

Nuvia Limited Employees Pension Scheme

Summary funding statement at 5 April 2023

Summary

- The purpose of this document is to tell you about the funding position of the Nuvia Limited Employees Pension Scheme ('the Scheme'). **It is for your information only.**
- The Scheme had a deficit of £41.3m at the previous update date of 5 April 2022. This deficit had reduced to £30.1 million by 5 April 2023.
- The investment strategy is designed so that the Scheme's assets will move in a similar way to the expected cost of providing benefits when there are changes in interest and inflation rates. Significant increases in interest rates since the previous update have reduced the amount needed to be held by the Trustees to provide for future benefits, however the Scheme's assets have reduced by a similar amount (in percentage terms). Assets are currently lower than the expected cost of providing benefits, meaning that these movements have caused a reduction in the shortfall.
- Nuvia Limited ('the Company') has agreed to pay contributions to the Scheme to remove the deficit. Contributions of £2m paid since the previous update have served to reduce the deficit.
- The Trustee would also like to remind you to keep us up to date with your contact details.

What is the Scheme's funding position?

The results of the Scheme's formal valuation and the latest annual update are provided below:

	Formal valuation as at 5 April 2021	Annual update as at 5 April 2022	Annual update as at 5 April 2023
Market value of assets	£223.8 million	£234.3 million	£165.8 million
Amount needed to provide benefits (liabilities)	£279.5 million	£275.7 million	£195.9 million
Funding shortfall	£55.7 million	£41.3 million	£30.1 million
Funding level	80.1%	85.0%	84.6%

What do we mean by funding position?

The Trustee is responsible for ensuring that the Scheme has enough money set aside (assets) to pay pensions built up to date (liabilities). If the assets are more than the liabilities the Scheme is said to be in surplus. If the liabilities are more than the assets, it is said to be in deficit.

We last wrote to you with the Scheme's funding position as at 5 April 2022. At least every three years our Scheme Actuary completes a formal valuation, with an update in the years between valuations. The last formal valuation was performed as at 5 April 2021 and the purpose of this statement is to provide you with an update as at 5 April 2023. The next formal valuation will take place next year as at 5 April 2024.

How has the funding position of the Scheme changed?

Between 5 April 2022 and 5 April 2023 the funding level of the Scheme has remained broadly consistent, however there has been a reduction in the monetary amount of the funding deficit. The deficit has reduced as a result of:

- A significant increase in interest rates reducing the amount needed to be held by the Trustee to provide for future benefits. The Scheme's investment strategy is designed so that the Scheme's assets will move in a similar way to the expected cost of providing benefits when there are changes in interest and inflation rate, so the assets have reduced by a similar amount (in percentage terms). However, assets are currently lower than the expected cost of providing benefits, meaning that these movements have caused a reduction in the shortfall; and
- Contributions paid into the Scheme by the Company.

This has been slightly offset by higher than expected inflation experienced since the previous valuation.

Whilst the funding position at 5 April 2023 and 5 April 2022 are broadly similar, it is important to note market conditions have been volatile throughout the period and the performance of the Scheme's assets and the assumptions change over time. It is therefore expected that the funding position will change between valuations. The Trustee monitors the funding position closely and is in regular contact with its advisers.

How is the shortfall going to be paid off?

The Company is committed to contributing to the Scheme so that members' benefits can be met. Based on the deficit of £55.7 million at 5 April 2021 the Company agreed to pay contributions as follows:

- £2.000m p.a. from 5 April 2021 until 30 April 2025
- £4.760m p.a. from 1 May 2025 until 30 September 2025
- £4.913m p.a. from 1 October 2025 until 30 September 2026
- £5.070m p.a. from 1 October 2026 until 31 December 2026
- £5.820m p.a. from 1 January 2027 until 31 December 2032

The Company also pays £0.55m p.a. to cover the cost of ongoing Scheme expenses.

The Trustee and Company have also agreed that additional contributions will be paid in the event that the Company's financial performance exceeds certain targets over the period to 31 December 2024.

How secure is my pension?

The intention is for there to be enough money in the Scheme to pay pensions now and in the future, but this partly depends on the Company carrying on in business.

All pension schemes are required to tell members what the funding level would be if the supporting employer's circumstances were to change and the pension scheme had to be wound up.

If this happened the Company would be required to pay an amount into the Scheme to enable members' benefits to be provided in full by an insurance company (known as the solvency level). As at the latest formal valuation date (5 April 2021), the Scheme Actuary estimated that the solvency level was 63%.

If the Company were to become insolvent and unable to meet any shortfall at the time, the Pension Protection Fund might be able to take over the Scheme and pay compensation to members. This compensation may be less than the benefits you are entitled to under the Scheme. Further information and guidance is available at <https://www.ppf.co.uk/> or you can contact the Pension Protection Fund by phone at 0345 600 2541 or via email at information@ppf.co.uk.

Other information

The Pensions Regulator can, in certain circumstances, use its powers to intervene in a pension scheme's funding plan. The Trustee can confirm that this has not happened in relation to the Scheme since we last wrote to you.

The Trustee can confirm that there have not been any payments to the Company from the Scheme's assets since we last wrote to you.

Financial advice regarding your benefits

If you are thinking of taking any action based on the information here, you should consult a financial adviser regulated by the Financial Conduct Authority before doing anything. Deciding how to take your benefits is a very important decision and neither the Trustee or the Company can advise you on which option to choose.

To help you make your decision on how to take your benefits, the Trustee has recently carried out a selection process and selected HUB Pension Consulting (HUB) as the Scheme's preferred Independent Financial Advisor ('IFA') to the Scheme, that will allow you to benefit from preferential rates for any advice you may require. You can contact HUB here:

Telephone: 0800 995 6013

Email: nuvia@hubpc.co.uk

If you have any questions or would like any more information, please contact the Trustee at:

Buck

Email: NuviaPensions@buck.com

Helpline: 0330 123 9692

Nuvia

Email: pensions@nuvia.co.uk

The Trustee of the Nuvia Limited Employees Pension Scheme

June 2023