

2024 Summary Funding Statement – the Segregated DCL Section

This document is the 2024 Summary Funding Statement for the Segregated DCL section of the Dow Services UK Pension Plan (“DSUPP” or “the Plan”). The Dow Corning Limited Pension Plan merged with the Plan at the end of January 2018. Two distinct and segregated Sections were created: the Dow Section, which contains the former assets and liabilities of the DSUPP, and the DCL section, which contains the former assets and liabilities of the Dow Corning Limited Pension Plan.

This statement relates to only the Segregated DCL Section (“the DCL Section”) of the Plan. The effective date of this Statement is 31 December 2023 (this is set by legislation). Statements are provided roughly each year to all members of the defined benefit (DB) sections of the Plan.

The Trustee is responsible for regularly checking the DCL Section’s funding; that is, how the amount of money held by the DCL Section compares with the money needed to provide the benefits promised to members. This Statement tells you about the health of the DCL Section’s funding.

Buy-in policy

The Trustee purchased an insurance policy with Rothesay Life plc (“Rothesay”) in December 2021. This insurance policy is now the main asset of the DCL Section. It provides an income to the Plan which matches almost all of the benefits the Plan must pay to members of the DCL Section.

At present the insurance policy is held as an asset only. Rothesay are not yet responsible for paying DCL Section members directly. As the Plan now holds an asset which almost perfectly matches the value of the associated liabilities, many of the risks to which the Plan was previously exposed have significantly diminished. This reduction in risk is in turn good news for members of the DCL Section.

Financial health check

The most recent full actuarial valuation (a financial health check) of the Plan examined the finances as they stood on 31 December 2021. Full actuarial valuations take place at least every three years. In addition, an interim valuation has been carried out at 31 December 2023. Interim valuations are carried out between full valuations to give the Trustee and the Principal Employer of the DCL Section, Dow Silicones UK Limited (‘the Company’), an annual estimate of the Plan’s funding position.

‘Ongoing’ valuation results

The table below shows the Actuary’s findings for the 31 December 2021 full valuation and compares these with the results of the latest interim valuation. Also included for comparison purposes are the equivalent figures at 31

December 2022, the figures which were contained in the last Statement. These figures use the 'ongoing basis'. The DCL Section's liabilities are calculated using certain assumptions about the future, including possible investment returns and member life expectancy, which are agreed between the Trustee and the Company as part of the full valuation. The same value of the insurance policy is included below at each date within both the assets and liabilities.

	Full valuation 31 December 2021	Interim valuation 31 December 2022	Interim valuation 31 December 2023
	£m	£m	£m
Total liabilities	613.2	375.3	365.3
Value of assets	624.8	388.3	378.0
Ongoing funding level	101.9%	103.5%	103.5%
Surplus/(Deficit)	11.6	13.0	12.7

What do these figures mean?

Since the 31 December 2021 full valuation, the funding position of the DCL Section has improved slightly from a surplus of £11.6m to a surplus of £12.7m on the ongoing basis. This is due to positive investment returns on the DCL Section's invested assets over 2022 and 2023 (i.e. those assets which were not needed to purchase the insurance policy in December 2021). It is expected that the DCL Section's funding level will vary over time, as both economic and investment market conditions change.

It is important to remember that all of the benefits provided by the DCL Section are calculated on a defined benefit basis and so are not linked directly to the absolute value of the DCL Section's assets. If you have Additional Voluntary Contributions (AVCs) the value of these benefits will depend directly on the performance of the funds that you have chosen to invest them in

Following purchase of the insurance policy, DCL Section members' benefits are secure as long as Rothesay remains able to make the payments as agreed in the insurance policy. In the unlikely event that Rothesay were not able to do this, the DCL Section also benefits from the support of the Company. If the Company remained able to support the DCL Section, these benefits will continue to be paid in full to members.

Other information

No payments have been made to the Company from the Plan since the date of the last Summary Funding Statement. Neither has any action been taken by the Pensions Regulator to change the Plan's benefits or funding arrangements.

The next full actuarial valuation will examine the finances of both Sections of the Plan as they stand on 31 December 2024.

Financial support from the Company

The Trustee's objective is to have enough money in both Sections of the Plan to pay members' benefits both now and in the future. This can only be achieved with the financial support of the Company because:

- Despite the purchase of the insurance policy for the DCL Section, the funding level can still fluctuate. When there is a deficit, the Company will usually need to put in more money; and
- The target funding level may turn out to be not enough, so that the Company will usually need to put in more money.

What if the Plan is wound up?

The Trustee must look at the ability of the Plan to pay benefits if it were to wind up (if the Plan were to close down completely). In that case, the Trustee needs to make an assumption that no more money would be put into the Plan and no additional benefits, over and above those already earned, would be payable.

The estimated amount needed to pay all DCL Section members' benefits in full, if the Plan had started winding up on the last full valuation date, 31 December 2021, was the same as for the Ongoing basis above. This is because on wind up, the money is used to pay an insurance company to provide the benefits, in the same way as the Trustee have already done. The assets exceeded the liabilities on this date by £11.6 million. This means that if the Plan were wound up at this date members' benefits would have been secured in full with an insurance company.

Please note that inclusion of this information is a legal requirement. It does not mean that the Trustee or the Company are thinking of winding up the Plan.

Pension Protection Fund

Legally, if the Plan wound up, the Company could have to pay in extra money to make sure all members' benefits could be paid in full by an insurance company. If the Company became insolvent and could not make extra payments, the Pension Protection Fund (PPF) might take over the Plan and pay compensation to top up members' benefits to certain limits.

For more details visit www.ppf.co.uk or write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

More Information

There are a number of documents available about the Plan.

- Statement of Investment Principles: This explains how the Trustee invest the money paid into the DCL Section.
- Statement of Funding Principles: This sets out the DCL Section's funding plan.
- Schedule of Contributions: This shows how much money is being paid into the DCL Section by the Company.
- Annual Scheme Report and Accounts: This shows the Plan's income and expenditure over the year.
- Formal Actuarial Valuation Report: This contains further details of the Scheme Actuary's check of the DCL Section's financial security as at 31 December 2021.
- Actuarial Reports: These contain further details of the approximate update of the DCL Section's financial position as at 31 December 2022 and 31 December 2023.

If you would like a copy of any of these documents, if you have a question about the Plan or a question about the information in this statement, please contact the DCL pensions team using the contact details below:

Email: DCLPensions@aon.com
Phone: 0345 6029505

Important: If you are thinking of leaving the Plan for any reason, you should consider talking to an Independent Financial Adviser, before taking any action.