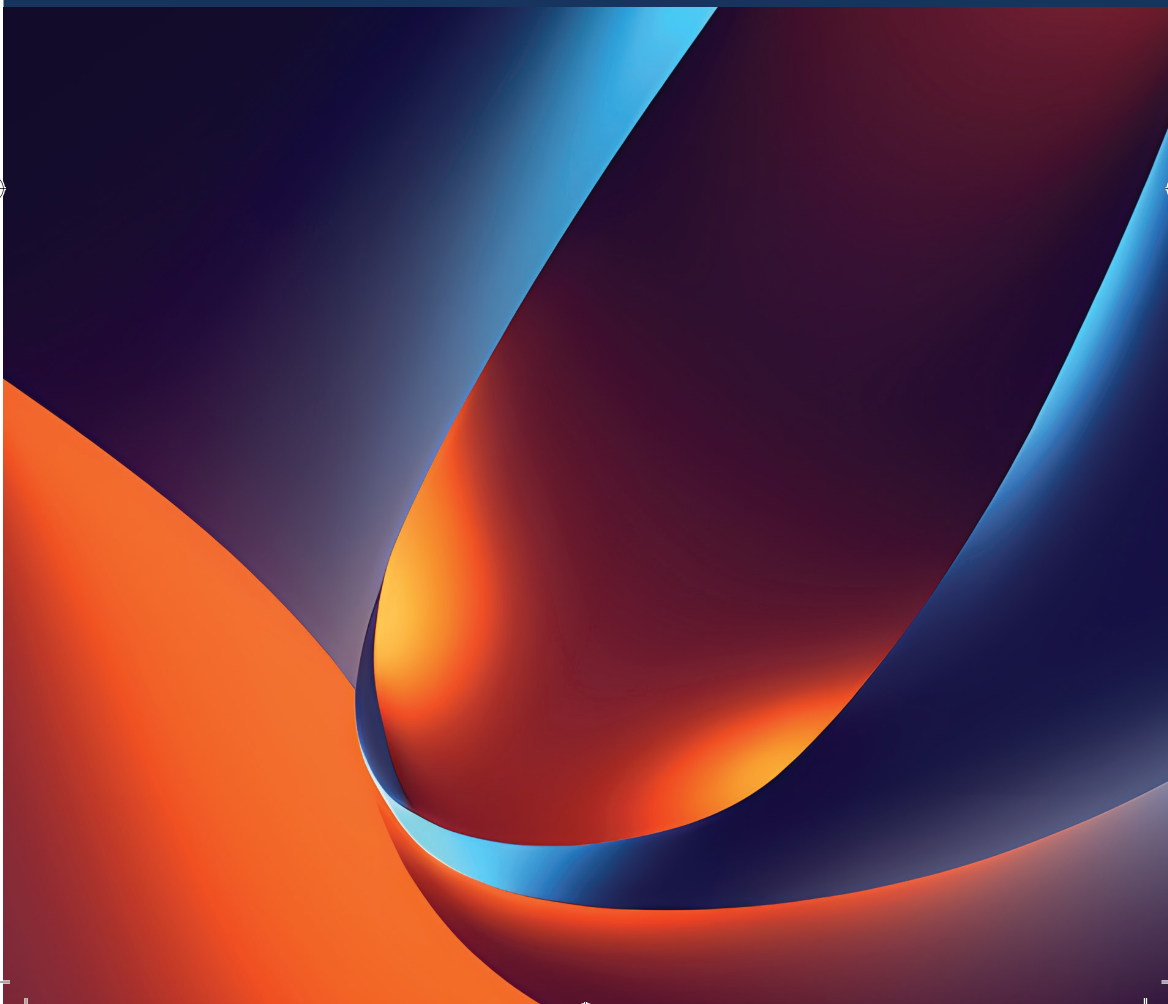
Summary Funding Statement 2024

NEC Staff Pension Scheme (UK)



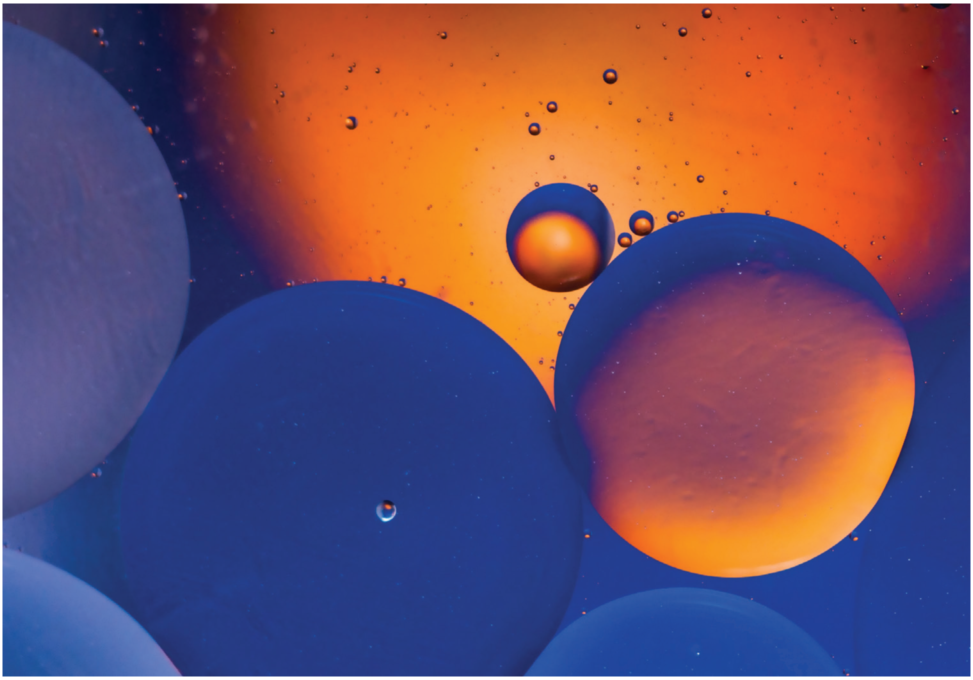
Summary Funding Statement 2024

What is a Summary Funding Statement and why is it needed?

The Trustees are required to send you an annual statement that provides a summary of the financial position of the NEC Staff Pension Scheme (UK) ("the Scheme").

In this document, references to "the Company" mean NEC Europe Ltd, as the Scheme's Principal Employer, and the other Participating Employers in the Scheme:

- NEC (UK) Ltd,
- NEC Capital (UK) plc,
- NEC Display Solutions UK Ltd,
- Telecom Modus Ltd
- Renesas Electronics Europe GMBH)



How is the Scheme's funding position measured?

The Scheme's funding position is measured by a complex actuarial valuation that is carried out at least every three years by the Scheme's appointed independent actuary. The last completed actuarial valuation took place as at 30 June 2021.

The Scheme's funding position compares the actuary's estimate of the expected cost of providing the benefits built up by members of the Scheme, known as the Scheme's "liabilities", against the value of the Scheme's assets. If the value of the Scheme's assets exceeds the value of its liabilities, there is said to be a "surplus". Conversely, if the value of the Scheme's liabilities exceeds the value of its assets, there is said to be a "shortfall".

What is the Scheme's financial position?

The actuarial valuation as at 30 June 2024 showed that:

The value of the Scheme's liabilities was:	£132.6 million
The value of the Scheme's assets was:	£141.1 million
The Scheme therefore had a surplus of:	£8.4 million

The figures above do not sum due to rounding.

How has the Scheme's funding position changed since the last summary funding statement?

When we last sent you a summary funding statement, we reported that the Scheme was estimated to have had a shortfall of £6.7 million as of the 30 June 2023 actuarial report.

Between 30 June 2023 and 30 June 2024, the Scheme's financial position improved; as at 30 June 2024, there was an estimated surplus of £8.4 million. The improvement in position was mainly caused by two factors. The first factor was the changes to the actuarial assumptions agreed between the Trustees and the Company as part of the 30 June 2024 actuarial valuation, which in aggregate decreased the value placed on the Scheme's liabilities. In particular, as part of the valuation, the Trustees and the Company agreed updates to the investment return and life expectancy assumptions, as well as updates to the reserves held for future operating expenses and discretionary pension increases. The second factor was that the full actuarial valuation more accurately considered changes in member option terms (for example: the factors used to exchange pension for tax-free cash) than had been allowed for in the approximate results of the previous actuarial report, which also caused a decrease in the Scheme's liabilities.

How much money is paid into the Scheme each year?

As outlined above, the Scheme had a funding surplus at the 30 June 2024 valuation date. Therefore, the Trustees and Company agreed, as part of the 30 June 2024 actuarial valuation, that no Company shortfall contributions to the Scheme currently need to be paid.

To calculate the value of the liabilities, assumptions have to be made about what will happen in the future, for example: the future investment return that will be achieved on the Scheme's assets; levels of future inflation; and how long members will live. The future investment return assumption is particularly important – the higher the assumed level of investment returns, the lower the expected cost of providing the benefits (i.e. the liabilities) and vice versa. If the assumptions do not all turn out to be exactly in line with what happens in future, it may be necessary for the Company to pay contributions into the Scheme to remove any shortfall that has appeared.

The Trustees remain confident that the Scheme, with the continuing support of the Company, will continue to have sufficient assets to meet its obligations as they fall due.

In what type of assets does the Scheme invest?

The Scheme's assets are held entirely separately from the Company.

The Trustees' investment strategy is to apportion the Scheme's assets by asset class as shown in the table below. The actual distribution of assets will vary over time due to changes in financial markets. The current Strategic Asset Class Allocation is as follows:

Company shares (equities)	10%
UK government bonds (including LDI) and cash	45%
Corporate bonds and other credit	45%

LDI: Liability Driven Investment ("LDI") strategies are used to help broadly match the interest rate and inflation sensitivities of the Scheme's liabilities with the Scheme's assets, with the aim of reducing the volatility of the Scheme's funding level.

What would happen if the Company's support of the Scheme or ability to meet any shortfall in the Scheme suddenly stopped?

Our aim is for there to be enough money in the Scheme to pay pensions now and in the future, but this depends on the Company carrying on in business and continuing to support the Scheme. If the Company goes out of business or decides to withdraw support for the Scheme, it is expected to pay the Scheme enough money to secure all the benefits built up by members with an insurance company. The comparison of the value of the Scheme's assets to the cost of buying the benefits with an insurance company is known as the "solvency position".

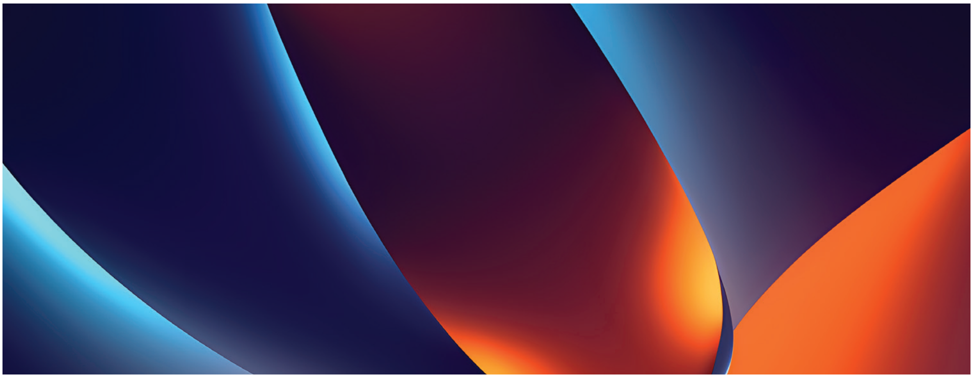
The actuarial valuation as at 30 June 2024 also looked at the estimated solvency position of the Scheme. At 30 June 2024, the Scheme's assets were estimated to have been sufficient to secure, on average, 96% of members' benefits with an insurance company. This situation is typical of the majority of UK pension schemes. The Trustees are required by regulation to disclose this information to you.

If the Scheme winds up without enough money to buy all the members' benefits with an insurance company, then the Company is required to make up the difference; in this context NEC Corporation may also be required to contribute. If the Company were to be unable to pay the difference, you would be unlikely to receive the full benefits you were expecting. The Pension Protection Fund (PPF) exists to help members in this situation. The PPF pays a legally defined level of benefits to members of eligible UK pension schemes in certain situations where the scheme does not have enough money to cover the cost of buying this level of benefits for members with an insurance company and the company is insolvent and so cannot provide extra finance.

If the Scheme were to be wound up and go into the PPF, the pension you would receive from the PPF may be less than the full benefit you have earned in the Scheme, depending on your age and when your benefits were earned.

The fact that we have shown the solvency position does not mean that the Company is thinking of winding up the Scheme or is in financial difficulty. It is just another piece of information we are required by law to provide and which we hope will help you understand the financial security of your benefits. NEC Corporation, NEC Europe Ltd and the Participating Employers are committed to providing ongoing financial support for the Scheme and meeting their commitments to members. We currently consider it unlikely that the Scheme will be discontinued.

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



Can I leave the Scheme before I am due to retire?

Your pension benefits may be left in the Scheme to be paid at retirement or transferred to another pension arrangement prior to retirement.

If you are thinking of transferring your benefits out of the Scheme for any reason, you should consult a professional adviser, such as an independent financial adviser, before taking any action. If your transfer value is above £30,000 and you wish to proceed with transferring your benefits outside of the Scheme, you are required by law to demonstrate that you have taken financial advice.

The law prevents us (and the Scheme Administrators) from providing you with financial advice.

Below you will find additional information regarding pension scams that you should read if you are considering transferring out of the Scheme.

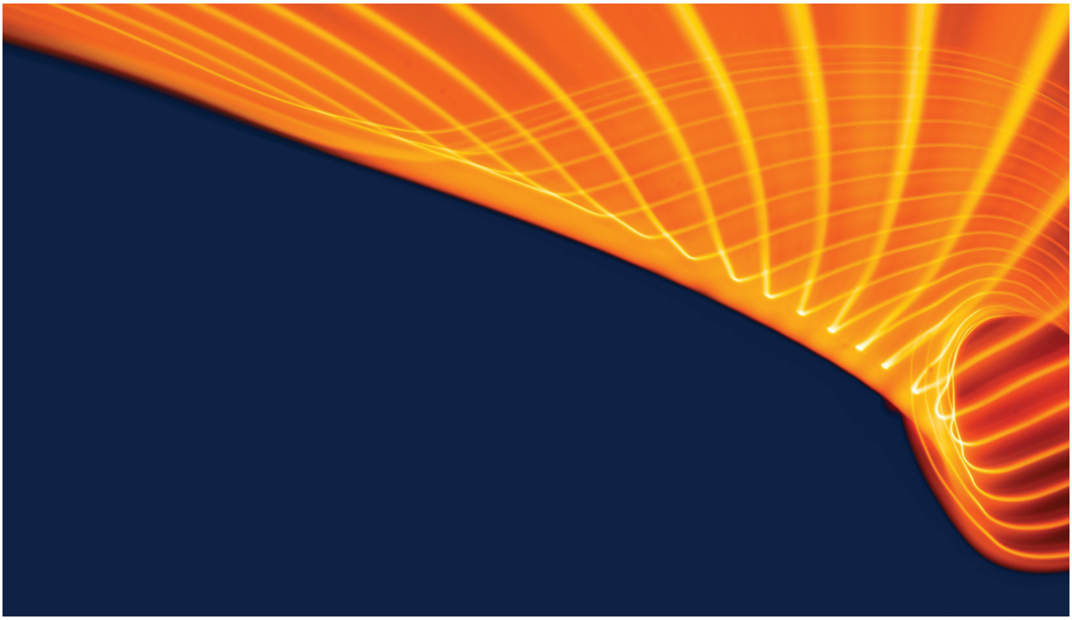
Additional information required for compliance purposes

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. This typically arises when there is a recognised surplus within the pension scheme. We can confirm that no such payment has been made.

We are also required to tell you whether the Pensions Regulator has used its 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; and
- the contributions that should be paid under the schedule of contributions.

As part of the last actuarial valuation as at 30 June 2024, the Trustees and Company agreed the method and assumptions to be adopted. Therefore, the Regulator did not have to use these powers.

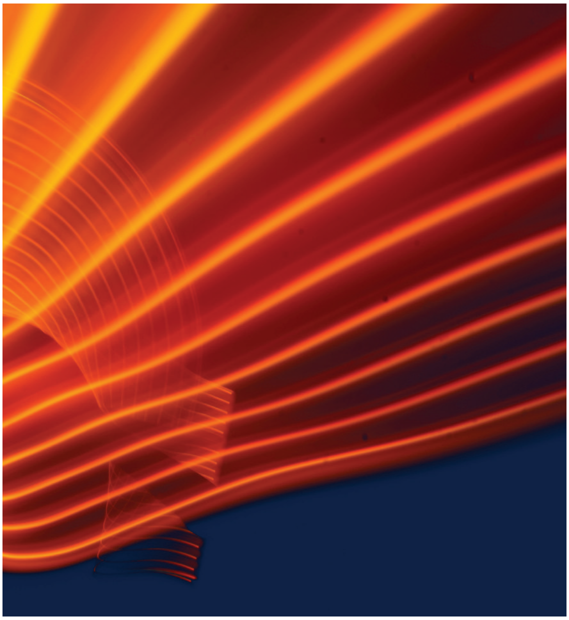


Where do I get further information?

You can obtain further information through contacting either:

- **The Trustees Office**, Athene, Odyssey Business Park, West End Road, South Ruislip, HA4 6QE.
- **Aptia (the administrator) Maclaren House**, Talbot Road, Stretford, Manchester, M32 0FP

You can also contact Aptia via the portal at **www.pensionuk.aptia-group.com**



Additional documents available on request:

Statement of Funding Principles
This explains how the Trustees aim to fund the Scheme and provide accrued benefits to the members.

Statement of Investment Principles
This explains how the Trustees invest the Scheme's existing assets and any future money paid into the Scheme. This document is available online here:

Statement of Investment Principles NEC Staff Pension Scheme (UK) (necstaffpensionschemeuk.info)

Schedule of Contributions
The current schedule sets out the contributions that the Company has committed to paying to the Scheme (e.g. in respect of shortfall contributions, administration and other costs). Each Schedule of Contributions includes a certificate from the actuary confirming the contributions are sufficient to meet the requirements set out by law.

Annual Report and Accounts of the NEC Staff Pension Scheme (UK)
This shows the Scheme's income and expenditure in the relevant year plus the Auditor's report to the Trustees.

Formal Actuarial Valuation Report as at 30 June 2021
This contains the details of the actuary's in-depth assessment of the Scheme's financial situation as at 30 June 2021.

Actuarial Report as at 30 June 2024
This contains the details of the actuary's approximate update of the Scheme's financial situation as at 30 June 2024.

Noticeboard

Independent Financial Advice

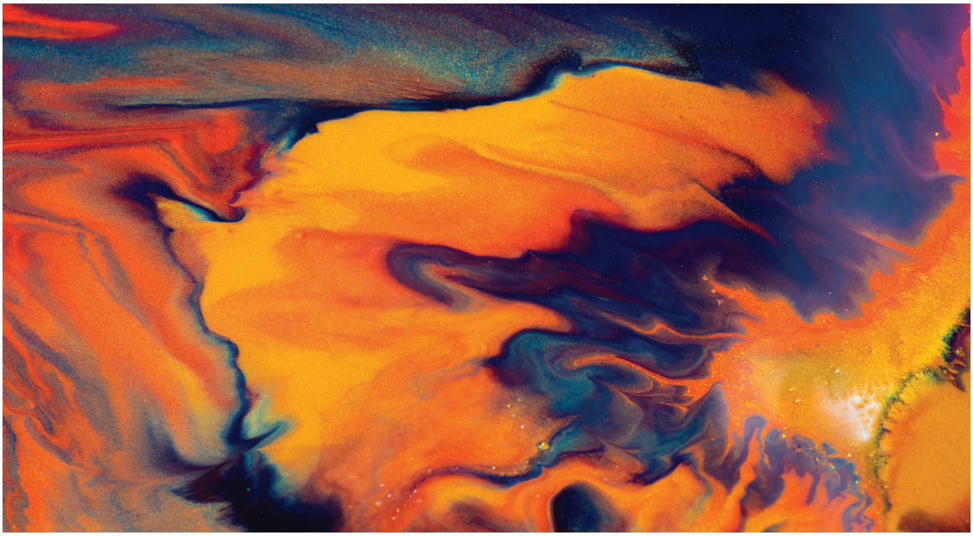
Your pension savings are extremely valuable, and you should certainly take time to check your position from time to time and not make any decisions without taking financial advice. This will be particularly important if you are nearing retirement or considering transferring your pension.

All members who have a transfer value above £30,000 are required by law to take financial advice if they wish to proceed with a transfer value.

Professional investment advisers who can provide advice in relation to pension transfers must be regulated by the Financial Conduct Authority (FCA).

All FCA regulated financial advisers are required to clearly explain to clients the scope and limitations of their advice. Some advisers limit their advice to just pensions, others will also advise on wider financial products and services. Some advisers are linked to providers and will only advise on a limited range of options from that provider and are not obligated to consider wider options; fully independent advisers have an obligation to make recommendations ‘based on a comprehensive and fair analysis of the market’.

The Trustees cannot offer an opinion on the type of advice that will be in your best interests. To ensure that you make an educated decision before transferring out of the Scheme, you should therefore make sure that you understand the scope of the advice with which you are being provided, and the adviser must make it clear whether they are advising on a limited range of funds or considering the whole of the market.



Financial advice paid for by NEC

The Scheme's sponsor, NEC, has made available the option for deferred members who are over age 55 to speak to an FCA-regulated financial adviser, HUB Pension Consulting, to obtain impartial and unbiased advice about their retirement options. The service provided by HUB Pension Consulting will be paid for on two occasions by NEC and will enable deferred members to make decisions that best suits their individual circumstances. HUB Pension Consulting was selected to provide this service by NEC in consultation with the Trustees.

Each deferred member will receive a communication from NEC as they approach their 55th and 60th birthday providing more details about this service. If you receive this communication, or indeed speak to HUB Pension Consulting, you are under no obligation to act on the information or the recommendations you receive. If you decide to do nothing, then your pension will remain in the Scheme.

HUB Pension Consulting advise solely on pensions rather than all financial products and services in the market. They do, however, consider all market options with regards to pensions and are not tied to options from a particular company.

National Fraud Initiative

The Pension Scheme participates in a data verification exercise operated by the Audit Commission. This exercise is intended to assist in the prevention and detection of fraud. For this initiative we will provide details of pensioners and deferred members so that they can be compared to national government data. This will ensure for example that no pensions are being paid to persons who are deceased or no longer entitled to benefits from this scheme. The processing of data by the Commission in a data verification exercise is carried out under its powers in Part 2A of the Audit Commission Act 1998. This does not require the consent of the individuals concerned. You therefore do not need to take any action in this respect.

What is a pension scam?

There are many different ways that criminals may try to steal your pension. These scams could mean you lose some or even all of your pension, so it's important to watch out for the following:

Opportunities that sound too good to be true

Fraudsters may contact you and claim to know about loopholes that can help you get more than the usual 25% of your pension pot tax-free. Or they may offer high returns from overseas investments. They may offer you a 'loan', 'saving advance' or 'cashback' from your pension or talk about new or creative investments.

Offers of 'pension reviews'

Scammers may say they'll help you access your pension pot before the age of 55 in exchange for a fee – but unless you're seriously unwell or have a certain type of scheme, this isn't possible.

Someone pressuring you to make a decision quickly

Some fraudsters may contact you out of the blue, either over the phone, text or email. Others could send paperwork to your door by courier requiring an immediate signature. But you should never feel pressured into making a decision quickly and you should always seek professional advice before doing so.

Pressure to put all your money in a single investment

In most cases, financial advisers will suggest that you spread your money across different schemes. So if you're contacted by someone who suggests that you put all of your pension pot money into a single investment, then this is probably a scam.

Untraceable companies

Legitimate companies or professionals should have traceable contact details. One sign that the person or company who's contacted you is trying to scam you is that they only have a mobile phone number or a PO box address as contact details.

GDPR

The Trustees hold and process personal data about Scheme members and beneficiaries in order to run the Scheme. In doing so, we comply with relevant data protection legislation.

To comply with the General Data Protection Regulation (GDPR), the Trustees of the scheme will periodically conduct a data cleanse exercise to ensure that the data they hold is accurate and up-to-date.

Website

The Scheme has a website for all Deferred and Pensioner Members. This website can be used to gain general information about the Scheme, Pensions News and Scheme Contact details

http://necstaffpensionschemeuk.info

Please note that this site does not hold any personal information about scheme members neither does it provide or hold valuations or statement of members benefits.