SUMMARY FUNDING STATEMENT 2023

Associated British Foods | Pension Scheme

Each year the Trustee provides a Summary Funding Statement that contains information on the funding position of the DB Section of the Scheme. The purpose of this statement is to help members understand more about the Scheme's finances and its ability to pay the benefits that members have been promised. You may remember that we sent you a similar statement last year.

The Scheme's funding position

Your pension contributions and those made by the Company are paid into a trust fund, which is invested by independent investment managers appointed by the Trustee. The funding position is an assessment of how the Scheme's assets (its investments in the trust fund) are able to meet its future liabilities (all of the pension benefits that will need to be paid out in the future). If the assets are more than the liabilities, the Scheme is said to have a surplus. If the liabilities are greater than the assets, the Scheme is said to have a shortfall.

The Scheme's funding position is measured by the Scheme's independent actuary using a complicated actuarial valuation based on certain assumptions for future interest rates, life expectancy and how investment markets will perform. This is carried out at least every three years. The Scheme's most recently completed actuarial valuation took place at 5 April 2023.

The results of the 5 April 2023 actuarial valuation

The actuarial valuation at 5 April 2023 showed that:

- The value of the Scheme's liabilities was: £ 2,635 million
- The Scheme's assets were: £ 3,648 million
- The Scheme had a surplus of: £ 1,013 million

How the Scheme's funding position has changed since 5 April 2022

In the period between the three-yearly valuations, the Actuary checks the Scheme's funding position regularly. When we last sent you a Summary Funding Statement we reported that the Scheme had a surplus of £952 million as at 5 April 2022. The latest review showed that the Scheme's funding position had improved further, with a surplus between its assets and liabilities at 5 April 2023 of around £1,013 million. This surplus was primarily driven by a significant reduction in interest rates and gilt yields, placing a lower value on the liabilities, with the Trustee having implemented an investment strategy designed to benefit from rate rises. The Trustee has also taken the opportunity of this increased funding to hedge against future changes in interest rates.

The Company's contributions and support of the Scheme

The Company pays the balance of the cost of providing the pension benefits that members earn each year. In addition, the Company may agree to make contributions to address possible shortfalls present within the Scheme. As the Scheme had a surplus at 5 April 2023, no shortfall contributions are required.

As a result of the size of the surplus disclosed in the 5 April 2023 actuarial valuation, the Trustee and Company have agreed that the usual balance of cost contribution payments from the Company (covering the cost of new pensions members earn and the administrative costs of running the Scheme) will not be required for the 12 months beginning October 2023. ABF's costs for new benefits for members of the DC Section will also be met from Scheme assets over this period. This approach will be re-assessed each year to ensure that the Scheme remains comfortably in surplus.

In March 2017, ABF plc provided a formal guarantee that it would cover at least £420 million of any future shortfall. This guarantee provides further security to benefits in the Scheme. ABF plc has also confirmed to the Trustee that it currently has no intention of discontinuing the Scheme and that it is committed to paying the ongoing expenses of running the Scheme and paying extra contributions when necessary to fund the shortfall (including if the shortfall were to exceed £420 million). However, it is important to remember that the Scheme currently relies on the Company's continuing support.

As required, we can confirm that no assets have been refunded from the Scheme to the Company and the Scheme has not been subject to any interventions by the Pensions Regulator since we last sent you a Summary Funding Statement.

Considering what would happen if the Scheme had to be stopped

The Trustee is required by law to look at what would happen if the Scheme was to be stopped and members' benefits secured with an insurance company. At 5 April 2023, the Scheme's assets would have been sufficient to secure, on average, 132% of members' benefits. This situation is much more positive than for the majority of UK pension schemes. We currently consider it a remote possibility that the Scheme will be stopped.

Next steps

The next actuarial valuation will be undertaken in 2026, however the Trustee and the Actuary will continue to check the Scheme's funding position regularly. Looking further ahead, we can assure you that we will continue to keep the Scheme's financial situation under close review, with regular dialogue with the Company about the potential need for additional contributions if required.

Further information

If you have any questions about this statement or the Scheme, you can contact us on 0800 090 2267 (or +44 (0)207 636 8111 if you're calling from outside the UK). It's free to call from UK landlines and mobiles and the team are available Monday to Friday, from 9am to 5pm. You can also contact us by email at pensions.admin@abfoods.com or write to us at Associated British Foods Pension Scheme, 50/51 Russell Square, London, WC1B 4JU.

You can also find lots of information on the Scheme's web site www.abfpensions.com.