DORMAN TRAFFIC PRODUCTS LIMITED RETIREMENT BENEFITS SCHEME SUMMARY FUNDING STATEMENT – OCTOBER 2021

WHAT IS THE PURPOSE OF THIS STATEMENT?

- To summarise the Scheme's funding position at 31 December 2020, which is the date of the last formal actuarial valuation.
- To explain how the funding position has changed since the last funding statement we sent you.

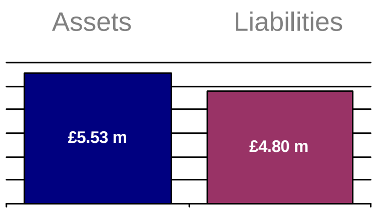
We also provide you with details of whom to contact if you have any questions or if you need to provide us with your new address.

At the back of this Statement we explain some of the technical terms used, as well as setting out a list of further documents available on request.

WHAT WAS THE SCHEME'S LATEST FUNDING POSITION?

The last actuarial valuation of the Scheme was carried out as at 31 December 2020 and the results are summarised below.

31 December 2020 – formal actuarial valuation



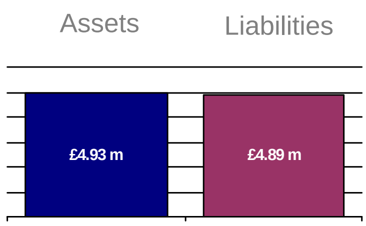
At 31 December 2020, the Scheme had a surplus of £0.73m, meaning the funding level was 115%. This valuation measured the funding of the Scheme on the basis that the Scheme continues and benefits are paid as and when they become due.

We are required to inform you whether a payment has been made to the employer, as permitted under the Pensions Act 1995, since we last sent you a summary funding statement. We can confirm that no such payment has been made.

HOW HAS THE SCHEME'S FUNDING POSITION CHANGED SINCE WE LAST SENT YOU A STATEMENT?

The last statement we sent you showed the funding position at 31 December 2017.

31 December 2017 – formal actuarial valuation



The surplus at 31 December 2017 was £0.04m. The funding position has improved since 2017 mainly due to the higher than assumed investment returns but this has been offset to some extent by a change in the expected return on the assets held by the Scheme.

CLEARING THE SHORTFALL

As these charts show, there was no deficit in the scheme at the latest triennial valuation. This Scheme is in surplus so no contributions will be payable.

The expenses of running the scheme, including the PPF levy will be paid by the Scheme, unless otherwise agreed with the employer.

We are required to tell you whether the Pensions Regulator has used its legal powers to make directions as to any of:

- The level of benefits available from the Scheme 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 Regulator has not used its powers in relation to the Scheme and therefore the Scheme is not subject to any directions.

WHERE ARE THE SCHEME'S ASSETS INVESTED?

To provide the benefits which you have been promised, the Scheme's existing investments and any shortfall contributions received from the Company are held by the Trustees within the Scheme. These are invested in a range of asset classes.

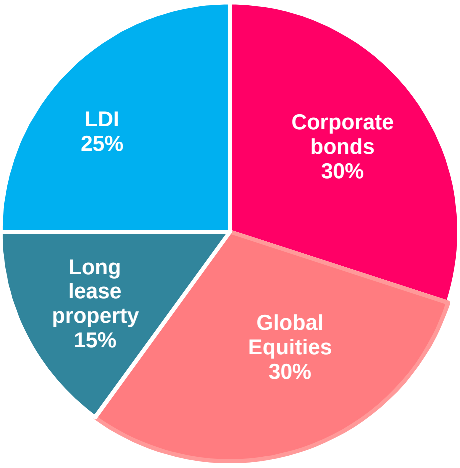
The investment strategy at the valuation date was as follows:

LDI

Liability Driven Investments are a type of investment which aims to mimic liability movements that are caused by changes in inflation and interest rates

Long lease property

Potential to provide an attractive yield above gilts, through investment in assets with long term, secure income which typically rises in line with inflation



Corporate Bonds

Potential to provide a yield above that of gilts through the investment of debt security issued by companies with a good credit quality

Global equities

Low governance/lost cost passive allocation, which is expected to generate attractive real returns over the long term, but with considerable volatility compared to liability targets

Note **Gilts are Government bonds, investing in Gilts would partially "match" movements in the Scheme's liabilities, however not the most capital efficient means of reducing interest and inflation risk**

The Trustees regularly review the investment strategy to check it remains appropriate given the current funding position and long term funding objectives.

IS THERE ANYTHING ELSE I NEED TO KNOW?

As well as assessing the funding position of the Scheme on a normal on-going basis, we have also assessed it on a “solvency” basis. This assessment is the notional cost of providing benefits on the basis that the Scheme had been wound up as at the valuation date and the benefits secured with a life insurance company. This assessment was that if the Scheme had been wound up on 31 December 2020 then the financial position would have been assets of £5.53m and liabilities of £5.68m giving a shortfall of £0.15m and a wind-up funding level of 97%.

The shortfall on this “buy out with an insurance company” measure arises because;

a. The insurer would invest in low returning, low risk assets such as gilts and bonds,
b. The insurance company incorporates expense loadings and profit margins, and,
c. The insurer needs to hold capital reserves and the cost of these is factored into the price.

The Scheme’s ability to pay pensions now and in the future depends on the Company carrying on in business and continuing to pay into the Scheme.

If the Scheme was to be wound-up and there was not enough money to buy all the benefits built up by members from an insurance company, then Unipart Rail Ltd would be required to top-up the Fund if it had the resources to do so.

If Unipart Rail was unable to support the Scheme and the Company was to suffer an insolvency event, then the Scheme would unlikely be able to buy members’ benefits in full from an insurance company. In such an event members’ benefits would be cut back, and it may be that we would need to call upon the Pension Protection Fund (PPF). The PPF was set up by the Government in 2005 as a ‘lifeboat’ fund to help members of pension schemes where there are insufficient assets to provide a certain level of pension benefits. Visit the PPF website for further details: www.pensionprotectionfund.org.uk. It is therefore in all our interests that the Company continues trading successfully.

ANY QUESTIONS?

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

Tim Wilson

Unipart Group Pensions department

Email: tim.wilson@unipart.com

Telephone: 01865 383524

Technical terms	
Assets	The value of the Scheme's investments which includes contributions paid into the Scheme together with returns on the investments. The Scheme's assets are held in a single fund for the membership as a whole, not in separate funds for each individual.
Liabilities	The current value of all members' benefits (including pensions in payment and benefits for members who have already left the Scheme).
Funding position	The proportion of assets to liabilities. If the value of assets equalled the value we place on the Scheme's liabilities, it would have a funding level of 100%.
Actuarial valuation	An in depth review of the Scheme's financial health to assess the value of the Scheme's liabilities and compare this to the value of the Scheme's assets. This valuation is carried out every three years by the Scheme Actuary.
Ongoing valuation	An actuarial valuation which assumes that the Scheme continues in the future with contributions being paid by the Company.
Wind-up valuation	An estimate of the cost of buying guaranteed pension policies with an insurance company.

Additional documents you can ask for	
Statement of Funding Principles	This explains how we (the Trustees) measure the financial security of the Scheme and how we aim to continue to provide the benefits that members have built up.
Statement of Investment Principles	This explains how we invest the money paid into the Scheme.
Schedule of Contributions	This shows how much money is being paid into the Scheme by the Company.
Annual Report & Accounts	The accounts of the Scheme are produced each year and show the income and expenditure of the Scheme. The latest accounts currently available show the position at 31 December 2020.
Actuarial Valuation Report as at 31 December 2020	This is the full report which the Trustees received containing full details of the results of the last actuarial valuation.