The Mars Associates' Retirement Plan ("the Plan") Date: April 2023

Summary Funding Statement for the period ended 31 December 2022

Introduction

All pension plans are required to tell members about the funding of their pension plans. Members who are entitled to benefits under the Plan should read this document to understand the Plan's funding position. The information provided in this statement is required under legislation and does not imply any intentions by Mars as to the future of the Plan.

This summary funding statement refers only to the Mars Associates' Retirement Plan, defined in this statement as "the Plan". This covers benefits provided to members in the Mars Pension Plan ("MPP"), the Associates' Retirement Plan ("ARP") and former members of the Wrigley Pension Plan. It does not include any other Mars pension arrangements.

The Employer Sponsors of the Plan are the three principal Mars UK operating companies, Mars Wrigley Confectionery UK Limited, Mars Petcare UK and Mars Food UK Limited.

The Scheme Specific actuarial valuation

All pension plans are required to appoint a Scheme Actuary. A full valuation of the Plan is carried out by its appointed Scheme Actuary at least every three years.

The most recent full valuation of the Plan at 31 December 2020 showed that the funding position of the Plan was as follows:

Assets	£5,733m
Amount needed to provide benefits (known as the "technical provisions")	£5,317m
This showed a surplus of	£416m
Funding level	108%

As the Plan's assets were sufficient to cover the amount need to provide benefits at the valuation date, the Employer Sponsors are no longer required to pay contributions to eliminate a deficit. The Employer Sponsors are continuing to make regular contributions to meet the cost of benefits being built up by associates each year (£36.3m per year during 2021 and 2022).

Change in funding position

The last summary funding statement showed the estimated funding position as at 31 December 2021. This showed a funding level of the Plan of 118%. The improvement in the funding level between 31 December 2020 and 31 December 2021 was primarily due to strong investment returns on the Plan's assets which more than outweighed the increase in the Plan's technical provisions over the period. Whilst interest rates increased acting to reduce the liabilities, inflation expectations also increased, which largely offset this.

The Trustee directors monitor the funding level between full valuations. The annual update by the Scheme Actuary showed that, on a like for like basis the funding level as at 31 December 2022 was estimated to be 131% which corresponds to a surplus of £1,056m. The improvement in the technical provisions funding level between 31 December 2021 and 31 December 2022 was primarily due to a very significant rise in gilt yields (fall in the prices of gilts) which reduced the liabilities. The value of the Plan's assets also fell, as some (but not all) of the Plan's assets are linked to the prices of gilts. The Plan's assets not linked to gilt prices performed better than gilts, meaning the assets fell less than the liabilities, so the funding level improved.

Whilst the funding level has improved significantly on a like for like basis, the current technical provisions basis assumes a future level of investment returns that may be higher than justified in current conditions. However, even with a more prudent approach, there would still be a substantial surplus, and this will be explored further at the next actuarial valuation due as at 31 December 2023.

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Legislation requires us to tell you the following information:

If the Plan were wound up

The Pensions Act 2004 requires us to inform members of the funding position of the Plan if it were to be wound up. Inclusion of this information does not imply that the Employer Sponsors are thinking of winding up the Plan.

As at 31 December 2020, the assets of the Plan provided about 83% of the estimated amount that would be needed to ensure that all members' benefits could be paid in full if the Plan were to be wound up and all benefits bought out with an insurance company.

Payment to the Employer Sponsors

There has not been any payment from the Plan to the Employer Sponsors.

The Pensions Regulator

We are also required to confirm whether the Pensions Regulator has modified the future accrual of benefits under the Plan, given any directions in relation to the funding of the Plan or imposed a schedule of contributions on the Plan. We can confirm that the Pensions Regulator has not exercised any of these powers in relation to the Plan.

Task Force on Climate-Related Financial Disclosures (TCFD)

We seek to ensure that the businesses in which the Plan is invested provide necessary climate related financial information according to the TCFD's recommendations. Our TCFD statement contains more information on how we aim to achieve this. Our 2021 TCFD statement is available on the Plan's website https://epa.towerswatson.com/doc/MRS/pdf/tcfd-report--.pdf

Where can I get more information?

If you have any other questions, or would like any more information, please contact:

Mars Pension Trustees Limited
Address: PO Box 545, Willis Towers Watson, Redhill, RH1 1YX
Email: mymarsfunds@willistowerswatson.com
Tel: +44 (0)1737 273057

A list of more detailed documents, which provide further information, is provided overleaf. Please let us know if you want us to send you any of these documents.

Please help us to keep in touch with you by telling us if you change address.

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Additional documents available on request

The Statement of Funding Principles – This sets out the Plan's funding plan.
The Statement of Investment Principles – This explains how the Trustee directors invest the money paid into the Plan.
The Schedule of Contributions – This shows how much money is being paid into the Plan.
The Annual Report and Accounts of the Mars Associates' Retirement Plan – This shows the Plan's income and expenditure.
A Summary of the Pension Plans for the Mars Associates' Retirement Plan – You should have been given a copy when you joined the Plan, but we can let you have another copy.

Important: If for any reason you are thinking of leaving the Plan, you should consult a professional adviser, such as an independent financial adviser, before taking any action.

How the Plan operates

How is my pension paid for?
The Employer Sponsors pay contributions to the Plan which are invested so that the Plan can pay pensions to Plan members when they retire.

The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

How is the amount the Plan needs worked out?
The Trustee directors have a funding plan (the Statement of Funding Principles) agreed with the Employer Sponsors, which aims to make sure there is enough money in the Plan to pay for pensions now and in the future. The Trustee directors obtain regular valuations of the benefits earned by members. Using this information, the Trustee directors, on the advice of the Scheme Actuary and with agreement of the Employer Sponsors, determine what contributions are to be paid by the Employer Sponsors, with any surpluses or deficits dealt with by agreement with the Employer Sponsors.

The importance of the Employer Sponsors' support
The Trustee directors' objective is to have enough money in the Plan to pay pensions now and in the future. The success of the funding plan, however, relies on the Employer Sponsors continuing to support the Plan because:

- the funding level can fluctuate, and when there is a deficit, the Employer Sponsors will usually need to put in more money;
- the target funding level may turn out not to be enough, so that the Employer Sponsors will need to put in more money; and
- the Employer Sponsors pay the expenses of running the Plan.

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What would happen if the Plan was to be wound up? (Legislation requires us to tell you this)
If the Plan were to start to wind up, the Employer Sponsors are required to pay enough into the Plan to enable the members' benefits to be bought out with an insurance company. If the Employer Sponsors were unable to pay this amount, the Pension Protection Fund may take over the Plan and pay benefits to members.

If the Plan is wound up, you might not get the full amount of pension you have built up, even if the Plan is fully funded under our funding plan. However, whilst the Plan remains ongoing, even though funding may temporarily be below target from time to time, benefits will continue to be paid in full.

Further information and guidance is available on the Pension Protection Fund's website, www.ppf.co.uk/. Or you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

Why doesn't the Plan always have enough money to buy out the benefits?
The Trustee directors assume that the Employer Sponsors will remain in business and will continue to support the Plan and therefore that the Plan will not be wound up. Accordingly, it is not appropriate to fund the Plan on the assumption that it will be wound up and be necessary for benefits to be bought out with an insurance company. Insurance companies are obliged to take a very cautious view of the future in setting the cost of buying out benefits and also wish to make a profit.