

## **WOOD PENSION PLAN – The DB Legal Section**

### **Summary Funding Statement for the year ended 31 March 2024**

The Trustee of the Wood Pension Plan (DB Legal Section) (the 'Plan') is pleased to provide you with an update of the funding position of the Plan as at 31 March 2024. The purpose of the statement is to show how the funding position has changed over the year since the previous update as at 31 March 2023.

#### **Why have you sent me this Summary Funding Statement?**

The Trustee of the Plan looks after the Plan on behalf of you, its members. We are sending you this statement to tell you about the financial security of the Plan. We recommend you take some time to read it, since the Plan's financial security could affect the benefits you will ultimately receive. We will send you a similar statement each year to keep you up to date; this will usually be as part of the December Pension News.

#### **How is the Plan's financial security measured?**

The estimated cost of providing the pensions you and other members have earned to date is known as the Plan's "liabilities". This includes the pensions of members who have left the Company or retired.

The Plan holds assets that are invested to help provide your pensions. The money is held in a communal fund, not in separate funds for each individual.

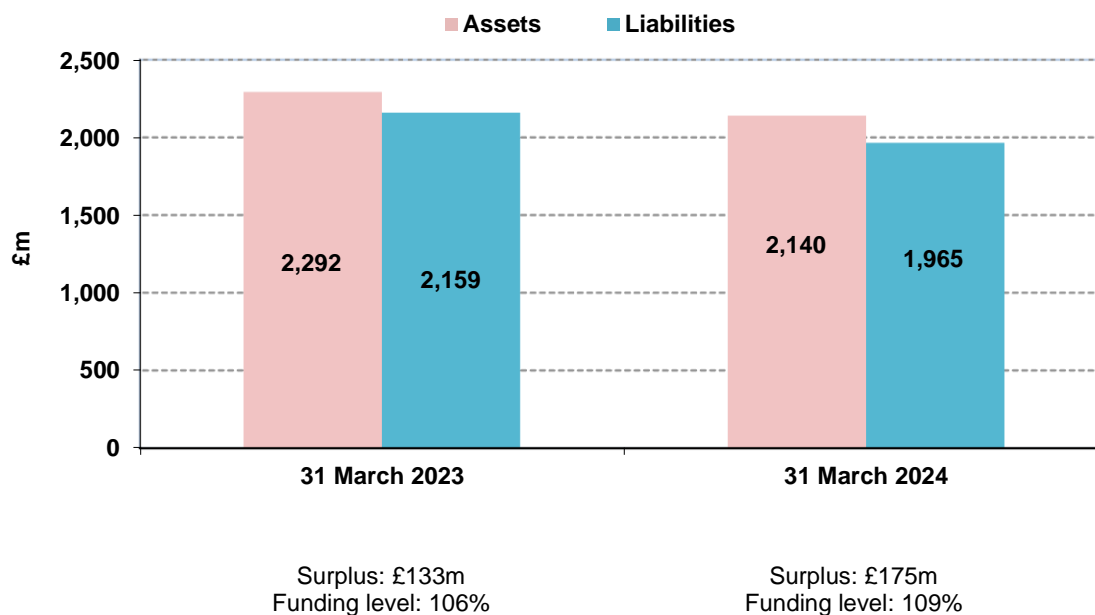
To check the Plan's financial security, we look at its financial position and compare the value of its liabilities to its assets. If the Plan has fewer assets than liabilities, it is said to have a "shortfall". If the assets are more than the liabilities, there is said to be a "surplus".

We carry out an in-depth look at the Plan's finances at least every three years. This is called an actuarial valuation. We ask a qualified, independent professional, known as an Actuary, to do this. We also ask the Actuary to review the financial position of the Plan more regularly and in years when a full actuarial valuation does not take place we receive an actuarial report from the Actuary on the Plan's finances. This statement provides the results of the 31 March 2024 Actuarial Report.

#### **What is the Plan's financial position?**

In the chart on the next page, we have included:

- The financial position at 31 March 2023, being the Actuary's previous Actuarial Valuation (as shown in the last year's Summary Funding Statement); and
- An update of the financial position at 31 March 2024 from the Actuary's latest Actuarial Report.



### How has the Plan's financial position changed over the year to 31 March 2024?

Since 31 March 2023, there has been further improvement in the funding position of the Plan with the funding level increasing from 106% to 109% and the £133m surplus as at 31 March 2023 now having increased to a surplus of £175m as at 31 March 2024.

The Plan holds assets that are highly correlated with movements in the value of the liabilities. The value of the liabilities, and hence the value of the assets, fell over the period. The improvement in the Plan's funding position compared to that expected is because the assets fell by a lesser amount than the value of the liabilities, due mainly to favourable returns from the Plan's asset holding in corporate bonds.

### Developments since 31 March 2024?

Since March 2024, market conditions have remained volatile, marked by an increase in gilt yields and rising inflation. The Plan holds assets that are intended to move closely in line with the value of the Plan's liabilities and as a result, the Plan's funding position is well protected against this volatility. The funding position has shown a small improvement over this period and the Plan continues to be in surplus at the date of writing.

We will provide an update on the financial position of the Plan as at 31 March 2025 in the next Summary Funding Statement that will be issued in late 2025.

### What types of assets does the Plan invest in?

We invest contributions in a broad range of assets, limiting the amount invested in a particular class of assets. As at 31 March 2024, this was as follows:

<i>Private Equity</i>	<i>&lt;0.2%</i>
<i>Property</i>	<i>1%</i>
<i>Bonds</i>	<i>94%</i>
<i>Cash and other</i>	<i>5%</i>

### How does the Trustee know what contributions should be paid into the Plan?

Following each actuarial valuation, the Actuary advises us what contributions should be paid into the Plan so that we can expect to be able to continue to pay people's pensions. We then agree a level of contribution for the Plan with the Company and record this in a document called the Schedule of Contributions.

As the Plan is in surplus, no contributions are payable by the Company at the present time. The Trustee monitors the funding level regularly and this position will be kept under review by the Trustee.

We review and update the Schedule of Contributions at least each time the Plan has an actuarial valuation.

The valuation and Schedule of Contributions follow standards we have set out in a Statement of Funding Principles. This document describes how we will manage the Plan with the aim of being able to continue to pay people's pensions.

The Pensions Regulator has legal powers to make any directions as to any of:

- The level of pensions available from the Plan going forward;
- 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.

The latest valuation was as at 31 March 2023 and as part of the valuation the Trustee and Company agreed the method and assumptions to be adopted and no contributions to be paid. The Regulator has not used these powers in relation to the Plan and not issued any directions.

The law requires us to tell you whether there have been any payments made from the Scheme to the Company. We can confirm that no such payment has been made during the period covered by this statement.

### **Is my pension guaranteed?**

Our aim is for there to be enough money in the Plan to pay pensions now and in the future, but this depends on the Company carrying on in business and continuing to pay for the Plan.

If the Company goes out of business or decides to stop supporting the Plan, it is expected to pay the Plan enough money to secure all the pensions built up by members with an insurance company. This is known as the Plan being "bought-out" and "wound-up".

The comparison of the Plan's assets to the cost of buying the benefits with an insurance company is known as the "solvency position".

### **What happens if the Plan is wound-up and there is not enough money to pay for all my benefits?**

If the Plan winds up without enough money to buy all the members' pensions with an insurance company then, unless the Company can afford to pay the difference, you are unlikely to receive the full pension you were expecting. To help members in this situation, the Government set up the Pension Protection Fund (PPF). The PPF pays a legally defined level of pension 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 pension for members with an insurance company and the company is insolvent and so cannot provide extra finance.

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

Further information and guidance is available on the PPF website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk). Or you can write to the Pension Protection Fund at PO Box 254, Wymondham, NR18 8DN.

### **Is there enough money in the Plan to provide my full pension if the Plan is wound-up?**

The actuarial valuation at 31 March 2023 showed that the Plan's assets could not have paid for the full pensions of all members to be provided by an insurance company if the Plan had wound-up at that date.

The liabilities if the Plan were to be wound-up were	£2,378 million
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The Plan's assets were	£2,292 million
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This means that there was a shortfall of	£86 million
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The fact that we have shown the solvency position does not mean that the Company is thinking of winding up the Plan. 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 pension.

The Trustee monitors the funding level regularly and the Actuary has advised that at the date of writing, his assessment of the solvency position would be that the Plan had sufficient assets for full pensions of all members to be provided by an insurance company if the Plan had wound-up at that date.

### **Can I leave the Plan before I am due to retire?**

If you leave Wood before you are due to retire, your pension will be based on your service to the earlier of your date of leaving and the date the DB section closed to accrual. Your pension benefits may then be left in the Plan to be paid at retirement or transferred to another pension arrangement.

Similarly, if you have already left the Plan and have "paid up" benefits you can, if you wish, transfer your benefits to another pension arrangement prior to retirement which is currently available from age 55 onwards.

If you are thinking of transferring your pension out of the Plan for any reason, you should consult a professional adviser, before taking any action. The law prevents us from providing you with financial advice.

## **Climate Change Governance and Reporting**

The Trustee has published its report on climate change governance and reporting in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. The report sets out the Trustee's identification, assessment and management of climate change risk and can be found at the following website address [woodplc.com/ data/assets/pdf file/0023/271580/Annual-TCFD-Report-2024.pdf](http://woodplc.com/data/assets/pdf_file/0023/271580/Annual-TCFD-Report-2024.pdf)

### **Where can I get more information?**

Documents which provide further information are listed below, which are available on the Wood Member Portal.

### **Additional documents available on request**

#### **The Statement of Funding Principles**

This explains how the Trustee plans to manage the Plan with the aim of being able to continue to provide the pensions that members have built up.

#### **The Statement of Investment Principles**

This explains how the Trustee invest the money paid into the Plan.

#### **The Schedule of Contributions**

This shows how much money is being paid into the Plan by the Company and includes a certificate from the actuary showing that it is sufficient to meet the requirements set out by law.

#### **The Annual Report and Accounts**

This shows the Plan's income and expenditure in the year ended 31 March 2024.

#### **The Formal Actuarial Valuation Report as at 31 March 2023**

This contains the details of the actuary's check of the Plan's situation as at latest formal actuarial valuation date.

#### **The Actuarial Report as at 31 March 2024**

This contains the details of the actuary's check of the Plan's situation as at latest actuarial valuation date.