

Perenco UK Pension Plan

Summary Funding Statement 2018



WELCOME

Introduction

Welcome to the Summary Funding Statement from the Board of Perenco UK Pension Trustee Limited which acts as the Trustee of the Perenco UK Pension Plan.

This Summary Funding Statement provides you with a update on the Perenco UK Pension Plan Defined Benefit (DB) Section.

If you would like to contact us about any of the information in this Summary Funding Statement, or about your pension, our contact details are below.

Contact Details

If you have any questions relating to the Plan, please visit the Plan website at www.perencopensionplan.co.uk

**Alternatively please contact the
Plan administrator at:**

**Capita
Stead House
PO Box 555
Darlington
DL1 9YT**

Helpline: 0345 6025366

Email: perenco@capita.co.uk

You can also contact the Plan Secretary, Danny Holeyman, by email at danny.holeyman@capita.co.uk

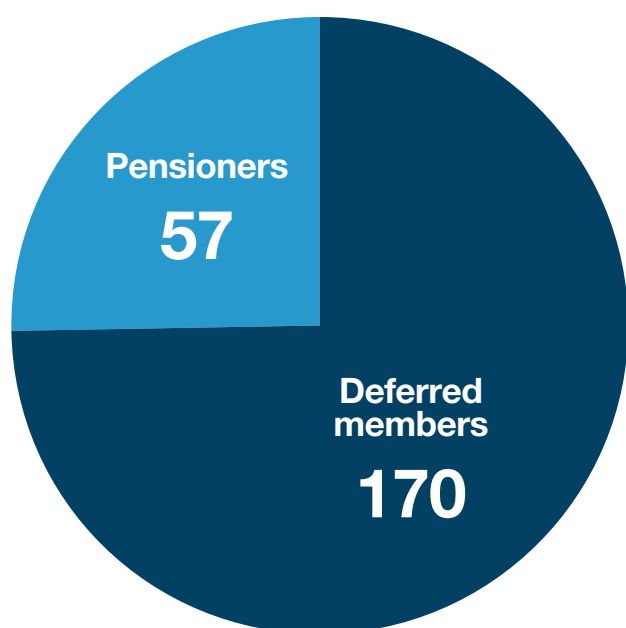




DB ACCOUNTS

DB Membership

The DB Section has 227 members as at 31 December, 2017. This is a change from 301 members in 2016. The pie chart below details how this membership is made up.



Income and Expenditure

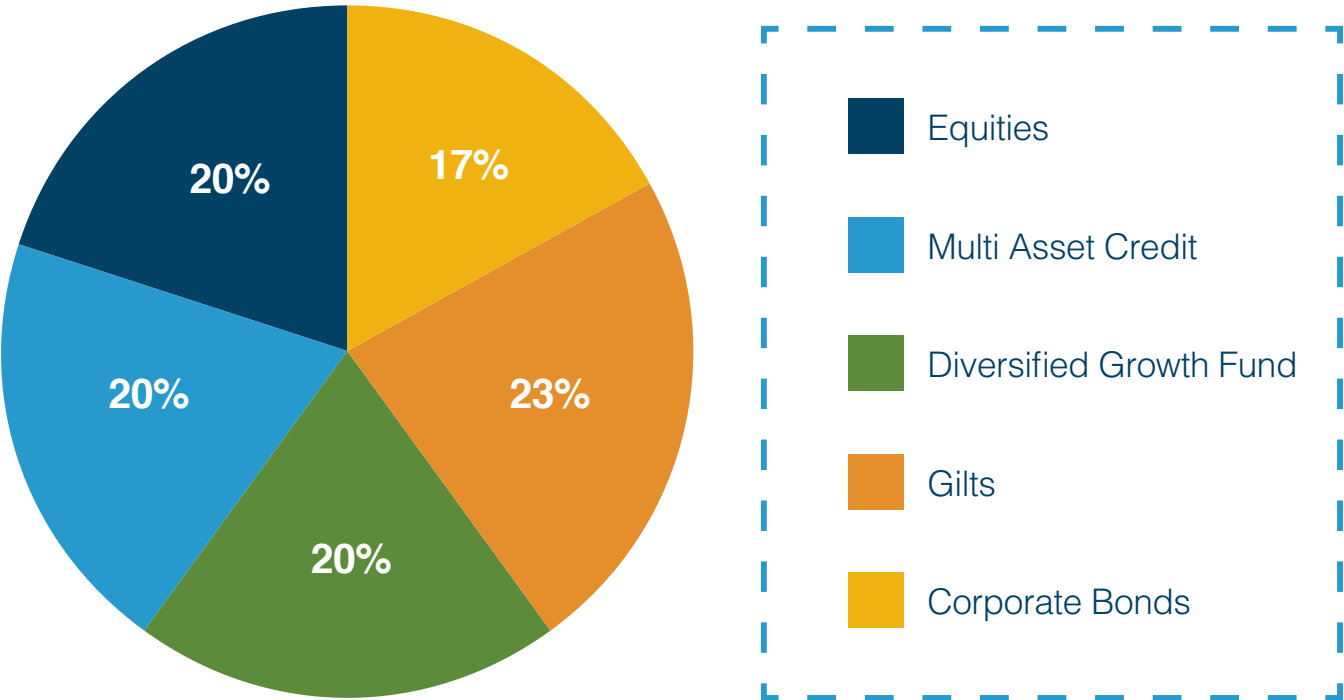
The table below demonstrates the income and expenditure of the Plan over the year to 31 December 2017. As you can see, the value of the Plan is decreasing; this is due to there being no active members, a number of members who chose to transfer their pension benefits elsewhere and more pensions in payment.

	DB Section (£)
Assets at 1 January	81,809,613
Income	
Contributions	2,274,675
Total income	2,274,675
Expenditure	
Pensions	(826,547)
Commutations and lump sums	(387,760)
Transfers out	(19,943,280)
Admin expenses	(35,924)
Total expenditure	21,193,511
Transfers between sections	157,632
Net returns on investment	6,225,473
Assets at 31 December	69,273,882

DB ACCOUNTS

What type of assets does the Plan invest in?

The Plan's assets are invested by State Street Global Advisors, Henderson, and Baillie Gifford on behalf of the Trustee. As at 31 December 2017, the DB Section's assets were invested as shown in the pie chart below.



GMP EQUALISATION

Guarantee Minimum Pension (GMP) equalisation

You may have seen in the press articles about a court case involving GMPs and Lloyds Bank. GMPs are benefits members earned as a result of the Fund being contracted-out of the additional state pension. The court held that all pension schemes are obliged to equalise GMPs between men and women. As a result of this case, if you earned benefits in the Fund between 1990 and 1997, there may need to be an uplift to your pension.

As the Perenco UK Pension Plan Defined Benefit (DB) Section began in 2004 it is unlikely this will apply to you unless you transferred in pre 1997 DB benefits from outside the Plan.

The Trustee is working with their advisors to work out if any member is affected and once we know more we will let any affected members know and provide further information.



As your retirement date gets closer, make sure that you're prepared for what is ahead.



SUMMARY FUNDING STATEMENT

Annual Funding Statement

As the Trustee of the Perenco UK Pension Plan, we administer the Plan on behalf of its members. This statement aims to provide you with a snapshot of the funding position of the DB Section of the Plan using information from the annual actuarial update as at 31 December 2017. You can also find the results from the full triennial valuation as at 31 December 2016.

How is the Plan's financial security measured?

To check the Plan's financial security, the Plan Actuary, a qualified, independent professional, carries out an actuarial valuation at least every three years. This compares the value of the Plan's liabilities (the amount needed to provide benefits) to its assets on both an ongoing¹ and on a solvency² basis. If the Plan has fewer assets than liabilities, it is said to have a shortfall. If the assets are more than the liabilities, there is a surplus.

The Plan Actuary also conducts an annual funding update of the Plan between the formal triennial valuations.

¹Ongoing basis for a valuation assumes that the Plan continues into the future.

²Solvency valuation basis estimates the amount needed to fully secure all earned benefits from an insurance company if the Plan were to wind up.

	Annual funding update as at 31 December 2017	Valuation results as at 31 December 2016
The Plan's assets were valued at:	£69.3m	£81.8m
The value of the Plan's liabilities was:	£84.4m	£109.5m
This means there was a shortfall of:	£15.1m	£27.7m
Funding level:	82%	75%
Estimated shortfall on solvency basis:	£39m	£62m

Why are you telling me about the solvency basis?

We are legally obliged to advise you of the solvency position but it does not mean that the Trustee is thinking of winding up the Plan. It is just another piece of information we hope will help you understand the financial security of your benefits.

SUMMARY FUNDING STATEMENT

As you can see, the ongoing funding position has improved since 31 December 2016. This is mainly due to an increase in the yield on government gilts and corporate bonds over the year, good performance from the Plan's assets, members transferring out of the Plan and additional contributions from the Company.

In order to remove the shortfall, the Company has agreed to pay contributions of £1.1m a year in 2017 and £2.6m a year from 2018 until 2029. The intention is that these contributions will be sufficient to eliminate the solvency deficit.

The next full actuarial valuation for the Plan is due at 31 December 2019 with the results expected to be available later in 2020.



SUMMARY FUNDING STATEMENT

Is my pension safe?

The Plan is set up under a Trust. A Trust is a legal vehicle to allow the property (for example, the pension entitlement) of an individual to be looked after by someone else (known as a Trustee). Trusts enjoy a high level of protection in law and this is enhanced by specific regulations designed to protect pension schemes in particular. The use of a Trust means that the assets in the Plan are held entirely separate from the assets of the Employer and are prohibited from being used by the Employer for trading purposes.

What is Capita's role?

Capita Employee Solutions are solely responsible for the day-to-day administration of your pension and do not have any control at all over your funds. They make sure that your records are accurately maintained and they process benefit payments on behalf of the Trustee and the investment of contributions to members' own accounts in addition to answering enquiries by telephone, post or email.

Is my pension guaranteed?

Our aim is for there to be enough money in the Plan to pay pensions now and in the future, but this depends on the Company remaining in place and continuing to pay for the Plan. If the Company becomes insolvent, or decides to stop paying for the Plan, it is required to pay enough into the Plan to ensure benefits can be purchased with an insurance company.

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

The government has set up the Pension Protection Fund (PPF) to pay benefits to members if the Plan were wound up, and the Plan, together with the insolvent Company, does not have enough money to cover the cost of buying at least the PPF level of benefits with an insurance company. The pension you would receive from the PPF may be less than the benefit you had built up in the Plan.

Further information and guidance is available on the PPF website at:

www.pensionprotectionfund.org.uk

Or you can write to the PPF at:

12 Dingwall Road

Croydon

Surrey

CR0 2NA

SUMMARY FUNDING STATEMENT

Is there any other information I should be aware of?

We must tell you if the Company has taken any money out of the Plan in the last 12 months; we are happy to confirm that this has not occurred.

Additional formal documents available on request:

- **Annual Report and Accounts of the Plan.** This shows the Plan's annual income and expenditure.
- **Statement of Investment Principles.** This explains how the Trustee invest the money paid into the Plan.
- **Actuarial Report.** This contains details of the Actuary's check on the latest funding position.

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

Where can I get more information?

If you have any other questions, or would like any more information, please write to us at the address shown on the first page of this statement. Alternatively, please call the administration team on **0345 602 5366** or email them at perenco@capita.co.uk.

**Always be
one step ahead.**



Contact details:

Capita

Stead House

PO Box 555

Darlington

DL1 9YT

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