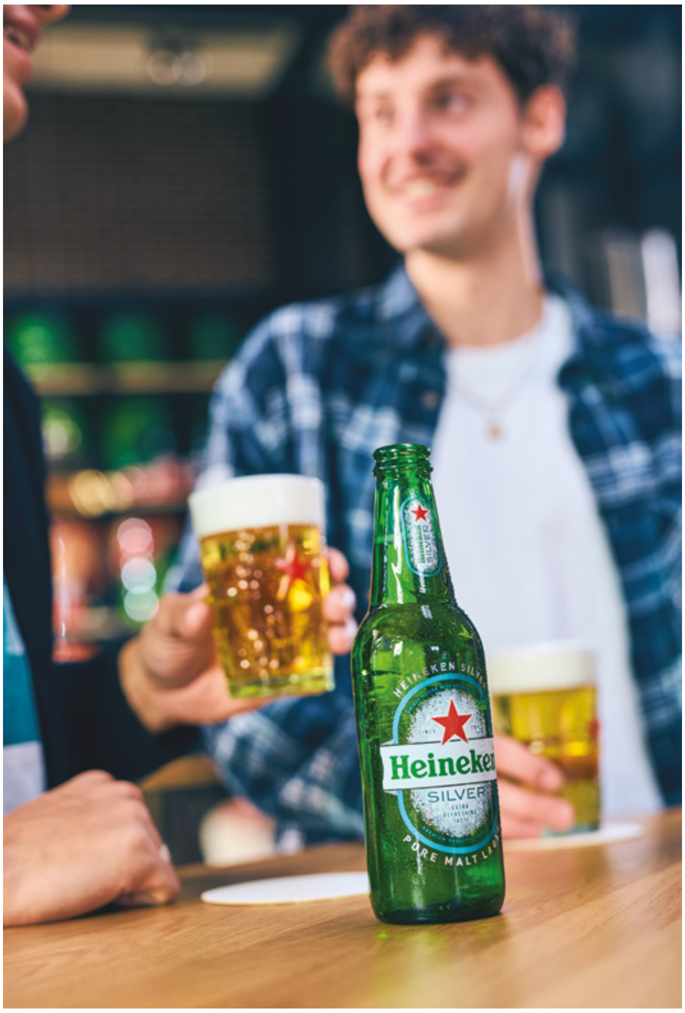
The Trustee's recovery plan

As you may remember from the 2018 valuation, the Trustee and HEINEKEN signed a long-term funding agreement that sets out the funding basis and investment assumptions to be used until 2030. Under the funding agreement, the deficit contributions payable by HEINEKEN following the 31 October 2021 valuation were:

November & December 2021	£3,692,000 per month
2022	£3,833,000 per month
2023 (until 31 May)	£3,975,000 per month

The funding agreement allows for a gradual reduction in the amount of investment risk.

As a result of good asset performance and an overall improvement in the funding position, the Trustee and the Company agreed to bring forward the de-risking step planned for 2024 to the end of 2021. This means that the security of members' benefits has been improved more quickly than expected. We will continue to monitor the position and look for further opportunities as they arise.



The Pensions Regulator

The Pensions Regulator has legal powers to make any directions following a valuation as to:

- the method or assumptions used to calculate the liabilities or the length and structure of the recovery plan;
- the contributions that should be paid under the Schedule of Contributions.

Following the 2021 valuation, the Regulator did not use these powers and accepted the Plan's funding agreement.

We are required to inform you whether a payment has been made to the Company, as permitted under the Pensions Act 1995, since we last sent you a summary funding statement. There has not been any payment to the Company out of Plan funds in the last 12 months.

If the Plan had to wind up

If the Plan started to wind up, the Company would be required to pay enough money into it to enable members' benefits to be provided by securing policies with an insurance company.

The Company has confirmed that it currently has no intention of winding up the Plan; we are just giving you this information to help you understand the security of your benefits.

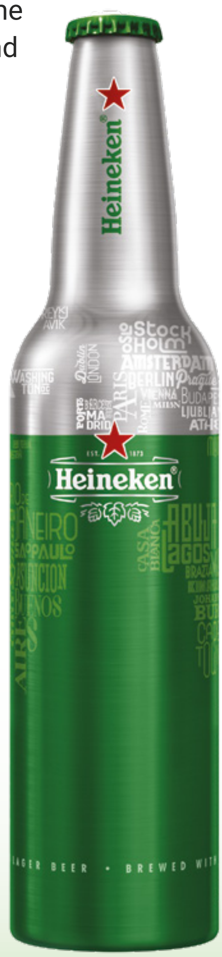
The amount needed, in addition to the existing assets of the Plan, to make sure that all members' benefits could have been paid in full if the Plan had started winding up on 31 October 2021 (the date of the last full valuation) was estimated to be £1,025m. This is estimated every three years as part of the actuarial valuation.

The cost of winding up assumes that benefits will be paid for by buying insurance policies. Insurers are obliged to take a very cautious view of the future (including the administration costs of paying the benefits) and need to make a profit. By contrast, under the current funding position, we assume that the Company will continue in business and support the Plan.

If the Plan was wound up and the Company could not afford to contribute enough to buy insurance policies, you might not get the full amount of the pension you are entitled to. If the Company became insolvent, the Pension Protection Fund (PPF) might be able to take over the Plan and pay compensation to members, but this compensation may be less than the benefits you are entitled to under the Plan.

Further information and guidance are available on the PPF website at **www.ppf.co.uk**.

Alternatively, you can email the Pension Protection Fund at information@ppf.co.uk or call them on 0345 600 2541 if calling from the UK or +44 (0)20 8633 4902 for international callers.



Taskforce for Climate-Related Financial Disclosure (TCFD) reporting

The Plan is now subject to climate change governance and reporting requirements. The Trustee has therefore published a TCFD report online for the year ending 31 October 2022. To access this report, which includes more information on our identification, assessment and management of climate change risk, please visit **www.snpensions.co.uk/Uploads/Documents/00/00/00/38/DocumentFile_FILE/TCFD-Report-2022.pdf**

Hard copies of this report are available on request by writing to Capita.

Sources of further information

If you have any questions about the Plan's funding, please contact us using the contact details below. If you want to find out more about the Plan, you can ask for the following documents:

- the **Statement of Funding Principles** – explains how we plan to make sure enough money is paid into the Plan to provide the benefits that members have built up
- the **Statement of Investment Principles** – explains how we invest the money paid into the Plan (also available on the Plan website at **www.snpensions.co.uk/about-the-plan/library/**)
- the **Schedule of Contributions** – shows how much money is being paid into the Plan
- the **Annual Report and Financial Statements** – shows the Plan's income and expenditure in the 12 months to 31 October 2023
- the **Member's Explanatory Booklet** – explains how the Plan works (you should have been given a copy when you joined, but you can request another copy if needed)
- the **Formal Actuarial Valuation Report** as at 31 October 2021 – contains the details of the actuary's check of the Plan's financial situation as at 31 October 2021
- the **Actuarial Reports** as at 31 October 2022 and 31 October 2023 – summarises the results of the actuary's annual financial update of the Plan's funding position
- the **Internal Dispute Resolution Procedure** – contains details of how disputes between members and the Trustee are dealt with. Note that some disputes may now be dealt with in one stage rather than two where the subject matter has already been considered in similar cases.

Please remember to quote your National Insurance number in any correspondence.

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