

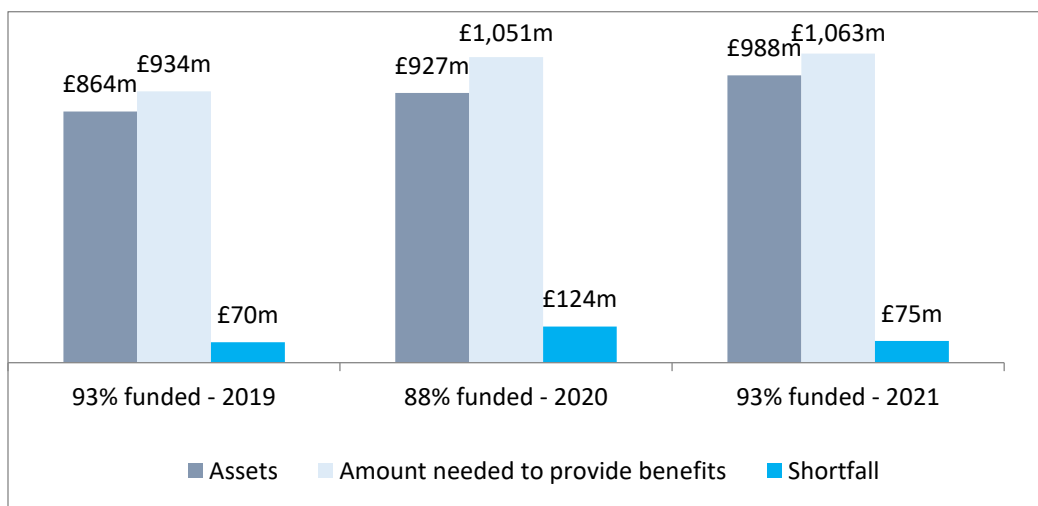
Summary Funding Statement for period to 31 December 2021

This funding check gives you a picture of the financial health of the Eaton UK Pension Plan (the Plan).

The value of the Plan's assets and the expected cost of its commitments both change over time. This is because estimates of investment returns, interest rates, life expectancy and inflation are all revised regularly. As a result, regular funding checks are required. This statement confirms the position at 31 December 2019, the date of the Plan's most recent actuarial valuation, and at the same date in 2020 and 2021.

Funding position

The results on 31 December 2019, 2020 and 2021 are:



The assets and liabilities shown above include all of the Plan's assets and liabilities, including those in the Defined Contribution sections of the Plan from members' Additional Voluntary Contributions (AVCs), Money Purchase Accounts (MPAs) and Individual Member Accounts (IMAs).

Why has funding changed?

Since the last check (as at 31 December 2020) the Plan's funding level has increased from 88% to 93%. This is mainly due to the contributions paid by Eaton and higher returns than expected on the Plan's assets as investment markets recovered following COVID.

Contributions to the Plan

As part of the 31 December 2019 valuation, Eaton and the Trustee agreed that the Employers would increase their regular contributions from 1 January 2021 to meet the cost of benefits being earned by Plan members to 32.9% of members' pensionable earnings. There was no change to the rates being paid by members.

The Employers are also making additional contributions of £9.5 million each year from 1 January 2021 up to 31 January 2026. These additional contributions form part of the **Recovery Plan**, under which it is intended that the Plan will be fully funded by 31 January 2026 based on the agreed funding assumptions as set out in the Plan's Statement of Funding Principles.

Other ways of valuing the Plan (or wind-up position)

As a part of the 31 December 2019 valuation the Trustee considered the funding position were the Plan to wind-up. Under this scenario, the Plan's assets would be used to meet the cost of winding-up and then secure benefits by buying annuities from an insurance company. A wind-up assessment is required by law and must be provided as part of this statement; it does not mean that Eaton or the Trustee are considering winding up the Plan.

If the Plan were to wind up, the Trustee would first secure in full members' Additional Voluntary Contributions, Money Purchase Accounts and those Individual Member Accounts that are expected to cover the minimum pension underpin. The estimated funding level for all benefits was 72% assuming that the Plan wound up as at the valuation date of 31 December 2019. This is an improvement from the position at 31 December 2016 when it was estimated that the Plan was 64% funded on this measure.

What happens if the Plan is wound up and there is not enough money to pay all benefits?

First the Trustee would look to the Employers to make good the shortfall, and Eaton has agreed guarantees with the Trustee through one of its other subsidiary companies, which would provide additional funding sufficient at the valuation date for the Trustee to secure members' benefits in full in these circumstances.

The Government has also set up the Pension Protection Fund (PPF) to pay benefits to members in the event that employers become insolvent and are unable to meet their pension commitments.

If such circumstances were ever to occur, you would receive compensation from the PPF. However, this might be less than the full benefit you had earned in the Plan depending on your age and when your benefits were earned.

Payments to Eaton and directions from the Pensions Regulator

There have been no payments to Eaton from the Plan since the last Statement. The Pensions Regulator has powers to impose funding plans or modify plans. No such directions have been made for the Plan.

Where can I get more information?

If you want us to send you the documents which provide more detail, such as the Statement of Investment Principles, the Actuarial Valuation Report or the full Report and Accounts, please contact:

 eatonpensions@willistowerswatson.com

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