November 2020

Dear Member,

Letter on behalf of the Scheme Trustee

I last wrote to you in April and July with updates on the Scheme's funding position and operations. The Trustee is now pleased to update you further and encloses the 2020 Annual Summary Funding Statement and 2020 Trustee's Report, for your information.

The Scheme Funding Position

You may recall from my earlier updates that the Scheme's funding position had been temporarily affected by market conditions, particularly in March 2020, when the scale of the global pandemic became known. The Annual Summary Funding Statement attached confirms what I reported to you informally in my July update, that having fallen from just over 100% at 31 March 2019 and 31 December 2019 to 97% at 31 March 2020, the funding position has recovered back to just over 100% since then.

This small amount of volatility in scheme funding during a periodic of significant market shock, is as a result of the Trustee's conservative approach to investment risk that is described more fully in the attached reports. The Trustee will continue with this approach to investment strategy. This means, whilst we may not benefit fully from any significant short-term market recovery, we will always aim to generate sufficient investment return to achieve our overall scheme funding objectives.

Our Sponsor

As previously reported to you in my previous updates, the Trustee and its covenant adviser, Ernst & Young LLP, have been actively communicating with our Sponsor, Fnac Darty, to understand what actions the group has taken to help mitigate the economic impact of the COVID-19 virus on its operations and financial position.

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I am also pleased to report that Fnac Darty Group continues to trade successfully since the reopening of its stores in May. The group recently announced encouraging third quarter sales and further strategic development that aims to position them well for the all-important fourth quarter of the year.

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The Group CEO commented with the third quarter report: *"Fnac Darty was able to generate a good level of activity during the 3rd quarter of 2020, demonstrating the quality of its teams' commitment and the excellence of its business execution, despite facing challenges and difficulties specific to the health situation. The success of our Darty Max offer, for which we have opened online subscriptions, along with the overhaul of our loyalty program and the publication of our third edition of the "After-Sales Service Barometer" are all proof in this quarter of our commitment to innovate and our ability to offer our customers the best omnichannel experience on the market, supported by a unique product and service offering. We are thus continuing to invest in a specialized retail model toward the goal of quality and more sustainable consumption. We are now prepared for the fourth quarter, traditionally decisive and even more this year in particular, thanks to our robust logistics and digital model, yet we remain cautious due to health constraints."*

In the meantime, the Trustee and its covenant adviser continue to hold regular dialogue with our Sponsor.

Our Scheme Administration and paying benefits

As previously advised, the Trustee has ensured all of its advisers and our administrators have successfully implemented their business continuity plans in response to the restrictions imposed as a result of the COVID-19 virus. To date we can report that it is very much business as usual, albeit some things may continue to take a little bit longer to undertake than usual.

In accordance with guidance for pension scheme trustees generally, we will continue to prioritise our collective ability to ensure we are able to pay member benefits. Whether these are our current pensioner payroll, new retirements for members, or sadly the payment of death benefits.

The Trustee continues to urge all members to please be aware of the heightened risk of pension scams at the present time in relation to accessing your pension benefits, whether through taking a transfer to another pension scheme arrangement or taking early retirement to access a tax-free lump sum.

If anyone approaches you and suggests that now is a good time to transfer due to the COVID-19 crisis, please be mindful that there are unscrupulous individuals trying to take advantage of people at this uncertain time. The government has banned cold calling in relation to pensions and so if anyone calls you out of the blue in relation to your pension, you should be aware that there is a high risk that it could be a scam.

For this reason, we urge you to exercise extreme caution and visit:

www.fca.org.uk/scamsmart

which has guidance relating to how to avoid scams generally and also specifically in relation to COVID-19. Useful information, particularly if you are approaching retirement, or have had your pension affected by the current economic conditions can also be found at:

www.pensionsadvisoryservice.org.uk/about-pensions/when-things-change/coronavirus-how-will-this-affect-my-pension-or-investments".

Our administrator has also updated their COVID-19 information sheet and a copy is attached for reference.

A copy of this letter and other Scheme information can be found on our website https://www.comet-pensions.co.uk/ . If you require any scheme information, please check our website before contacting the Scheme administration team during the current COVID-19 restrictions.

Kind regards,

Ian Edwards
Chairman of Trustee

Comet Trustee Company Limited
3rd Floor, Forbury Works
37-43 Blagrave Street
Reading RG1 1PZ
Telephone: 0845 313 0024
Registration Number: 4827757

Frequently Asked Questions and Answers

Q. I am already receiving a pension from the scheme. Will the amount of this or the date that it is paid change?

A. No - pensions already being paid at 31 March 2020 were increased in April as they are each year based on the Scheme rules. We are also prioritising the payment of pensions so that there will be no change to the date each month on which these are paid.

Q. I am planning on retiring this year. Will the amount that I receive change?

A. If you are planning to retire this year, then the amount you will receive will be calculated exactly in accordance with the Scheme rules as usual and no changes will be made as a result of the current COVID-19 pandemic. We are also prioritising the processing of retirements so we hope to ensure no delay to the date on which your pension will be first paid once you have accepted the retirement pension quotation and informed us of any of the available options you wish to take.

Q. I want to apply to transfer out of the scheme. Can I still do this?

A. Yes, members may now request transfer value quotations and these will be processed in the normal way. Please be aware that there is a small backlog of quotations due to the freeze on transfer activity initially imposed by the Trustee during lockdown and that these will be processed before any new requests that are received. The Trustee would like to draw your attention to the heightened risk of pension scams in the current circumstances as highlighted in the attached letter from the Chairman.

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Comet Trustee Company Limited
3rd Floor, Forbury Works
37-43 Blagrave Street
Reading RG1 1PZ
Telephone: 0845 313 0024
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COMET PENSION SCHEME
2020 SUMMARY FUNDING STATEMENT

Trustees are required to send members a brief statement giving a regular update of the Scheme's funding position. The Trustee of the Comet Pension Scheme ("the Scheme") is therefore pleased to provide the Summary Funding Statement for 2020.

The Trustee is responsible for administering the Scheme and ordinarily you should expect to receive an annual statement to let you have updated information about the funding of the Scheme. The actuarial valuation of the Scheme as at 31 March 2019 was finalised in January 2020, and so for ease of reference we have combined the information that we are required to provide you in respect of 2019 and 2020 into one statement.

The statement refers only to the Comet Pension Scheme (i.e. your final salary benefits).

WHAT IS THE PURPOSE OF THIS STATEMENT?

This statement has been produced by the Trustee and its purpose is:

- to summarise the results of the latest actuarial valuation carried out as at 31 March 2019;
- to explain how this funding position had changed compared with the previous position shared with you at 31 March 2018;
- to summarise the results of the annual update as at 31 March 2020; and
- to explain how this funding position has changed compared with the position at 31 March 2019.

WHAT IS AN ACTUARIAL VALUATION?

The Scheme Actuary studies the financial position of the Scheme periodically (at least every three years) by carrying out an actuarial valuation. The valuation is used to estimate the amount of money required to pay benefits as they fall due and compare this with the assets held in the Scheme. To make this assessment, the Scheme Actuary has to use a number of assumptions about what will happen in the future such as how long people will live, what inflation will be and how much income the Scheme will earn from its investments.

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ACTUARIAL VALUATION

The most recent actuarial valuation of the Scheme was completed as at 31 March 2019, and an annual updating report was produced as at 31 March 2020. The funding positions at these dates, along with the previous funding position update as at 31 March 2018, are shown below for information.

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	31 March 2018 £thousands	**31 March 2019 £thousands**	**31 March 2020 £thousands**
Value of assets	511,800	526,500	524,600
Value of past service liabilities	(510,800)	(520,500)	(540,500)
	-------------	-------------	-------------
Past service surplus/(deficit)	1,000	6,000	(15,900)
Funding level	100%	101%	97%

Since 31 March 2020, the funding position has improved, and the Scheme Actuary estimated that as at 30 June 2020, the Scheme had a surplus of around £4.2m, and a funding level of 101%.

As the actuarial valuation as at 31 March 2019 showed that the funding shortfall had been removed, a recovery plan was not required.

Change in the Funding Position

As shown on the previous page, it is estimated the Scheme's funding position improved by around £5 million over the period between 31 March 2018 and 31 March 2019. Over the same period the ratio of the assets to the estimated value of the liabilities, known as the funding level, increased from 100% to 101%.

The following factors have affected the funding position of the Scheme between 31 March 2018 and 31 March 2019, by the approximate amounts shown below:

	£m
Surplus as at 31 March 2018	**1.0**
• Net effects of changes in market conditions and investment returns	(7.2)
• Contributions received	4.0
• Change in derivation of assumptions used for the actuarial valuation as at 31 March 2019	9.6
• Other factors	(1.4)
Surplus as at 31 March 2019	**6.0**

Between 31 March 2019 and 31 March 2020, it is estimated the Scheme's funding position worsened by around £21.9 million. Over the same period the ratio of the assets to the estimated value of the liabilities, known as the funding level, decreased from 101% to 97%.

The following factors have affected the funding position of the Scheme between 31 March 2019 and 31 March 2020, by the approximate amounts shown below:

	£m
Surplus as at 31 March 2019	**6.0**
• Net effects of changes in market conditions and investment returns	(27.2)
• Contributions received	3.4
• Inflation experience	4.3
• Other factors	(2.4)
Deficit as at 31 March 2020	**(15.9)**

As noted earlier, the Scheme Actuary has estimated that the funding position of the Scheme had improved since 31 March 2020 and estimated that as at 30 June 2020 there was a surplus of around £4.2m.

Funding Position of the Scheme Had It Wound-up

The aim of the Trustee is for there to be enough money in the Scheme to pay pensions now and in the future, but this depends on Darty Limited carrying on in business and continuing to support the Scheme. If Darty Limited goes out of business, it must pay enough money to buy all the benefits built up by members from an insurance company. This is known as the Scheme being 'wound-up'. The comparison of the Scheme's assets to the cost of buying the benefits from an insurance company is known as the "solvency position".

A test of this solvency position at 31 March 2019 showed that the Scheme's assets could not have paid for the full benefits of all members to be provided by an insurance company if the Scheme had wound-up at that date. If the Scheme had wound-up on 31 March 2019 then it is estimated that the amount needed to buy the Scheme benefits in full from an insurance company would have been £894 million (that is, a shortfall of around £368 million). This figure is just an estimate and is not meant to imply that the Trustee or Darty Limited are considering winding-up the Scheme. It is just another piece of information that we are required to tell you and we hope will help you understand the financial security of your benefits.

THE SCHEME'S FINANCIAL SECURITY

The Scheme's assets are held separately from Darty Limited's assets. If the Scheme was to wind-up (come to an end), then, as previously stated, Darty Limited (supported by the guarantee from the Fnac group) would be required to pay enough into the Scheme to enable members' benefits to be secured with an insurance company. The Government established the Pension Protection Fund (PPF) to pay benefits to members if the Scheme is wound-up when the Scheme and Darty Limited do not have enough money to cover the cost of buying all members' benefits with an insurer. The future pension you would receive from the PPF is likely to be less than the full benefit you have earned in the Scheme, depending on your age and when your benefits were earned.

In certain circumstances, the Pensions Regulator has powers to modify a pension scheme, impose directions on it, or impose a schedule of contributions. The Trustee can confirm that no such intervention has taken place for the Scheme.

Further information is available on the PPF website at www.pensionprotectionfund.org.uk or you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, CR0 2NA, or email the Pension Protection Fund using information@ppf.co.uk.

PAYMENTS TO THE COMPANY

The Trustee is required to make an annual statement on any payment from the Scheme that has been made to Darty Limited. We can confirm that there have not been any payments to Darty Limited out of Scheme funds since the inception of the Scheme.

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HOW ARE THE SCHEME'S ASSETS INVESTED?

The Trustee employs specialist fund managers to look after the day to day investment of the Scheme's assets. We set the investment strategy and monitor the fund managers' performance on a regular basis. We invest in a broad range of assets, limiting the amount invested in a particular class of assets.

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As at 31 March 2020, the Scheme's target asset allocation was:

Government securities (gilts)	20.0%
Buy and maintain credit	20.0%
Company shares (equities)	19.0%
Opportunistic mandate	15.0%
Corporate bonds	14.0%
Dynamic asset allocation	8.0%
Other investments	4.0%

A full breakdown of the Scheme's investment strategy (Statement of Investment Principles) is available on www.comet-pensions.co.uk.

Where can I get more information?

If you have any questions, or would like any more information, please write to:
Comet Pension Scheme,
XPS Administration,
Albion, Fishponds Road,
Wokingham, Berkshire RG41 2QE

Email: cometadmin@xpsgroup.com
Telephone: 0118 918 5098

In the current circumstances, we encourage all members wishing to contact the Scheme Administrator to do so by email in the first instance, as there may be a short delay in the handling of written mail due to the Covid-19 restrictions on working from offices.

A list of the documents available to members is set out below. If you want to be sent a hard copy of any of these documents please contact XPS Administration using the details shown above.

We ordinarily send you a Summary Funding Statement each year, so if you change address you should let us know so that we can update our records. A form for you to use for this purpose is enclosed.

Additional documents available from www.comet-pensions.co.uk

The Statement of Investment Principles
This explains the Trustee's principles for investing the money in the Scheme.

The Annual Report and Accounts of the Comet Pension Scheme
This shows the Scheme's annual income and expenditure.

Pension Scheme Benefits
The website has a guide to the various benefits provided by the Scheme.

Additional documents available on request from XPS Administration

The Formal Actuarial Valuation Report as at 31 March 2019
This contains the details of the Scheme Actuary's check of the Scheme's financial situation as at 31 March 2019.

Statement of Funding Principles
This sets out the Scheme's funding plan.

The Schedule of Contributions
This explains that as the Scheme is in surplus no contributions are being paid by Darty Limited into the Scheme in order to restore the Scheme's funding. A certificate from the Scheme Actuary is included showing that this is acceptable given the Scheme was in surplus.

Annual Updating Valuation Reports
These show the Scheme Actuary's review of the Scheme's financial situation as at 31 March each year.

Comet Pension Scheme
2020 Trustee's Report

This annual report is issued by the Trustee Directors of the Comet Pension Scheme to all deferred and pensioner members of the Scheme and supplements the annual summary funding statement which this year is also enclosed with this report.

The Scheme is a final salary pension arrangement that was closed to future accrual from 30 September 2007. All members became either deferred members or pensioner members when Comet was sold in 2012.

Darty Limited (formerly Darty plc and prior to that Kesa Electricals plc) is the Scheme's Principal Employer. Darty Limited was acquired by Groupe Fnac SA in July 2016.

Significant future developments relating to the Scheme will be communicated to members through these regular annual Trustee reports and through updates made available on the home page of the Scheme's website at www.comet-pensions.co.uk.

The formal Trustee Report and Accounts for the year to 31 March 2020 is now available to view on the Comet Pension Scheme website at www.comet-pensions.co.uk.

Scheme Assets

At 31 March 2020, the Scheme net assets were worth over £528 million (including members' AVC funds). This money is kept quite separate from Darty Limited, and is looked after for you, the members, by the Trustee Company, Comet Trustee Company Limited. The Directors of the Trustee Company are responsible to members and other beneficiaries (for example, widows or widowers of members) for the proper running of the Scheme.

Their duties include the collection of contributions from Darty Limited and the prudent investment of the Scheme's monies, the payment of benefits in accordance with the Scheme's Trust Deed and Rules and the maintenance of records of membership and financial transactions.

Your Trustee Directors

The Trustee Directors continue to meet regularly to discuss the governance, audit and investment of the Scheme's assets, and to monitor the funding of the Scheme. In addition, EY have been appointed to conduct regular assessments of the Principal Employer's covenant to provide the Trustee with reassurance that the Principal Employer can meet the ongoing funding of the Scheme.

At the year end the Directors of Comet Trustee Company Limited were:

Ian Edwards	Member Nominated Director & Chairman
Frederic Jaillard	Company Appointed Director
Jon Herzberg	Company Appointed Director
James Arnold	Company Appointed Director
Victoria Milford	Company Appointed Director
Nick Marsh	Member Nominated Director

Helen Charlesworth resigned as a Trustee Director with effect from 31 December 2019 and Nick Marsh replaced her from 1 January 2020.

Actuarial Valuation

Every three years the Trustee asks their Scheme Actuary to undertake a formal actuarial valuation of the Scheme in order to compare the amount of the Scheme's assets with the estimated amount needed to pay the benefits earned in the Scheme.

The formal valuation as at 31 March 2019 was completed in January 2020 and the results are outlined in the enclosed Summary Funding Statement. The funding position of the Scheme is updated at least annually.

Covid-19

As a result of the Covid-19 (Coronavirus) pandemic, there was a dramatic downturn in global markets in March 2020. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand, and general market uncertainty. The effects of Covid-19 have and may continue to adversely affect the global economy, the economies of certain nations, and individual issuers, all of which may negatively impact the Scheme's investment return and the fair value of the Scheme investments.

The Trustee has designed and implemented an investment strategy which takes a necessarily long-term view, whilst also having built in resilience to withstand short term fluctuations. The Trustee continues to take proactive and considered steps, in conjunction with its advisers, to assess the situation and respond to it.

Monthly calls with the Company were set up and EY provide a covenant report to the Trustee at its quarterly meetings and more frequently if required. A specific report on the effect of Covid-19 was tabled by EY at the June 2020 Trustee meeting. Following release of the Group's half year results there has been a further telephone update with the Sponsor and EY reported again at the Trustee meeting in October 2020.

The Trustee has a good relationship with the Company and information is shared on a regular basis, with a report given at each quarterly Trustee meeting. EY monitor and assess the Group's results as soon as they are announced. The Group's half year results have been released and are in line with expectations discussed during the lockdown period. Although it is too early to assess the longer-term impact of the pandemic on the Sponsor covenant, the Trustee has noted, on advice, that no further action is required other than the regular ongoing monitoring discussions that are in place.

The Group Financial Control Director, Frederic Jaillard, is also a Trustee and the Company plans to continue to support the Scheme. The latest valuation was agreed in January 2020 and there are no deficit reduction contributions payable at the present time, as the Scheme is 100% funded on a technical provisions basis. The Trustees have continued to monitor funding levels and although this fell to c. 97% in March 2020, it has since recovered to over 100%.

XPS Administration have continued to work well, mainly from home, throughout the pandemic and have supplied the Trustee with an updated Business Continuity Plan in light of Covid-19. All routine administration activities relating to the payment of member benefits have been prioritised and met on time.

Membership

At 31 March 2020, there were:

- 2,888 deferred pensioners who have an entitlement to a pension when they reach Normal Retirement Date. The normal retirement age for men and women in the Scheme is 60 years of age.
- 1,966 pensioners receiving their pension from the Scheme.

Nomination Form

On death before retirement, subject to the Rules, a return of contributions (plus interest) becomes payable when there are no dependants' or children's pensions payable. The lump sum is paid at the discretion of the Trustee to one or more of a member's dependants, relations, "nominee" or estate. It is important to ensure that the Trustee understands your wishes over the payment of death benefits by keeping your Nomination Form up to date. If you need a new form or want to know more about this, please refer to the Comet Pensions website at www.comet-pensions.co.uk or contact Ann Geer.

Dispute Resolution

If you have a complaint about the running of the Scheme or your benefits under it, initially this should be raised informally through XPS Administration. If you do not receive a satisfactory response, then you should write formally to the Complaints Procedure Officer who is Secretary to the Trustee, Ann Geer of Punter Southall Governance Services. Ann will supply you with a copy of the Internal Dispute Resolution Procedure.

INVESTMENT

During the year to 31 March 2020, the Scheme's investment strategy returned +2.0% underperforming the Liability Benchmark Objective by 5.6%. Over the 3 year period the annualised return was +2.6% versus a target of +4.8%. The underperformance of the total assets for the 1-year and 3-year periods is driven mainly by the underperformance in Q1 2020 due to the large falls in equity markets during the quarter because of the Covid-19 pandemic. Whilst the total assets did underperform over the year, the defensive positioning of the assets meant that the funding level did not fall significantly, as reported above.

As at 31 March 2020, the target allocation for the Scheme consisted of 20% invested in "off-risk" assets (which includes a liability hedge), 20% invested in "cashflow matching" assets (assets that provide cash income to help meet the Scheme's benefit payments) and 60% invested in growth assets (return generating assets i.e. those that are "on-risk").

The liability hedge is made up of a series of interest rate and inflation derivative based contracts together with a portfolio of government bonds (used as collateral for the contracts), with a view to closely match changes in value in the Scheme's liabilities.

The Trustee monitors the performance of the liability hedge on a regular basis and the Scheme's manager independently checks the counterparty valuations daily.

The cashflow matching assets are invested in pooled funds which hold corporate bonds on a 'buy and maintain' basis and whose coupon and principal payments are tailored to meet the Scheme's cashflow profile. The interest rate exposure of the buy and maintain credit allocation is allowed for in the liability hedge design.

The remaining 60% of the Scheme's assets are invested in a diversified portfolio of assets aimed at generating return whilst maintaining an acceptable level of risk in accordance with the Scheme objectives. Within this allocation the Trustee has invested into structured equity ("EDOS)", which is the other hedging element of the investment strategy.

The Equity Derivative Overlay Strategies ("EDOS8" and "EDOS9") are based on global equity markets and provide downside protection and diversified equity return profiles. The EDOS8 and EDOS9 provide protection against falls in the global developed market equity from the point of investment and perform best in upward trending equity markets. The collateral supporting all of these structures is also used in the liability hedging design.

The Trustee recognises that with the movement of markets generally, and differing asset classes specifically, allowance must be given to permit the allocation to each part of the agreed strategy to operate around the core allocation. Investments are permitted to vary within a range of +/-5% of the core allocation. Should they fall outside their range at the end of a quarter then the Trustee will review the position and decide how to act.

The main changes made to the investment strategy over the course of the year to 31 March 2020 by the Trustee were:

- Fully redeem Aviva DAA holding.
- Restructure the discretionary alternatives mandate to be 'opportunistic'.
- Allocate to a new equity derivative overlay structure (EDOS9).
- Fund a further allocation to cashflow matching credit from the 'off-risk' assets.

STATEMENT OF INVESTMENT PRINCIPLES

In accordance with the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles (SIP), which describes the key elements of the investment arrangements of the Scheme. Copies of the statement are available on the pension website, www.comet-pensions.co.uk. There have been no departures from the SIP in the year.

AVCS

Some Scheme members elected to pay Additional Voluntary Contributions (AVCs) in addition to their normal contributions to the Scheme. No further AVC payments are allowed but these members should regularly review their investments, particularly in the five years leading up to retirement.

The Trustee regularly reviews the range of AVC Funds available and are satisfied they remain appropriate. A separate communication to those members with AVC investments is issued each year.

THE FUND - VALUE JUST OVER £530 MILLION

During the last year, the Scheme's total net assets have remained broadly at the same level.

At 31 March 2019	£530,786,000
Income (1)	£3,345,000
Investment (2)	£10,562,000
Expenditure (3)	£15,918,000
At 31 March 2020	£528,775,000

The total net assets at 31 March 2020 shown above include c.£4.193 million representing members' AVCs.

(1) **Income………..** includes Company contributions.

(2) **Investment …..** is the change in the market value of the Scheme's assets over the year and investment income, less investment management expenses.

(3) **Expenditure….** Includes pension payments, transfers out of the Scheme and expenses.

PROFESSIONAL ADVISERS

The Trustee has a duty of care and must act prudently. To help the Directors, they employ various professional advisers. These are currently:

Scheme Actuary	Steve Leake of XPS Pensions Limited
Administrator	XPS Administration
Auditors	BDO LLP
Bankers	Bank of Scotland
Covenant Advisers	EY
Investment Managers	R&M, Columbia Threadneedle, LGIM, PIMCO & Insight
Investment Consultants	River & Mercantile Solutions
Solicitors	Eversheds-Sutherland
Trustee Company Secretary	Wayne Phelan
Secretary to the Trustee	Ann Geer of Punter Southall Governance Services

GENERAL DATA PROTECTION REGULATION (GDPR)

In order to administer the Scheme, data is used by the Trustee and the Scheme Actuary who both act as Data Controllers. Your personal data will be processed fairly and lawfully in accordance with the principles of the GDPR solely in connection with the Scheme. If you have any queries in relation to your personal data, please contact the Scheme's administrator. All members will have received a Privacy Notice outlining your rights under the GDPR regime. Please refer to the the Comet Pensions website at www.comet-pensions.co.uk or contact Ann Geer for the latest Privacy Notice.

The Scheme Actuary and XPS Pensions Limited (in their capacity as actuarial consultants), are typically Data Controllers in their own right and so we share your personal information with them in order for them to provide their services. The XPS Privacy Information is available at: http://www.xpsgroup.com/legal-regulatory/privacy-policy/ and the relevant notice for you is labelled "Combined Scheme Actuary and actuarial consulting services". XPS may make changes from time to time so you should check the latest version of this Privacy Information occasionally.

Taking Your Pension Benefits Options

If you are considering taking your pension benefits, you should carefully review the options available to you before making any decisions. The Trustee Directors cannot give you any advice or guidance on which option you should take and recommend that you obtain independent financial advice before making a decision. As a reminder, the options available to you are set out below.

Take retirement benefits from the Scheme

You can apply to take retirement benefits from the Scheme from age 55 onwards. The Scheme's Normal Retirement Age for both men and women is 60 years of age. You will be given the option to take a Scheme pension which will be payable to you in monthly instalments. You can usually opt to exchange some of this Scheme pension for a tax-free cash lump sum, resulting in a lower Scheme pension payable monthly. The maximum tax-free cash lump sum most people can take represents 25% of the total value of your benefits in the Scheme.

Trivial commutation

Members over age 55 with pension savings in all pension schemes they are a member of (not just the Comet Pension Scheme) which are worth less than £30,000 in total (and who meet certain other conditions) can choose to exchange all benefits in the Scheme for a one-off lump sum known as a 'trivial lump sum'.

If the member's Comet Pension Scheme benefits alone are worth less than £10,000, the Scheme benefits can be exchanged for a one-off lump sum, known as a 'small lump sum', without reference to any other benefits in other pension schemes.

Both trivial lump sums and small lump sums are paid via the Scheme's pensioner payroll. For those not yet retired 25% of each payment is usually paid tax-free with the remainder being taxed as earned income under PAYE. From time to time, the Trustee may write to members eligible for a trivial or small lump sum to remind them of this option.

AVCs

Members with AVCs under the Scheme can use their AVCs to fund any tax-free cash lump sum they choose to take on retirement before exchanging Scheme pension for tax-free cash. If the tax-free cash lump sum payable from the Scheme does not use up the total value of the AVCs, the remainder of the AVCs must be used to buy an annuity from an insurance company. In some circumstances, the Trustee Directors allow members to use the remaining AVCs to buy additional Scheme pension as an alternative to buying an annuity.

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From April 2015, the Government allows members with Defined Contribution benefits (including AVCs) more flexibility and choice in how and when these benefits can be accessed. This gives members the option to make decisions about their AVCs separately from their Scheme benefits. The full flexibilities introduced by the Government are not available directly from the Comet Pension Scheme but members can transfer their AVCs to an alternative registered pension scheme to access these additional flexibilities elsewhere.

Transfer your benefits

As an alternative to taking your benefits from the Scheme, you can choose to transfer your benefits to an alternative registered pension scheme or a qualifying overseas pension scheme (known as a QROPS).

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Members with AVCs could choose to transfer their AVCs to an alternative registered pension scheme and leave their Scheme benefits in the Scheme or take retirement benefits from the Scheme.

If you want to consider a transfer, you can do this at any time prior to taking benefits from the Scheme. Please request a quotation from the administration team using the contact details show below. It is a good idea to take advice from an independent financial adviser who specialises in pension scheme transfers before making a decision as to whether to transfer your benefits out of the Scheme. If your transfer value is more than £30,000, you will be required to take financial advice in any event. Please read the section below on Pension Scams carefully before deciding to consider a transfer of your Scheme benefits.

FCA Ban on Contingent charging

From October 2020, the FCA has banned financial advisors from charging contingent fees when advising members of defined benefit pension schemes to transfer to other arrangements.

This means that an IFA's payment for advice will no longer depend on a transfer proceeding and whilst this will help to avoid conflict of interest in financial advice, it could lead to worse outcomes in the short-term as members find it difficult to take advice, either because they are unwilling to pay upfront advice fees or due to a shortage of capacity as firms withdraw from the market.

Pension Scams

If you are considering a transfer of your Scheme benefits to another pension arrangement, you should be aware of the risk of pension scams. The Pensions Regulator, The Pensions Advisory Service ("TPAS") and HM Revenue & Customs (HMRC) have issued strong warnings about pension scams and the potential risks of taking up offers which claim to be able to release cash from your pension before you reach age 55 or in larger quantities than are currently allowed under the law without a sizeable tax charge becoming payable (sometimes referred to as "pension liberation" "early pension release" or "pension loans'"), and/or to offer higher investment returns than normally expected.

You can find more information about the consequences of these offers from the Scheme's administrator.A copy of the Pensions Regulator's leaflet "Thinking of doing something with your pension pot?" is available, so that you can be aware of the warning signs of pension scams.

You can also find an online tool to help you to identify a pension scam on the Pensions Advisory Service's website at www.pensionsadvisoryservice.org.uk/my-pension. This will give you some guidance on identifying a potentially bad pension investment, help you to recognise the signs of a pension scam and provide you with some next steps based on your answers.

Please also see the enclosed joint letter from the Pensions Regulator, the Financial Conduct Authority and the Money and Pensions Service.

If you decide to transfer your benefits from the Scheme, upon receipt of fully completed transfer forms, all requests are referred to the XPS Anti Scam Hub. They will then arrange a call to discuss your transfer and identify whether there are any warning signs of a pension scam. Should any warning sign(s) be identified, your case will be referred to the Trustee for review and may require some additional confirmation from you.

Ban on Cold Calling

New legislation introduced by the government aims to tackle unsolicited calls, as these are the most common method for companies who operate pension scams to contact people. Following this legislation cold calls about pensions are now illegal and fines can be imposed of up to £500,000. There are some circumstances where the ban does not apply, and these are:

- the caller is authorised by the Financial Conduct Authority, or is the trustee or manager of an occupational or personal pension scheme, and;
- the recipient of the call consents to calls from the caller, or has an existing client relationship with the caller.

GMP Equalisation

As reported last year, on 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits.

Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. A further Court hearing was scheduled for October 2020, with the output expected at the end of the year at the earliest, following which the Trustee will determine the final approach for the Scheme. The Trustee is advised that this is the position for most other pension schemes.

Information

If you require any information about the Scheme or you would like a copy of the more detailed disclosure report, please refer to the Comet Pensions website at www.comet-pensions.co.uk or ask:

XPS Administration Limited
Scheme Administrator
cometadmin@xpsgroup.co.uk
☎ 0118 918 5098
Albion, Fishponds Rd, Wokingham, Berks RG41 2QE

or

Ann Geer
Secretary to the Trustee
ann.geer@psgovernance.com
Forbury Works, 37-43 Blagrave Street, Reading, Berks RG1 1PZ

Issued by the Trustee – November 2020

Comet Pension Scheme (“the scheme”)

Change of Address Form

It is very important that you remember to let the scheme administrators know when you move house, so that the Trustee can continue to keep you informed and pay you your benefits in due course. Please keep this form so that you can complete it if you move house during the year.

Please complete the following;

Your Title: Mr/Mrs/Miss/Other ______________________________

Your full Name: ______________________________

The date your new address will apply from: ______________________________

Your new address: ______________________________

____

____

P000N

Postcode: ______________________________

Your telephone number (so we can contact you if we have a question): ______________________________

XPS are committed to protecting your personal data, please complete the following so we can validate your identity.

P00000001/000001/8/9

Day of the month you were born (e.g. 25th): __________

First 4 digits of your NI Number (e.g. AB 12): __________

Signed: ______________________________

Date: ______________________________

Please return to: Comet Pension Scheme
XPS Administration
Albion
Fishponds Road
Wokingham
RG41 2QE

Dear Member

We are writing to you as you may be considering transferring your pension. In these times of financial uncertainty, we are asking you to be very careful. Since the coronavirus outbreak began, stock markets have fallen and are likely to go up and down for some time. However, your pension remains a safe, long-term investment for your retirement, and transferring it is a serious decision so please do not do anything in haste.

If anyone approaches you directly to offer transfer advice, be on your guard. The government has banned cold calling for pensions, so if anyone calls you out of the blue about yours, just hang up – it could be a scam. You can also visit the ScamSmart website at www.fca.org.uk/scamsmart to check the firm you are dealing with is regulated and to see whether what you're being offered is a known scam or has the signs of a scam.

There are two types of pension – defined benefit (DB) and defined contribution (DC). If you have a DB pension, the benefits you'll get in retirement (including how much you get paid each month) are specified – whereas with a DC pension, your benefits will depend on the performance of investments and the level of contributions made by you and your employer before your retirement.

P000N

Legislation gives you the right to 'transfer' your pension. However, whilst you have this right, in most cases, transferring out of a DB pension scheme into a different type of pension arrangement is unlikely to be in your best long-term interests as you'll be giving up a valuable level of predictability in your retirement income. You will also give up the protection that is offered by the Pension Protection Fund (PPF), in case your employer becomes insolvent.

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The PPF has a duty to protect people with an eligible defined benefit pension when an employer becomes insolvent. So, if you are a member of an eligible DB scheme and your employer goes out of business and cannot afford to pay you the benefits due then the PPF will pay you compensation. This provides an important safety net if your scheme can't pay what was promised. More information on the PPF and the level of protection it gives to eligible DB schemes can be found at: https://www.ppf.co.uk/who-we-are

Please remember that you can't change your mind once you've transferred out of a DB pension.

It is therefore really important that you get guidance or advice before making a decision. The Pensions Advisory Service (TPAS) is part of the Money and Pensions Service and offers free specialist pensions guidance and will help answer any questions you may have. If your transfer value is more than £30,000, you are required by law to take advice from a suitably qualified financial adviser regulated by the Financial Conduct Authority (FCA), before you can transfer your benefits to a DC pension scheme.

Take your time to make all the checks you need – you can find suggested questions to ask your adviser on the FCA's website: https://fca.org.uk/consumers/what-ask-adviser with further information on pension transfers at https://www.fca.org.uk/consumers/pension-transfer

We hope that you are able to stay safe and well in these difficult times.

Yours sincerely

Nicola Parish
The Pensions Regulator

Megan Butler
Financial Conduct Authority

Alex Connolly
The Money and Pensions Service