

SUMMARY FUNDING STATEMENT 2026

If you're a member of the **GKN Group Pension Scheme (No.1)** (the "Scheme"), then you're in the right place. **This funding statement is just for you!**

It's an important document and it lets you know how the Scheme is doing financially.

Why is it important?

Because the Scheme's financial health could affect the benefits you receive.

And it's a legal requirement.

The Scheme must have a full financial check (called a valuation) from an independent expert (called an actuary) at least every three years. The actuary also has to carry out annual funding updates. As Trustee of the Scheme, we send you a summary funding statement to tell you about the results regularly.

How is the Scheme doing?

The last full valuation looked at the funding position as at 5 April 2025 (the "2025 Valuation") and the results of this are shown below. A reminder of the 2024 is also shown.



Assets

The money the Scheme has now.

2025 Valuation
£624.1m

2024 Update
£666.1m

The value of the Scheme's assets is lower than at the 2024 Update, due to the increase in gilt yields over the year and because of benefit payments out of the Scheme.



Liabilities

The estimated cost of providing the promised benefits – now and in the future.

2025 Valuation
£616.4m

2024 Update
£664.9m

The calculation of the liabilities assumes that the Scheme will continue until all future benefits due are paid. It's an estimate because it depends on assumptions about what will happen in the future, such as the investment return that will be earned on the Scheme's assets and how long members will live for.



Surplus/(deficit)

The assets minus the liabilities.

2025 Valuation
£7.7m

2024 Update
£1.2m

Whilst rising gilt yields led to a reduction in assets and liabilities, the assets fell by less than the liabilities, leading to an improvement in the funding position. The Scheme is currently fully funded with no further deficit contributions due.



Funding level

The assets as a percentage of the liabilities.

2025 Valuation
101%

2024 Update
100%

Please note: Benefits are determined by the Rules of the Scheme. If there is any conflict between any information in this Summary Funding Statement and the Rules, the Rules (as amended from time to time) will be overriding. If you have any questions or would like a copy of the Rules, please contact the Scheme administrator at the address on page 2.

Another legal requirement for the Scheme...

As part of the valuation, the actuary also has to work out the funding level assuming the Scheme doesn't continue and all the promised benefits are secured ("bought out") by transferring the obligation to pay them to an insurance company.

This kind of funding level (called the solvency funding level) is usually significantly lower than funding levels worked out if we assume the Scheme carries on. This is because insurance companies have to invest in 'low risk' assets and they also have to hold reserves to demonstrate they have enough money to pay out the benefits. This makes buying-out benefits expensive.



Assets

The money the Scheme has now.

2025 Valuation
£624.1m



Buy-out cost

The cost of securing benefits with an insurance company.

2025 Valuation
£654.5m

The calculation estimates the cost of providing the promised benefits if the Scheme ended on 5 April 2025 and the responsibility of paying the benefits was transferred to an insurance company.



Surplus/(deficit) assuming a "buy out"

The assets minus the buy-out cost.

2025 Valuation
(£30.4m)



Funding level

The assets as a percentage of the liabilities.

2025 Valuation
96%

So how secure is my pension?

The Trustee aims to have enough money to pay pensions and other benefits to members as they are due.

However, in the event the Scheme was wound-up without enough money to buy all the benefits with an insurer, then it's unlikely you'd receive the full pension benefits you were expecting.

To help members in this situation, the Government set up the Pension Protection Fund (PPF) in 2005.

The pension you would receive from the PPF depends on your age and when your benefits were earned. Further information and guidance is available on the PPF website at www.pensionprotectionfund.org.uk - or you can write to the Pension Protection Fund at:

P.O. Box 254, Wymondham, NR18 8DN

Including this information doesn't mean that the Company or the Trustee is planning to wind up the Scheme. We are required by law to give you this information.

We are also required to tell you if there have been any surplus payments from the Scheme to the Company since the last funding statement, or whether the Pensions Regulator has intervened to change the way benefits build up, the way valuations are worked out, or the way any funding shortfall is being met.

In each instance, the answer is no.

Where can I get more information?

If you have any other questions about this funding statement, or would like any more information about the Scheme, please contact:

GKN Group Pension Scheme (No.1)
Gallagher (Bristol)
PO Box 319
Mitcheldean
GL14 0BF
GKN1@aig.com
<https://www.pensionportal.co.uk/GKN1>
https://gknpensions.co.uk/scheme_1

We'll send you a summary funding statement when we have updated information on the Scheme's finances to share with you – if you change address, please let us know by contacting our Scheme administrator at the above address.

Climate change governance and reporting

We have published our 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 how we identify, assess, and manage climate change risks. You can find it at the following website: https://gknpensions.co.uk/docs/Scheme-No1/2025_GKN_Taskforce_Climate_Financial_Disclosure.pdf.

We will provide a hard copy of the report on request, please use the contact details above if this is required.