

ESSAR OIL (UK) PENSION SCHEME

Financial update

Every three years the Actuary for the Essar Oil (UK) Scheme (the Scheme) carries out a full valuation of its finances, with annual checks in between. Each financial health-check helps us make sure the Scheme is in a good position to pay all member benefits as they become due.

The valuation process is complex and must go through a series of rigorous checks before being shared. The most recent valuation was in 2024 and this has now been completed.

We will share the 2025 results as normal within the 2026 newsletter.

In this update, you'll find:

- The results from our most recent valuation
- An update from our annual report and accounts
- Details of our new Trustee Chair and Member Nominated Trustee Directors

Please note – this document doesn't hold any personal information or include any benefits you may receive from this pension scheme, either now or in the future.

Trustee Board changes

Back in November, we asked you to cast your votes in the Member Nominated Director (MND) ballot. Thank you to everyone who voted, and to our nominees – Philip Dunn, Andy Roberts and Nick Blamphin.

We're delighted to announce that Andy Roberts has been re-elected and Philip Dunn has been newly elected in the MND ballot. We look forward to continuing to work with Andy and to welcoming Philip as he begins his first term on the Board.

We'd also like to extend an official welcome to our new Trustee Chair, Nicole Mullock, who takes over from Janine Wood. Nicole is a Trustee Director and Head of Co-Trusteeship at Independent Governance Group. She has over 25 years' experience in pensions and is fully accredited by the Association of Professional Pension Trustees.

Nicole is passionate about delivering high quality member services and ensuring that members have information about their pension that they can understand and use to make informed decisions. She brings significant experience of leading the strategy, governance and operations for DB schemes. Nicole says: "I am delighted to be working with the Trustees and advisers to continue to govern and oversee the Scheme and the services to our members."

Remember to register for PRISM



Have you nominated your beneficiaries? You can do this (and much more) by logging into PRISM.

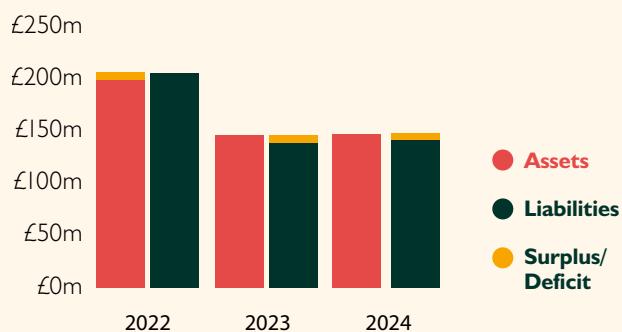
PRISM is a secure way to manage your pension anytime. If you've not registered, visit www.essaroilukpensionscheme.co.uk or scan the QR code to get started.

How's the Scheme doing?

Here's the breakdown of the Scheme's financial health at the 31 July 2024 valuation, along with its recent annual checks.

	31 July 2022	31 July 2023	31 July 2024
Assets The value of the Scheme's investments	£198.5m	£145.9m	£147.1m
Liabilities The estimated costs of providing members' benefits	£205.6m	£138.6m	£141.1m
Surplus / (Deficit) The difference between the assets and liabilities	(£7.1m)	£7.3m	£6.0m
Funding level The assets as a percentage of the liabilities	97%	105%	104%

The table shows that at the valuation the Scheme had a surplus, with **104%** of the money it needed to pay all benefits to members. This means that as long as the Company continues to support the Scheme, all members' benefits will be paid in full.



The valuation shows a slight fall in funding level since 31 July 2023, principally as a result of changes to membership data and assumptions adopted by the Scheme Actuary for the 31 July 2024 valuation. The impact of these changes were partially offset by investment returns and Company contributions over the period.

Contributions from the Company

The funding level of the Scheme has improved significantly since the prior valuation date of 31 July 2021: the deficit has been eliminated and the Scheme is now in a position of surplus. This means no further deficit reduction contributions are currently required from the Company.

The legal bit

The following statements are part of our legal responsibility – we have to tell you this, but it is for your information only.

As your Trustee Directors, we always aim to have enough money in the Scheme to pay pensions and other benefits to members, with the support of the Company. If the Company goes out of business or decides to stop paying for the Scheme, it's expected to pay the Scheme enough money to secure all the benefits built up by members with an insurance company. This is known as the Scheme being 'bought-out' and 'wound-up'.

The Scheme Actuary works out how much money the Scheme would need if the Company could no longer support it, and the Scheme was wound up. Here's an example of how this would work, using the valuation figures from 31 July 2024.

Wind-up valuation	Expenses	Scheme assets	Surplus/(Deficit)	Funding level
£175.4m	£3.3m	£147.1m	(£31.6m)	82%

At the time of the 2024 valuation, there were not enough assets in the Scheme to cover all the benefits owed without the support of the Company.

The Pension Protection Fund (PPF) was created in 2005 to help ensure members get the most from their pension, if the Company isn't able to pay the amounts needed. However, it's important to remember that, if this were to happen, you may not receive the full pension you are owed and any increases you receive in the future may be lower than the increases the Scheme would have provided. There's more information about how the PPF operates on its website: www.ppf.co.uk.

Including this information doesn't mean that we, or the Company, are thinking of winding-up the Scheme – it's simply required as part of our report.

We must also tell you that the Company has not taken any surplus payments out of the Scheme in the last 12 months. There has been no intervention from The Pensions Regulator to use its powers to modify the Scheme, or impose a direction or a schedule of contributions.

An update on the accounts

Here's a summary of the money we received, and the payments we made, over the last Scheme year up to the valuation.

The value of the Scheme's assets at 31 July 2023	£149.7m
What's coming into the Scheme	
Company contributions	£2.6m
Investment income	£1.5m
Total received	£4.1m
What's going out of the Scheme	
Benefit payments including regular pension payments, cash lump sums paid at retirement and individual transfers out	£3.2m
Total paid	£3.2m
Change in market value	£0.2m
Value at 31 July 2024	£150.9m

The total asset values given here are higher than in the funding section (on page 2) – this is because the Additional Voluntary Contributions (AVCs) are only included here and are not a part of the funding numbers.

*figures may not sum due to rounding

Our investment strategy

The Scheme's investment strategy is set by the Trustee after taking appropriate independent advice. As at 31 July 2024, the Scheme's assets were allocated to the following investment types:

Asset class	Allocation as at 31 July 2024 (%)
LDI	57.2
Direct Lending	4.1
Multi Asset Credit	9.4
Property	7.3
Bonds	9.4
Derivatives	10.3
Trustee Bank Account	2.3

Our members

Here's a breakdown of our most recent membership numbers:



- Members are still working for Essar, but not yet receiving their pension.
- Members are no longer working for Essar, but not yet receiving their pension
- Members are pensioners who are receiving their pension. This includes beneficiaries.