



PENSIONS REPORT 2024

Canon Retirement
Benefit Scheme for
the United Kingdom

Canon

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WHO'S WHO?

The Trustees

The Trustees are:

Matthew Searle (Chair)*

John Marks**

Elizabeth MacDonald*

Wayne Barlow**

Allan Whalley*

Danny Holeyman acts as Secretary to the Trustees

*Company Appointed Trustees

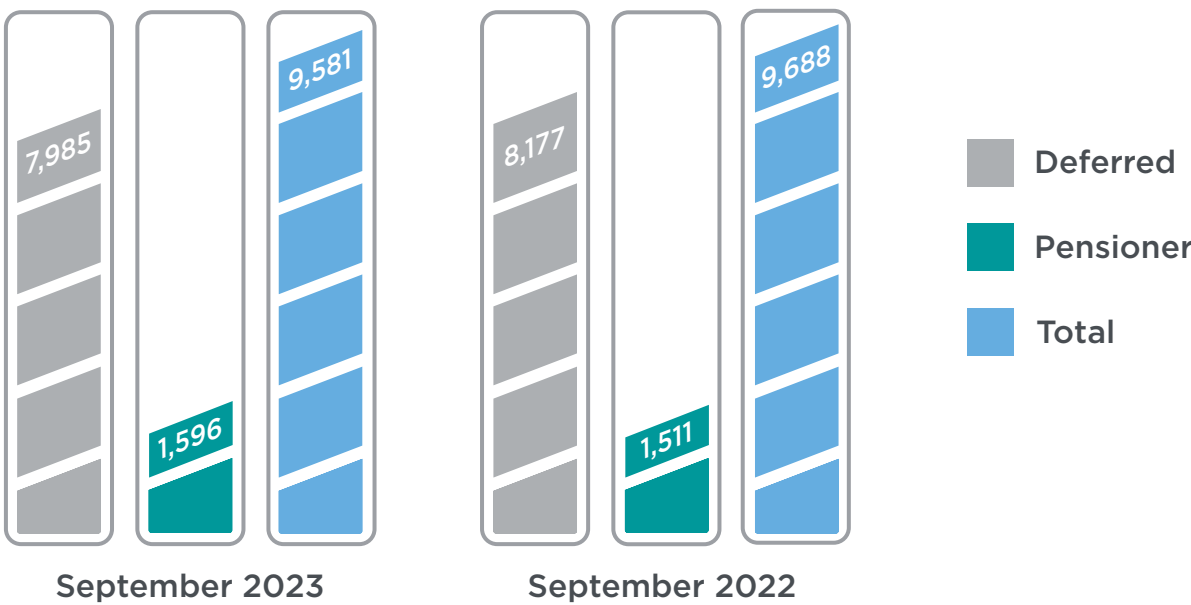
**Member Nominated Trustees

Having left the employment of Canon in January 2022, Chair Matthew Searle is now a full-time, Professional Independent Trustee alongside Allan Whalley.

MEMBERSHIP STATISTICS

Below is a chart that shows the changing membership profile over the last two years.

Member numbers



ARE YOU READY TO GO DIGITAL?

We've moved our Scheme communications online as it's quicker, easier and enables the Trustees to keep you better informed on your benefits more frequently.

This is the last paper newsletter we will be issuing; in future all our communications will be sent out digitally, unless you specifically ask to keep receiving paper copies. If you haven't already, make sure you let us have your email so we can stay in touch.

Not signed up to online communications yet?

The quickest way to keep up to date with your pension is through email updates. Sign up for online communications by registering for the member portal where you can confirm your email address as well as view your

benefits and check your personal and contact details are correct. You can also contact the admin team securely through the member mailbox and receive replies there, too: portal.hartlinkonline.co.uk/canon

Prefer your newsletter printed?

We understand that online communications aren't for everyone. If you'd like to keep receiving your information by post, please write to us at:

The Canon Retirement Benefits Scheme
c/o Capita Pension Solutions
PO Box 555
Darlington
DL1 9YT

Or email us at: canonpensions@capita.co.uk

SETTING UP MULTI-FACTOR AUTHENTICATION (MFA)

MFA makes logging in easier, but still just as secure. It means that rather than having to remember a PIN as well as a password to access the Portal, you just need to provide a mobile number so that a one-time code can be sent to you each time you log in. This keeps your details secure, as someone would need your phone as well as your login details to access your data, but also makes it easier for you to log in.

If you've previously used the Portal, your login details will be the same. Once logged in, you can change to MFA by:

1. Clicking on 'Update your authentication method for logging in' on the scrolling images of the Portal homepage. This will take you to the Change Account Details section.
2. Scroll down to 'Authentication Method' then select either SMS (recommended)

or App from the dropdown and click 'Proceed'.

3. For the App, you'll be provided with a code to give to your App to set it up. You'll need to confirm you've done this and click 'Proceed'.
4. You'll then see a screen confirming the changes that you've made. Click 'Continue' to go back to the Portal homepage.
5. If you selected SMS, you'll need to make sure you've entered your mobile number. You'll be asked to confirm the last three digits of your mobile telephone number next time you log in. You'll then receive a text with the code you need to access your account.

If you've not used the Portal before you'll have the option to set up MFA as part of the registration process. You can access the Portal here: portal.hartlinkonline.co.uk/canon

SUMMARY FUNDING STATEMENT

Canon Retirement Benefits Scheme for the UK: Summary Funding Statement as at 30 September 2022

There is a legal requirement that you are given a statement providing certain information on the funding position of the Scheme. This information is set out below, together with details of the importance of the support of Canon, what would happen if the Scheme were to 'wind-up' and where the Scheme's assets are invested.

This information is being given to you so that you have a better understanding of the Scheme.

Funding position in the previous Summary Funding Statement

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.

The last time we provided a Summary Funding Statement, it showed the position at 30 September 2021 and 30 September 2020, both annual funding updates. Since then, we have carried out a full valuation as at 30 September 2022. The results of this valuation are shown below, along with the 2021 and 2023 update figures for comparison. Please refer to Summary Accounts and Investments on page 7 of this newsletter for an explanation of the reduction in value of the Scheme assets.

	30 Sept 2021 Interim update £ millions	30 Sept 2022 Full funding valuation £ millions	30 Sept 2023 Interim update £ millions
Assets	1,133	745	686
Liabilities (amount needed to provide benefits)	1,192	809	667
Surplus (deficit)	(58.8)	(64)	19
Funding level	95%	92%	103%

Change in funding position since the previous Summary Funding Statement

The previous Summary Funding Statement that you received showed that as at 30 September 2021 the funding level was assessed as 95%. This decreased to 92% at the full valuation as at 30 September 2022. Since then, the funding level has increased to 103% as at 30 September 2023.

The main reason for this increase in funding level is due to deficit contributions being paid into the Scheme by the Employer. This was

partially offset by changes to the actuarial assumptions which increased the value placed on the liabilities.

Recovery plan

The deficit contributions will be paid in accordance with the recovery plan dated 27 December 2023:

- October 2022 to June 2023: £5,274,697 per month
- July 2023 to June 2024: £5,432,938 per month

Solvency position

What would happen if the Scheme started to wind up (i.e., cease to operate)?

If the Scheme winds up, you may not receive the full amount of pension you have earned. However, whilst the Scheme is ongoing, even though funding may be temporarily below target, pensions will continue to be paid in full.

The estimated amount needed to ensure that all members' benefits could have been paid in full if the Scheme had started winding up (full solvency) on 30 September 2022 was £259m. **Inclusion of this information is compulsory and does not imply that Canon is thinking of winding-up the Scheme.**

What happens if the Scheme winds up and there is not enough money to pay for all of my benefits?

If the Scheme winds up without sufficient assets to secure all the benefits with an insurance company then, unless the Employer can afford to make good the shortfall, you are unlikely to receive your full entitlement under the Scheme.

To help members in this situation, where the Employer becomes insolvent, the Government has set up the Pension Protection Fund (PPF) to pay benefits to members whose employers are insolvent and unable to continue funding their pension scheme.



The pension you would receive from the PPF may be less than the benefit you had built up in the Scheme depending on your circumstances. Further information and guidance are available on the PPF website at www.ppf.co.uk or you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that all benefits will be secured by buying insurance policies. Insurers are required to take a very cautious view of the future, include a profit margin and make an allowance for their expenses. By contrast, the funding plan assumes that the Employer continues to support the Scheme financially, while adopting less cautious assumptions about the future.

Additional 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.

SUMMARY ACCOUNTS AND INVESTMENTS

In 2022, and since then, the pension scheme landscape changed dramatically due to rising gilt yields. Gilts are the asset that underpins how pension scheme liabilities are calculated, leading to many schemes becoming better funded even where the value of the assets that fund the benefits have fallen.

Rising gilt yields mean that the money schemes need to hold now (“assets”) to meet future benefits (“liabilities”) reduces as we expect to get a better return on these investments going forward. As the Canon Scheme follows an investment strategy where a significant portion of our assets are matched to liabilities, to secure member benefits and reduce risk, this means that asset values reduce when liabilities fall due to rising gilt yields.

The Scheme is similar to most other Defined Benefit schemes in that whilst the assets have fallen in value, the funding position - measured as the assets we hold versus the funds we believe we need to meet members benefits - has improved significantly due to the gilt movements and also significant ongoing contributions from Canon during the period.

Fund account

Defined benefit section 2022	
Net assets of the Scheme at start of year	£1,133,662,887
Money in	
Employer contributions	£61,913,685
Transfer between sections	£584,396
Money out	
Benefits paid	(£13,684,705)
Payments to and on account of leavers	(£19,406,070)
Administration expenses	(£2,247,841)
Net returns on investments	(£415,870,776)
Net assets of the Scheme at end of year	£744,951,576

INCOME AND EXPENDITURE

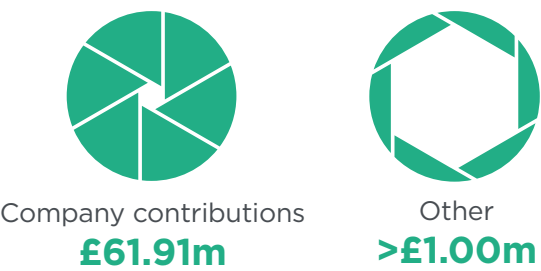
The examples below show the income and expenditure of the Scheme, plus a guide to the components that are attributable to each area.

Total income

Company contributions – Contributions paid by the Company in respect of Deficit Funding.

Other – Transfers between the DC and DB sections.

Total income (year ended 30 September 2022)



Total expenditure

Pensions – Pensions paid to members.

Transfers-out – Payments made by the Scheme to alternative pension providers for members who have transferred their benefits out of the Canon Scheme.

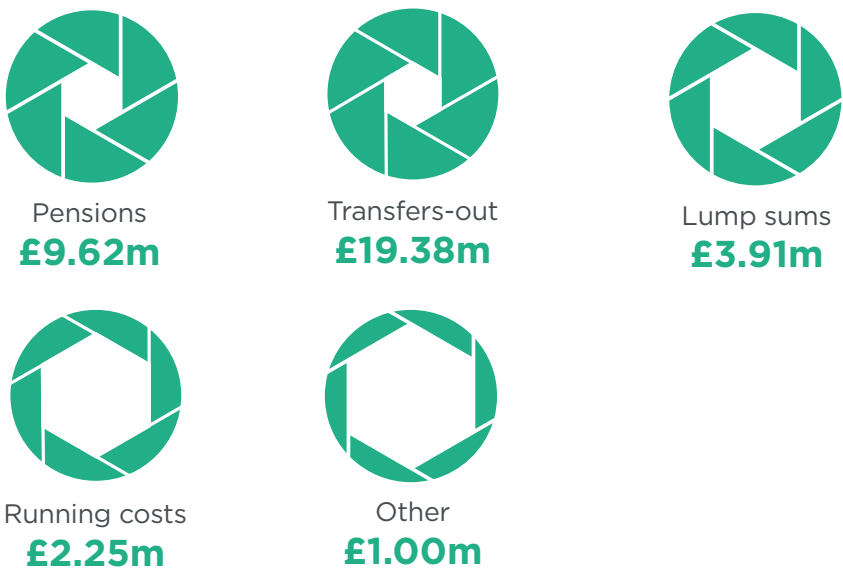
Lump sums – Cash lump sums paid to members on retirement or on death.

Running costs – This includes the fees and expenses for the day to day running of the Scheme, including fees for the provision of services by the administrators, actuaries, auditor, legal advisers, insurance premiums,

Pension Protection Fund and Pensions Regulator levies and investment manager. It also includes the costs involved with the buying and selling of shares.

Other – Annuities purchased, refunded contributions for members who have left the Scheme with less than two years’ service and taxation for excess over Annual and Lifetime Allowances.

Total expenditure (year ended 30 September 2022)



CYBER SECURITY

As recent cyber security incidents at Capita and other large organisations show, cyber crime is on the rise, so it’s important to be vigilant. Your continued trust is our priority, and we remain dedicated to safeguarding the data we hold. In an increasingly digital world, we all need to know how to look after our data online. The below tips can help you to stay safe.

What you can do

Whenever you’re using online services, there are some things you can do to keep your data safe:

- Use strong passwords with numbers, uppercase and lowercase letters, and symbols.
- Have different passwords for different accounts – so if one is compromised cyber criminals can’t use that data to access anything else.
- Check that emails and links match those you’ve previously used or separately verify them using another source (e.g., by searching for a company’s website on Google).



OTHER INFORMATION

Environmental, Social and Governance (“ESG”) Considerations

The Trustees have considered their approach to ESG factors for the long-term running of the Scheme and how this might impact investment decisions. The ongoing monitoring and management of ESG risks is becoming increasingly important for all scheme trustees and their investment managers.

The operational behaviour of the Scheme Investment Managers will be reviewed from time to time, to ensure they remain in line with the Trustees’ requirements as set out in the Scheme’s Statement of Investment Principles. The Trustees will also make sure to take any updates on ESG into consideration when making decisions about the Scheme’s investment allocation.

There are specific reporting obligations related to the underlying Scheme investments and details of the Trustees’ formal approach to ESG risks will be provided in the Report and Accounts for Year Ending 30 September 2023.

GMP equalisation (GMPe)

In October 2018, the High Court ruled that pension schemes are required to equalise benefits between men and women for the effect of Guaranteed Minimum Pensions (GMP) which were accrued on or after 17 May 1990.

Now the Trustees, with their advisers, are looking at how this affects the Scheme and evaluating the impact of GMPe in relation to the Scheme rules and the value of any liability. Once investigations are complete, the Trustees will come up with a plan to equalise any historic benefit discrepancies and ensure equitable distribution of benefits going forward.

Minimum retirement age

The Trustees would like to remind you that the minimum retirement age is set to change from 55 to 57 in 2028, in line with the changes to the State Pension age. Anyone born after 6 April 1961 will not be able to take their pensions any sooner than 10 years before the State Pension age unless they have a protected minimum pension age in their Scheme or meet the requirements for an ill-health early retirement pension.

Beneficiary nomination

In the event of your death, benefits may be payable to your dependants. The Trustees decide who should receive any death benefits payable by the Scheme so it is important that you give them guidance on who you would like to receive this benefit by ensuring that your Beneficiary Nomination Form is kept up to date. You should fill in a new form if your circumstances change or if you change your mind at any time. It’s important that you check this Form on a regular basis, including other Scheme paperwork to ensure everything is up to date and suits your present circumstances. You can review the details we hold for you in the Portal at portal.hartlinkonline.co.uk/canon

Please note the payment of any benefit remains completely at the discretion of the Trustees.

Changes in your personal data

Please make sure you inform the Pensions Team of any changes in your circumstances such as marital status and change of address.

To access the portal please visit: portal.hartlinkonline.co.uk/canon

If you are unable to log in using this link, please contact Capita using the details below:

Email: canonpensions@capita.co.uk

Tel: 0800 917 4552

LOOK OUT FOR PENSION SCAMS

As well as more general cyber crime, some criminals will specifically try to target your pension savings. It’s important that you understand the rules around your pension and what tactics scammers might use. The most common scams will:

- Try to convince you that you can get more money by investing your pension somewhere else – anything offering guaranteed returns, or that sounds too good to be true, is likely to be a scam.
- Offer you a loophole or another scheme to access your pension before age 55.

- Pressure you into making a decision, rather than give you time to seek professional advice from a regulated adviser.

It’s illegal to make cold calls about financial services, including pensions, so if anyone contacts you out of the blue, it’s likely to be a scam.

If you’re unsure about any offer you’ve received, investigate it fully and take professional advice. You can check if an adviser is regulated on the FCA website, and find out more about how to avoid scams, at www.fca.org.uk/consumers/protect-yourself-scams



YOUR CONTACT POINT

Any additional information that you require about the Scheme can be obtained from the Pensions Administration Team. You can ask them about your individual benefit entitlement by writing, quoting your National Insurance number, to the following address:

The Canon Retirement Benefits Scheme
c/o Capita Employee Solutions
PO Box 555
Darlington
DL1 9YT

Email: canonpensions@capita.co.uk
Tel: 0800 917 4552

This document is for information purposes and is based on our understanding of current law and tax legislation as of April 2024. HMRC policy, practice, and legislation may change in the future. The contents of this newsletter do not constitute independent financial advice.