

Dated 30 March **2021**

AFFINITY WATER LIMITED (1)

AND

AFFINITY WATER PENSION TRUSTEES LIMITED (2)

THIRD DEFINITIVE TRUST DEED AND RULES

relating to the

AFFINITY WATER PENSION PLAN

CONTENTS

1	THIRD DEFINITIVE TRUST DEED	1
2	APPENDIX A	15
3	RULES	17
3.1	Part 1: Rules Applicable to All Divisions	19
3.2	Part 2: Money Purchase Rules	54
3.3	Part 3: General Final Salary Rules	80
3.4	Part 4: Specific Final Salary Rules.....	100
	(a) Affinity Water Pension Plan Final Salary (Shared Services) Members	101
	(i) Section A: Shared Services (VUKPP) Members	101
	(ii) Section B: Shared Services (VWSCPP) Members	110
	(b) Affinity Water Pension Plan Final Salary (Central) Members	123
	(i) Section C: Central (VUKPP Three Valleys) Members	124
	(ii) Section D: Central (VUKPP North Surrey) Members	135
	(iii) Section E: Central (VUKPP Partnership) Members	146
	(iv) Section F: Central (VWSCPP Three Valleys) Members	156
	(v) Section G: Central (VWSCPP North Surrey) Members	169
	(vi) Section H: Central (VWSCPP Partnership) Members	181
	(c) Affinity Water Pension Plan Final Salary (East) Members	194
	(i) Section I: East (VUKPP) Members	196
	(ii) Section J: East (VWSCPP) Members	206
	(d) Affinity Water Pension Plan Final Salary (Southeast) Members	219
	(i) Section K: Southeast (VUKPP) Members	221
	(ii) Section L: Southeast (VWSCPP) Members	232
4	APPENDIX 1: CONTRACTING-OUT APPENDIX	245
5	APPENDIX 2: REVENUE LIMITS APPENDIX	254
6	APPENDIX 3: A DAY APPENDIX	270
6.1	Part 1: VUKPP Members	270
6.2	Part 2: VWSCPP Members	274
6.3	Part 3: Money Purchase Division	277
7	APPENDIX 4: PENSION SHARING ON DIVORCE	281

THE AFFINITY WATER PENSION PLAN

THIRD DEFINITIVE TRUST DEED

CONTENTS

Clause	Heading	
1	Interpretation.....	2
2	Operative Date of the Third Definitive Trust Deed and Rules	2
3	Covenant by Senior Company.....	3
4	Constitution of Plan.....	3
5	Administration Costs.....	4
6	Employers' Contributions.....	4
7	The Trustees: General.....	5
8	Investment Powers of the Trustees	7
9	Other Powers	9
10	Accounts and Trustees' Annual Reports	11
11	The Actuary and Actuarial Reports.....	11
12	Provision of Information	12
13	Substitutions of Senior Company	12
14	Amendment Power	12
15	Discontinuance of the Plan	12

THE AFFINITY WATER PENSION PLAN**THIRD DEFINITIVE TRUST DEED**

DATED: 30 March 2021

BETWEEN:

- (1) **AFFINITY WATER LIMITED** registered in England under No. 02546950 having its registered office at Tamblin Way, Hatfield, Hertfordshire AL10 9EZ ("**the Senior Company**"); and
- (2) **AFFINITY WATER PENSION TRUSTEES LIMITED** a company registered in England under No. 08227365 having its registered office at Tamblin Way, Hatfield, Hertfordshire AL10 9EZ ("**the Trustees**", which expression is more particularly defined in the Rules).

INTRODUCTION:

- (A) The Trustees are the present trustees of the Affinity Water Pension Plan (the "**Plan**"), an occupational pension scheme which was established by a Definitive Trust Deed entered into between the Senior Company and the Trustees dated 26 February 2013.
- (B) The Plan is currently governed by the provisions of the Second Definitive Deed (the "**Definitive Deed**") and the Rules (the "**Rules**") dated 27 March 2015 (as amended). The Plan is divided into two **Divisions** (as defined in the Definitive Deed) as follows:
 - (a) the Affinity Water Pension Plan Money Purchase Division (the "**Money Purchase Division**"); and
 - (b) the Affinity Water Pension Plan Final Salary Division.¹
- (C) The Senior Company is the Senior Company of the Plan, and the Principal Employer of each Division apart from, up until 1 March 2015 the Affinity Water Pension Plan Final Salary (Shared Services) Division. Since 1 March 2015 the Senior Company has been the sole Principal Employer in relation to the Plan.
- (D) Under Clause 14 of the Definitive Deed, the Trustees have power to alter or add to all or any of the trusts powers and provisions of the Definitive Trust Deed and the Rules with immediate, future or retrospective effect, provided that:
 - (a) all such alterations or additions are made by deed;
 - (b) to the extent that the alteration or addition relates to the contributions payable in relation to a Division or the benefits provided under a Division, the Trustees must obtain the agreement thereto of the Principal Employer who shall evidence such agreement by executing the deed effecting the alteration or addition; and

¹ The Plan is no longer structured in this way

DEED

- (c) no alteration or addition may be made which contravenes Section 67 of the Pensions Act 1995 or any restrictions on alterations or amendments in relation to a Division which may be specified in the Rules applicable to that Division.
- (E) ²With the consent of the Senior Company as evidenced by its execution of this deed (the "**Deed**"), the Trustees have agreed to make the changes that are set out in the Deed.
- (F) In relation to sections 67 to 67I of the Pensions Act 1995, none of the modifications to be made by the Deed constitutes a regulated modification and so none of the requirements of those sections need to be satisfied on this occasion.

EFFECT OF THIS DEED:**1 Interpretation and statutory and regulatory compliance**

- 1.1 General guidance as to the interpretation of this Third Definitive Trust Deed is set out in Rule 1.1 [*Interpretation: General guidance*] and expressions used in this Third Definitive Trust Deed have the meanings given to them, in Rule 1.2 [*Interpretation: Meanings of specific words or expressions used in the Third Definitive Trust Deed and Rules*].
- 1.2 In operating the Plan, the Trustees and the Employers must comply with all relevant legal requirements applicable to the Plan, including any legally binding requirements, directions and orders of the Pensions Regulator and of HM Revenue & Customs, and any legally binding obligation to provide information to the Board of the Pension Protection Fund.
- 1.3 The Plan has previously been a contracted-out scheme, and contains provisions relevant to its current and historical compliance with the Contracting-out Requirements. This Third Definitive Trust Deed is deemed to include any mandatory provision that the Contracting-out Requirements require to be incorporated in respect of benefits held within the Plan which were accrued during a Member's contracted-out employment, and any optional provision that must under the Contracting-out Requirements be incorporated in this Third Definitive Trust Deed in order for the Trustees' administration of such benefits to comply with the Contracting-out Requirements.³

2 Operative Date of the Third Definitive Trust Deed and Rules

- 2.1 By this Third Definitive Trust Deed and the Rules, the Senior Company and Trustees amend the Plan with effect on and from the date of this Third Definitive Trust Deed and Rules (the "**Effective Date**"). Except as provided in Clause 2.2 [*Operative Date of the Third Definitive Trust Deed and Rules*], the provisions of this Third Definitive Trust Deed and the Rules shall take effect on and from the Effective Date.
- 2.2 The provisions of this Third Definitive Trust Deed shall take effect as of and from a date other than the Effective Date where:
- (a) such a date is specified as the operative date of a particular provision; or

² This explanatory provision is no longer relevant

³ Included to reflect cessation of contracting out.

- (b) the provision is included to accord with or to comply with a subsequent legislative or regulatory requirement in which case the provision shall take effect as of and from the operative date of that requirement.

3 Covenant by Senior Company

3.1 The Senior Company hereby confirms its undertaking to and with the Trustees that it will:

- (a) comply with such of the provisions for the time being of this Third Definitive Trust Deed and the Rules as are applicable to it;
- (b) promptly provide to the Trustees copies of all compliance certificates and investor reports to be supplied to the Deutsche Trustee Company Limited – the security trustee under the CTA;
- (c) promptly provide the Trustees with copies of the CTA, MDA and STID;
- (d) notify the Trustees within 7 business days of the commencement of a Standstill Period and inform the Trustees of the nature of the Event of Default which has triggered the commencement of a Standstill Period ;
- (e) discuss with the Trustees the implications of Standstill for Affinity Water Pension Plan Final Salary (Southeast) Members' benefits and other members' benefits;
- (f) notify the Trustees of the termination of a Standstill Period (Standstill Period as defined in the MDA); and
- (g) notify the Trustees about any amendment to the definition of Standstill Period and/or Event of Default in the MDA within 14 business days of the date on which the amendment takes effect.

4 Constitution of Plan

4.1 Governing documents

The Plan shall be governed by the trusts, powers and provisions contained in this Third Definitive Trust Deed and the Rules.

4.2 Main object

The main object of the Plan shall be the provision of Pension Scheme Benefits for and in respect of employees, directors and former employees and directors of the Employers and their predecessors in business in each case insofar as such provision is made under the Plan.

4.3 Assets of the Plan

The assets of the Plan shall be held in the name or under the legal control of the Trustees and will constitute a fund to be held in accordance with the provisions of this Third Definitive Trust Deed and the Rules, such fund to consist of money to be contributed as and when appropriate

by the Employers and the Members, money or assets received from any other source, and the income from such money and other assets.

4.4 Structure of the Plan and the Rules

The Plan is divided into two membership Divisions, providing Pension Scheme Benefits for and in respect of Members. One Division is the Money Purchase Division and the other Division is the Final Salary Division. ⁴The Final Salary Division was a Contracted-Out Scheme in respect of all or any part of its membership. Save in respect of any additional voluntary contributions which the Trustees decide shall be separately invested, the assets of the Plan are not required to be physically segregated according to each Division.

Until the commencement of a winding up of the Plan or of the Money Purchase Division, the assets of the Money Purchase Division are that part of the Plan which is represented by the total of all Member Accounts. On and from the commencement of a winding up of the Plan or of the Money Purchase Division the assets of the Money Purchase Division are that part of the Plan which is the amount required to provide the money purchase benefits arising under the terms of the Money Purchase Division.

4.5 Intentionally left blank.

4.6 Participation of Associated Employers

If an Associated Employer wishes to participate in the Plan, and the Trustees and the Principal Employer agree to its participation, it must enter into a deed with the Trustees and the Principal Employer stating the date upon which the Associated Employer's participation commences and the terms on which it participates.

5 Administration Costs

5.1 All costs, charges and expenses of or incidental to the administration and winding-up of the Plan will, unless otherwise paid by the Employers or any other person wholly or in part, be met by the Trustees out of the assets of the Plan. If an Employer or other person has properly incurred any such cost charge or expense the Trustees may reimburse that person out of the assets of the Plan. The Trustees are entitled to attribute to each Division in such proportions as the Trustees think fit the whole or any part of any sums paid by the Trustees under this Clause and a certificate by the Trustees as to the appropriate proportion of such costs charges and expenses to be attributed to any Division will be conclusive.

6 Employers' Contributions

6.1 Employers' contributions

Final Salary

Each Employer must contribute to the Final Salary Division at the rate agreed between the Trustees and the Principal Employer and certified by the Actuary as appropriate. Provided that in default of such agreement each Employer must contribute at the rate directed by the Principal

⁴ The Plan is no longer structured in this way

Employer being a rate which does not fall below a minimum limit specified by the Trustees on the advice of the Actuary as being required to provide the benefits which, if the Final Salary Division or the Plan were terminated, would be required to be paid to and in respect of or otherwise provided for the Members and other beneficiaries of the Final Salary Division having regard to all matters which the Actuary and the Trustees consider necessary to determine that minimum limit.

Money Purchase

Each Employer must contribute to the Money Purchase Division as set out in the Money Purchase Rules.

6.2 Reduction, suspension and termination

On giving to the Trustees 3 months' (or such shorter period as the Trustees may be prepared to accept) notice in writing of its intention, any Employer may reduce, suspend or terminate its contributions to the Division. On the expiration of such notice the Trustees have full power to take such action as, after consulting the Principal Employer (unless the Principal Employer has given such notice) and the Actuary, they consider appropriate. Such power shall be without prejudice to the Trustees' power to discontinue the Division under Clause 15.1(b) [*Discontinuance of the Plan: Events causing discontinuance*].

7 The Trustees: General

7.1 Appointment and removal of Trustees

Subject to the following provisions of this Clause, the Senior Company may appoint new or additional Trustees or a body corporate as sole Trustee and may also remove any of the Trustees from office. Any such appointment or removal must be made by deed.

These powers may be exercised without giving any reason and without any limitation as to the number of Trustees.

If the Senior Company wishes to appoint new or additional Trustees who are individuals, it shall so exercise its powers under this Clause 7.1 [*The Trustees: General: Appointment and removal of Trustees*] as to secure that at least one third of the Trustees for the time being are member-nominated trustees within the meaning of Section 241 of the Pensions Act 2004⁵.

7.2 Resignation of Trustees

Any Trustee has the right to resign from office by giving 1 month's written notice to the Senior Company. The resigning Trustee or Trustees must execute any documents and take the necessary steps to vest the assets of the Plan in the continuing Trustees.

7.3 Administrator

⁵ S.16 of the Pensions Act 1995 has been repealed and replaced with s.241 PA04, with the MNT definition in s.241(2) specifically.

The Trustees shall be the administrator of the Plan for the purposes of section 270 of the Finance Act 2004 unless the Trustees appoint a person resident in the United Kingdom to be the administrator of the Plan in their stead.

7.4 Trustees' expenses, charges and remuneration

Any Trustee may reimburse himself out of the assets of the Plan in respect of any expenses incurred by him in carrying out his duties as Trustee. Any Trustee being a person engaged in a profession or business is entitled to charge and be paid all usual professional and other charges for work done by him or his firm in relation to the Plan including work which a trustee not being in any profession or business could have done personally. Any other Trustee who is not a full time director or employee of any Employer is also entitled to charge and be paid such remuneration for his services as may be agreed between him and the Senior Company.

7.5 Trustees' personal interests

No decision of or exercise of a power or discretion by any of the Trustees will be invalidated or questioned on the ground that he had a direct or personal interest in the result of any such decision or the exercise of any such power or discretion.

7.6 Trustees who are Members

Any of the Trustees who is or has been a Member is entitled to retain for himself any benefit to which he is entitled by reason of such membership.

7.7 Trustees as directors or other officers

A Trustee may act as director or other officer and/or be a member of any company to which the Trustees have delegated any of their powers, duties and discretions.

7.8 Conduct of business

For so long as the Trustees shall be a body corporate they shall conduct their business in accordance with the provisions of their memorandum and articles of association. If at any time the Trustees consist of more than one trustee of the Plan the following provisions shall apply -

- (a) such trustees shall, having regard to the requirements of the 1995 Act, meet together for the despatch of business, adjourn or otherwise regulate their meetings as they think fit and may elect one of their number to act as chairman of such meetings;
- (b) a resolution in writing signed by a majority of such trustees for the time being in the United Kingdom of which appropriate written notice has been given to all such trustees shall be as valid and effectual as if it had been passed at a meeting of all such trustees. Such resolution may consist of one or more documents in similar form each signed by one or more of the trustees; and
- (c) subject to (b) above, questions arising at any meeting of such trustees shall be determined by majority of votes cast and in the event of an equality of votes, the chairman of the trustees shall have a second or casting vote.

7.9 Trustees' liability

Subject to any limitation imposed by virtue of Section 33 of the 1995 Act, no Trustee will be liable for the consequences of any mistake whether of law or of fact or for any breach of duty or trust whether made by way of commission or omission in relation to the Plan unless in any case it is proved to have been made, done or omitted in personal conscious bad faith or, in the case of a professional trustee (as defined in Clause 7.10 [*The Trustees: General: Trustees' indemnity*]), his own negligence.

7.10 Trustees' indemnity

Without prejudice to the right to any indemnity allowed by law but subject to Clause 7.11 [*The Trustees: General: Trustees' insurance*] and Section 256 of the PA 2004, the Trustees will be jointly and severally indemnified by the Employers in respect of all liabilities and expenses properly incurred in the execution or purported execution of the trusts of the Plan or of any duties, powers or discretions vested in the Trustees under the Plan and against all actions, proceedings, costs, expenses, claims and demands in respect of any matter relating to the Plan other than arising from the Trustee's own personal conscious bad faith or, in the case of a professional trustee, his own negligence. For this purpose a "professional trustee" means any trustee of the Plan whose business, or the business of any company or firm of which he is an employee or partner, includes providing a trustee service for a fee. To the extent that the Employers fail to indemnify the Trustees in accordance with the foregoing provisions the Trustees may indemnify themselves out of the assets of the Plan.

7.11 Trustees' insurance

The Trustees may insure the Plan and its Divisions against any loss caused by the Trustees or any of their delegates or any officer or employee of a corporate trustee of the Plan. The Trustees may also insure themselves and any of those persons against liability for maladministration or breach of the trusts of the Plan not involving personal conscious bad faith or fraud of the person concerned. The premiums for any such insurance may be paid from the assets of the Plan.

The indemnity under Clause 7.10 [*The Trustees: General: Trustees' indemnity*] shall be limited so that it shall only indemnify the Trustees to the extent of any losses for which the Trustees are not wholly and effectively indemnified under an insurance policy taken out by them pursuant to their powers under this Clause 7.11 [*The Trustees: General: Trustees' insurance*] .

7.12 Application of Clause 7

7.10 For the purposes of Clauses 7.4 [*The Trustees: General: Trustees' expenses, charges and remuneration*], 7.5 [*The Trustees: General: Trustees' personal interests*], 7.6 [*The Trustees: General: Trustees who are Members*], 7.7 [*The Trustees: General: Trustees as directors or other officers*], 7.9 [*The Trustees: General: Trustees' liability*] and 7.10 [*The Trustees: General: Trustees' indemnity*] "Trustees" shall include any director of any corporate body for the time being acting as a trustee of the Plan

8 Investment Powers of the Trustees

8.1 General investment power

The Trustees shall have power to invest money forming part of the Plan, and to transpose and vary such investments, in or upon the security of such stocks, shares, debentures, debenture stock, unit trusts, traded options, financial or other future contracts, objects d'art, insurance policies and annuity contracts, managed fund contracts, land and any other investments, whatsoever and wheresoever situate, whether or not income producing and whether or not involving liability, and whether or not authorised by law for the investment of trust funds, and in such loans, whether secured or unsecured, as the Trustees in their absolute discretion think fit, to the intent that the Trustees shall have powers of investment and of transposing investments no less unrestricted than if they were absolutely entitled to such monies and investments beneficially. Without prejudice to the generality of this Clause, the Trustees shall also have the powers described in Clauses 8.2 [*Investment Powers of the Trustees: Deposits*] to 8.6 [*Investment Powers of the Trustees: Pooled investments*] below, and may exercise any or all of the powers contained in this Clause 8 [*Investment Powers of the Trustees*] jointly or in conjunction with any other person, subject always to the terms of Clause 8.7 [*Investment Powers of the Trustees: Restriction on "employer-related investments"*]. In this Clause 8.1 [*Investment Powers of the Trustees: General investment power*] references to the investment of money include references to the application of money in any of the ways mentioned above.

8.2 Deposits

The Trustees may retain or place money on deposit or current account with any bank and on deposit with any local authority, insurance company, building society or other body and in any event shall comply with the requirement of Section 49(1) of the 1995 Act.

8.3 Underwriting and sub-underwriting

The Trustees may underwrite or sub-underwrite any investments or securities, whether on issue or sale.

8.4 Foreign currency dealings

The Trustees may deal in foreign currencies either at the official rate of exchange or at any other rate and either for present or forward settlement.

8.5 Land and property

The Trustees may invest in the purchase, or upon the security, of freehold or leasehold land or any interest in land and in any expenditure upon development, re-development, improvement, maintenance or insurance in connection with any such investment.

8.6 Pooled investments

The Trustees may, notwithstanding anything to the contrary in this Third Definitive Trust Deed, commingle, pool or otherwise jointly invest all or any of the assets of the Plan with the assets of any other Registered Pension Scheme. In doing so, the Trustees may, subject to complying with the requirements of the 1995 Act dealing with delegation of investment discretions and appointment of fund managers, enter into such arrangements as they consider fit for the appointment of one or more investment managers and/or nominees of the commingled, pooled or jointly invested assets.

8.7 Restriction on "employer-related investments"

Notwithstanding the foregoing provisions of this Clause 8 [*Investment Powers of the Trustees*], the Trustees shall not at any time invest any of the money or other assets of the Plan in any Employer-related investments as defined in Section 40(2) of the 1995 Act.

Any sums which are due and payable by the Senior Company or any such person to the Trustees on account of an obligation arising under Clause 6 [*Employers' Contributions*] shall not rank as employer related investments for the purpose of this Clause 8.7 [*Investment Powers of the Trustees: Restriction on "employer-related investments"*] unless at any time such sums exceed in aggregate 5% of the current market value of the assets of the Plan.

9 Other Powers

9.1 General administration

The Trustees may make such arrangements generally for the proper administration of the Plan and the Divisions as they think fit and may take all steps as they consider necessary or expedient for the maintenance of the Plan and of the rights of Members under it.

9.2 Appointment of officers etc

The Trustees may appoint on such terms as the Trustees consider fit a secretary and such other officers, staff and agents as the Trustees consider appropriate for the management of the Plan, and revoke or vary any such appointment. Any valid receipt given to such officers, staff and agents will be a good and sufficient discharge to the Trustees.

9.3 Delegation

The Trustees may delegate to such persons as the Trustees consider fit all or any of the powers, duties and discretions vested in the Trustees under this Third Definitive Trust Deed and the Rules. Any delegation by the Trustees of their powers, duties and discretions shall be on such terms as the Trustees consider fit and may include a power to sub-delegate. The Trustees may confer on any person to whom they delegate any of their powers, duties or discretions an indemnity in such terms as the Trustees consider fit. In relation to the delegation of any of their investment functions to an investment manager, the Trustees shall ensure that the relevant requirements of the 1995 Act are at all times complied with.

9.4 Guarantees and indemnities

The Trustees may grant such guarantees and indemnities in connection with the exercise of any of their powers under the Plan as they think fit and may bind any or all of the assets of the Plan for that purpose.

9.5 Authority

The Trustees may authorise such persons as they consider fit to draw on any banking account and to endorse cheques and to give receipts and discharges.

9.6 Professional advice

The Trustees may appoint, and may rely upon the advice or opinion (whether or not obtained by them) of, any accountant, actuary, broker, lawyer, medical practitioner, surveyor or other professional person. In exercising their foregoing powers, the Trustees shall have regard to the requirements of Section 47 of the 1995 Act.

9.7 Donations etc

The Trustees may accept any donations, transfers or bequests for any of the purposes of the Plan.

9.8 Matters of doubt

The Trustees shall decide all questions and matters of doubt arising under the Rules and other documents pertaining to the Plan, and so that, so far as the law permits, any such decision shall be conclusive.

9.9 Minor adjustments to data

The Trustees may make such minor adjustments as they may consider convenient to the data from which any figure under this Third Definitive Trust Deed or the Rules is to be calculated and/or to the figure itself.

9.10 Undertakings

The Trustees may give undertakings in connection with the administration of the Plan.

9.11 Disputes

The Trustees may institute any legal proceedings (including any reference made to the Pensions Ombudsman) which the Trustees may consider necessary to resolve any matter relating to the Plan and may pursue, defend, settle or submit to arbitration any such proceedings or any other claims, complaints or disputes relating to the Plan. The Trustees shall secure that arrangements are at all times in place (and being implemented) for resolving disputes relating to the Plan in accordance with the requirements of Section 50 of the 1995 Act.

9.12 Nominees and custodians

The Trustees may do anything necessary for all or any of the assets of the Plan to be held in the name of a nominee and/or custodian, upon such terms as they may decide.

9.13 Borrowing and charging

The Trustees may borrow any money for the purposes of the Plan and may charge all or any part of the assets for the time being of the Plan with the due repayment of, or payment of interest on, any money so borrowed.

10 Accounts and Trustees' Annual Reports

10.1 Trustees' duty to keep accounts

The Trustees shall keep such accounts, entries, registers and records as are necessary for the proper administration of the Plan and in accordance with relevant statutory requirements. Such accounts shall be prepared as at the end of each Plan Year and shall be audited by the Auditor, and shall comply with the Disclosure Requirements (to the extent that they are applicable).

10.2 Appointment and removal of Auditor

The Trustees shall from time to time appoint the Auditor, on such terms as the Trustees consider fit, subject to such appointment satisfying the requirements of Section 47 of the 1995 Act. In addition to their obligation under Section 47(9) of that Act, the Trustees and the Employers shall supply the Auditor with such information and explanations as may reasonably be required for the performance of his duties, including allowing him access at all reasonable times to the Plan's books, accounts and vouchers. The Trustees may remove the Auditor from office at any time, on such terms as they consider fit and subject to the requirements of Section 47 of that Act, by serving on him notice in writing stating the date with effect from which his appointment is terminated.

10.3 Annual report

The Trustees shall prepare in accordance with the Disclosure Requirements an annual report on the Plan in respect of each Plan Year.

11 The Actuary and Actuarial Reports

11.1 Appointment and removal of Actuary

The Trustees shall from time to time appoint the Actuary, on such terms as they consider fit, subject to such appointment satisfying the requirements of Section 47 of the 1995 Act. The Trustees may terminate any such appointment at any time, on such terms as they consider fit and subject to the requirements of Section 47 of that Act, by serving on the individual appointed for the purpose of Section 47(1)(b) of that Act or (as the case may be) the appointed body notice in writing stating the date with effect from which the appointment is terminated.

11.2 Actuarial valuation and report

The Trustees shall instruct the Actuary to prepare or have prepared for the Trustees in accordance with the Disclosure Requirements and the requirements of Part 3 of PA 2004, a signed actuarial valuation of the Plan. The effective date of the first valuation was 31 March 2013 and the effective date of each subsequent valuation shall be no later than 3 years after 31 March 2013. The Trustees shall from time to time give the Actuary such instructions as they consider appropriate for the purpose of ensuring that the Plan satisfies the statutory funding objective under Section 222 of the PA 2004. The Actuary shall also prepare or have prepared such actuarial statements as may be necessary to comply with the PA 2004.

11.3 Surplus assets

If the Actuary advises the Trustees that the value of the Plan's assets exceeds the value of the Plan's liabilities, the Trustees may, provided they comply with the requirements of Section 37 of the 1995 Act, make a payment to an Employer.

No payment may be made by the Trustees under this Clause without the consent of the Principal Employer.

12 Provision of Information

12.1 Disclosure of information by Trustees

The Trustees and the Employers shall comply or ensure compliance with the Disclosure Requirements and Members shall have such rights to information under the Plan and subject to such conditions and restrictions as are specified under the Disclosure Requirements.

12.2 Provision of information by Employers

Every Employer shall promptly supply to the Trustees (or as the Trustees may direct) such information as they may request as being necessary for the proper administration of the Plan or to comply with its duties under Section 47(9) of the 1995 Act.

13 Substitution of Senior Company

13.1 Senior Company

If the business or undertaking of the Senior Company is wholly or substantially acquired by another company, or for any other reason the Trustees and (if it is not then in liquidation or receivership or has not otherwise been dissolved) the Senior Company consider it desirable or expedient to effect such a substitution in the interests of the Members as a whole, that other company ("**the New Company**") may, enter into an agreement to undertake the liabilities and perform the obligations of the Senior Company under the Plan. Upon the execution of such agreement by the Senior Company (if it is not then in receivership or liquidation or has not otherwise been dissolved), the Trustees and the New Company, the Senior Company will be released from all the said liabilities and obligations and the New Company will be substituted for the Senior Company under the Plan on and from the effective date specified for this purpose in the agreement. Following such a substitution, this Third Definitive Trust Deed and the Rules will

then have effect as if references to the Senior Company were references to the New Company so substituted for the Senior Company.

14 Amendment Power

14.1 In addition to any statutory powers to make such alterations or additions which are vested in them, the Trustees have power to alter or add to all or any of the trusts powers and provisions of this Third Definitive Trust Deed and the Rules with immediate future or retrospective effect. All such alterations or additions shall be made by deed. Provided that to the extent that the alteration or addition relates to the contributions payable in relation to a Division or the benefits provided under a Division, the Trustees must obtain the agreement thereto of the Principal Employer who shall evidence such agreement by executing the deed effecting the alteration or addition.

14.2 No alteration or addition may be made pursuant to Clause 14.1 [*Amendment Power*] which contravenes Section 67 of the 1995 Act or which contravenes any restrictions on alterations or amendments of the Rules which may be specified in the Money Purchase Rules or Final Salary Rules.

15 Discontinuance of the Plan

15.1 Events causing discontinuance

The Plan shall be discontinued if any of the following events occur:-

- (a) the expiry of three months' notice (or such shorter notice as the Trustees may accept) given in writing to the Trustees by the Senior Company of its intention to discontinue the Plan and its trusts; or
- (b) the Trustees resolve to discontinue the Plan at a time when the Senior Company is in uncorrected breach of any of its obligations under the Third Definitive Trust Deed and the Rules, or the liability of all the Employers to contribute in respect of the Members as a whole has been reduced or suspended so that they are contributing less than is required by Clause 6.1 [*Employers' Contributions: Employer's contributions*], or all of the Employers and the Senior Company have, in the opinion of the Trustees, ceased to carry on any business or to employ any persons who are or may become eligible for membership of either of the Divisions; or
- (c) an order is made or an effective resolution is passed for the winding up of the Senior Company.

15.2 Application of Rule 15

Rule 15.2 [*Discontinuance of a Division: Effects of discontinuance*] to Rule 15.8 [*Discontinuance of a Division: Transfer to another Occupational Pension Scheme*] inclusive shall apply to a discontinuance of the Plan as if they applied to a discontinuance of each and every Division in the Plan but nothing in this Clause 15.2 [*Discontinuance of the Plan: Application of Rule 15*] shall have effect to permit the liabilities of the Final Salary Division to be met on the discontinuance of the Plan by applying the assets of the Money Purchase Division for that purpose.

DEED

In any such case the Trustees may, within three months of the event causing the discontinuance of the Plan, cancel the discontinuance, Provided that:

- (a) in their opinion another company or other person is to be substituted for the Senior Company under Clause 13.1 [*Substitution of Senior Company*] before the expiry of such period. If such a substitution does not occur before the expiry of such period the discontinuance shall commence forthwith upon the expiry of such period; or
- (b) the notice referred to in paragraph (a) is withdrawn, the breach referred to in paragraph (b) is remedied or any other event happens whereby, in the opinion of the Trustees, it would no longer be in the interests of the beneficiaries of the Plan to proceed with the discontinuance.

IN WITNESS whereof the parties to this deed caused this deed to be executed the day and year first above written.

APPENDIX A

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THE AFFINITY WATER PENSION PLAN

THE RULES

CONTENTS

Part	Heading	
Part 1	Rules Applicable to Both Divisions	19
Part 2	Money Purchase Rules.....	54
Part 3	General Final Salary Rules.....	80
Part 4	Specific Final Salary Rules.....	100

THE AFFINITY WATER PENSION PLAN

THE RULES

(Explanatory note not forming part of the Rules)

The Rules applicable to a Division comprise:

- (a) in the case of the Money Purchase Division, Part 1 [*Rules Applicable in All Divisions*] and Part 2 [*Money Purchase Rules*]; or
- (b) in the case of the Final Salary Division, Part 1 [*Rules Applicable to All Divisions*], Part 3 [*General Final Salary Rules*] and the Part 4 [*Specific Final Salary Rules*] which are specified as being applicable to that category of member.

RULES APPLICABLE TO BOTH DIVISIONS

PART 1

RULES APPLICABLE TO BOTH DIVISIONS

CONTENTS

Rule	Heading	
1	Interpretation.....	19
2	Payment of Benefits.....	30
3	Increases to Pensions in Payment	34
4	Augmentation of Benefits.....	36
5	Additional Benefits	37
6	Transfers to the Plan	37
7	Transfers from a Division: Individual	39
8	Transfers from a Division: Group.....	40
9	Transfers from the Final Salary Division to the Money Purchase Division.....	41
9A	Transfers from one Section of the Final Salary Division to another Section of the Final Salary Division	42
9B	Transfers between divisions prior to 1 April 2015	42
10	Trustees' Power to Secure Benefits	42
11	Recovery of Indebtedness by Employer	44
12	Prohibition on Assignment.....	44
13	Contracting-Out	45
14	Associated Employers: Termination of Participation	45
15	Discontinuance of a Division	47
16	Application of Part 1.....	51
16A	Civil Partnerships and Same-Sex Marriages.....	51

RULES APPLICABLE TO BOTH DIVISIONS

PART 1

RULES APPLICABLE TO BOTH DIVISIONS

1 Interpretation

1.1 General guidance

In the Third Definitive Trust Deed and the Rules, where the context so admits:-

- (a) pronouns relating to men relate also to women;
- (b) words importing the singular include the plural and vice versa;
- (c) references to any statutory provision include any pre-enactment, modification, re-enactment or extension thereof for the time being in force and any statutory instruments, orders or regulations from time to time made thereunder;
- (d) references to any statutory instrument, order or regulation include the statutory provision under which it is made and include any modifications, re-enactments or extensions for the time being in force;
- (e) the expressions "employee" and "director" both include any person occupying the position of director, by whatever name called;
- (f) the expression "person" includes any firm, organisation or body of persons corporate or incorporate;
- (g) the headings to the Clauses and the Rules do not affect their interpretation; and
- (h) unless the context otherwise requires a reference to a particular Clause is a reference to a particular Clause of the Third Definitive Trust Deed and a reference to a particular Rule is a reference to one of the Rules contained in Parts 1 - 4.

1.2 Meanings of specific words or expressions used in the Third Definitive Trust Deed and Rules

In the Third Definitive Trust Deed and Rules the following expressions have the following meanings, except where any such expression is also defined in Part 2 [*Money Purchase Rules*] or Part 4 [*Specific Final Salary Rules*], in which case that expression shall have the meaning ascribed to it in the Part 2 [*Money Purchase Rules*] or Part 4 [*Specific Final Salary Rules*] (as appropriate) for the purposes of all Parts of the Rules, but only in so far as those Parts apply to that Division or the relevant category of member:-

"Accrued Rights" in relation to GMPs has the same meaning as in Chapter I of Part III of the Pension Schemes Act.

"Actuary" means the individual, firm or company appointed by the trustees as actuary of the Plan under Clause 11.1 [*The Actuary and Actuarial Reports: Appointment and removal of*

RULES APPLICABLE TO BOTH DIVISIONS

Actuary], except that where there is a statutory requirement that a particular function of an actuarial nature must be carried out in relation to the Plan by an individual appointed for the purpose of Section 47(1)(b) of the 1995 Act, the expression means the individual so appointed who satisfies Section 47(5)(b) of that Act.

"Appropriate Policy" means an insurance policy or annuity contract which is appropriate for the purposes of Sections 19(3) and 19(4) of the Pension Schemes Act.

"Associated Employer" means any Employer other than the Principal Employer. An Associated Employer must be either a subsidiary of or associated in business with the Principal Employer, or must form part of the same group of companies as the Principal Employer, or (in the case of a company whose participation in the Division would be restricted to a temporary period pursuant to Clause 4.6 [*Constitution of Plan: Participation of Associated Employers*] or the proviso to Rule 14.1 [*Associated Employers: Termination of Participation: Termination of participation*]) must otherwise be connected with the Principal Employer.

"Associated Scheme" has the meaning given in the Revenue Limits Appendix.

"the Auditor" means the person appointed by the trustees as auditor to the Plan under Clause 10.2 [*Accounts and Trustees' Annual Reports: Appointment and removal of Auditor*] and for the purpose of Section 47(1)(a) of the 1995 Act, being a person who satisfies Section 47(5)(b) of that Act.

"Authorised Life Office" means an insurance company which satisfies the requirements described in Regulation 2(1) of the Occupational Pension Schemes (Discharge of Liability) Regulations 1997 (S.I. 1997 No. 784).

"Authorised Recipient" in relation to any Member or beneficiary comprises any of the following in the circumstances specified:

- (a) such Member or beneficiary; or
- (b) the trustee in bankruptcy of the relevant Member or beneficiary who has obtained a Court Order under Sections 310 and 342A-C of the Insolvency Act 1986; or
- (c) the spouse or former spouse of the relevant Member or beneficiary who has the benefit of a Court Order under Section 23 of the Matrimonial Causes Act 1973⁶ by virtue of Section 25B or 25C of that Act (earmarking of pensions and other benefits on divorce) or of a Pension Sharing Order.

"AVC Benefits" means benefits provided for or in respect of a Member which derive from AVC Scheme Contributions. Subject to the following conditions, such benefits shall be calculated and provided on whatever basis is from time to time laid down by the Trustees:-

- (i) AVC Benefits shall wherever necessary be restricted to ensure that the limits set out in the Revenue Limits Appendix are not exceeded;
- (ii) AVC Benefits may consist of or include a refund of AVC Scheme Contributions, for a

⁶ Correction of typo in Second Trust Deed and Rules

RULES APPLICABLE TO BOTH DIVISIONS

Refund Only Member or for any other Member who is entitled to and who selects such a refund in accordance with the provisions in the Money Purchase Rules or Final Salary Rules (as appropriate) dealing with surplus additional voluntary contributions;

- (iii) AVC Benefits may not include a lump sum (other than an uncrystallised funds pension lump sum)⁷ in exchange for a pension, unless the AVC Benefits derive from an additional voluntary contributions arrangement first commenced before 8th April 1987, and the payment of such a lump sum would not breach Revenue Limits;
- (iv) if the AVC Scheme Contributions from which the AVC Benefits derive were paid on a money-purchase basis, the AVC Benefits must be of such amount as, in the opinion of the Trustees after consulting the Actuary, is equivalent on a money-purchase basis to the AVC Scheme Contributions;
- (v) if the AVC Scheme Contributions from which the AVC Benefits derive were not paid on a money-purchase basis, the AVC Benefits must be of such amount as the Trustees consider to be reasonable, having regard to the value of other benefits under the Division;
- (vi) the Trustees shall ensure that if the Member ceases to be in Pensionable Service before Normal Retirement Date the Preservation Requirements are complied with in respect of his AVC Benefits; and
- (vii) in the circumstances referred to in the provisions referred to in (ii) above, and the Member shall select the AVC Benefits to be provided for or in respect of him.

"**the AVC Scheme**" means the Plan's additional voluntary contributions scheme (or all such schemes, if more than one), to which Members may make or have made contributions under the Rule in the Money Purchase Rules or Final Salary Rules (as appropriate) dealing with Members' additional voluntary contributions.

"**AVC Scheme Contributions**" in relation to a Member means all contributions made by him to the AVC Scheme and/ or any moneys that have been transferred to the Division in respect of voluntary contributions paid by the Member under a previous occupational pension scheme or FSAVC Scheme. In any such case, the definition includes any investment returns on such contributions.

"**Basic Weekly Hours**" means, in relation to a Member, the minimum number of hours of service for the Employer which the Member is for the time being contracted to work in a normal working week or, if less, the Minimum Full-time Hours.

"**Cash Equivalent**" in respect of a Member means the cash equivalent which has accrued to him under a Division as prescribed under Section 97 of the Pension Schemes Act.

"**Child**" means, in relation to a person-

- (i) any child, step-child, adopted child or illegitimate child of that person; and

⁷ Deed of Amendment dated 14 October 2016, clause 8.2

RULES APPLICABLE TO BOTH DIVISIONS

- (ii) any child for whom that person has in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement, and -

who in either case -

- (a) is under the age of 18 (or such other age as may be specified for this purpose in the Money Purchase Rules or Final Salary Rules (as appropriate)); or
- (b) is in full-time education or full-time training for a trade, profession or vocation before attaining the age of 23; or
- (c) is wholly incapacitated before reaching the age of 18 and thereafter remains in such incapacity.

"the Contracting-Out Appendix" means Appendix 1 to the Rules, of which it forms part, entitled "Contracting-Out Appendix".

"the Contracting-Out Requirements" means the requirements for contracting-out as set out in the Pension Schemes Act, the 1995 Act and any other relevant legislation (including the requirements contained in the Contracting-Out Appendix) and **"Contracted-Out Scheme"** shall be construed in accordance with such requirements.

"Contributions" means -

- (i) a Member's contributions to the Division; and
- (ii) any moneys or other assets transferred to the Division in respect of him which the Trustees are notified arise from his contributions to a previous Occupational Pension Scheme or to another Division, but in either case it excludes any AVC Scheme Contributions and any amounts which have already been refunded to the Member.

"CTA" means the Common Terms Agreement, entered into between the Senior Company and 20 other entities, dated 4 February 2013, as amended from time to time, a copy of which has been or will be sent to the Trustees.

"Dependant" means in relation to any person -

- (i) the widow or widower of that person;
- (ii) any Child of that person; and
- (iii) any person who the Trustees consider to have been wholly or partly financially dependent upon that person immediately before that person's death or, if he is still living, to continue to be so dependent.

"Disclosure Requirements" means the requirements of Section 113 of the Pension Schemes Act, Section 41 of the 1995 Act or any other statutory provision requiring the provision of documents or other information to any person in relation to the Plan.

RULES APPLICABLE TO BOTH DIVISIONS

"Division" means the part of the Plan which sets out a distinct benefit structure established within the Plan in accordance with the terms of this Third Definitive Trust Deed and the Rules.

"Earnings Cap" The Earnings Cap applies to all Members except Uncapped Members. It means, in relation to a Member's benefits, the "permitted maximum" in respect of the Tax Year in which his Pensionable Service ends and, in relation to a Member's Contributions, the "permitted maximum" in respect of the Tax Year to which such Contributions relate. The "permitted maximum" for each Tax Year is defined in the Revenue Limits Appendix.

"Employer" means the Principal Employer and any Associated Employer admitted to participation under Clause 4.6. In relation to a particular Member, the Employer means the Employer by which he is for the time being or was last employed.

"Equivalent Pension Benefits" means pensions complying with the requirements for non-participation under the National Insurance Acts.

"Event of Default" has the same meaning as in the MDA.

"Excluded Assets" has the meaning given in Appendix A.

"FSAVC Scheme" means an Occupational Pension Scheme which was approved by the Inland Revenue by virtue of Section 591(2)(h) of the Income and Corporation Taxes Act 1988 prior to 6 April 2006.

"Final Salary Division" means the Division which provides final salary benefits.

"Final Salary Rules" means the rules applicable to the Division providing Final Salary benefits, as set out in Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] of the Rules.

"Full-time" means employment with an Employer on the basis of a contract specifying a minimum number of hours of Service in a normal working week (disregarding overtime) which is not less than the Minimum Full-time Hours.

"Full-time Member" means a Member employed on a Full-time basis.

"GMP" has the meaning given to it in the Contracting-Out Appendix.

"HM Revenue & Customs" means Her Majesty's Revenue and Customs.

"Incapacity" means physical or mental deterioration in health, established by medical evidence supplied by (1) the Member's own doctor and (2) (if so required by the Trustees) a doctor nominated by the Trustees, which is beyond that normally associated with advancing age and which in the opinion of the Trustees, after consulting the Employer, prevents the Member from following gainful employment or self-employment.

"the Index" means the Index of Retail Prices published by the Office for National Statistics or any other official index of retail price inflation published in substitution for that index.

"Initial Divisions" has the meaning given in Recital (B) of the Introduction.

RULES APPLICABLE TO BOTH DIVISIONS

"**Maternity Leave**" in relation to a Member who returns, or is entitled to return, to work following an absence for pregnancy or confinement (whether in exercise of a right under the Employment Rights Act 1996 or otherwise with the agreement of an Employer) means the period of absence.

"**MDA**" means the Master Definitions Agreement entered into between the Senior Company and 20 other entities, dated 4 February 2013, as amended from time to time, a copy of which has been or will be sent to the Trustees.

"**Member**" means, in relation to a Division -

- (i) any person who has joined the Division; and
- (ii) any person in respect of whom a liability to pay benefits under the Division has been assumed by the Division,

so long as, in either case, that person's entitlement or prospective entitlement to benefits from the Division arises from an employment or directorship which he has held. An Ex-Spouse Participant shall not be a Member save for the purpose of Rules 2 [*Payment of Benefits*], 11 [*Recovery of Indebtedness by Employer*], 12 [*Prohibition on Assignment*], 13 [*Contracting-Out*], and 15 [*Discontinuance of a Division*].

"**Member's Account**" has the meaning given to it in the Money Purchase Rules.

"**Minimum Full-time Hours**" means the standard number of hours per week notified to the Trustees from time to time by the Principal Employer for a person in Full-time Pensionable Service or, in the absence of any such notification, 30 hours per week.

"**Money Purchase Division**" means the Division which provides money purchase benefits.

"**Money Purchase Rules**" means the rules applicable to the Division providing money purchase benefits, as set out in Part 2 [*Money Purchase Rules*] of the Rules.

"**National Insurance Acts**" means the National Insurance Act 1959 and all subsequent legislation relating to Equivalent Pension Benefits accrued while qualifying for non-participation in the statutory graduated pension scheme in any period prior to 6 April 1975.

"**Normal Retirement Date**" has the meaning given to it in the Money Purchase Rules and Final Salary Rules.

"**Occupational Pension Scheme**" has the meaning given to it in Section 1 of the Pension Schemes Act.

"**PA 2004**" means the Pensions Act 2004.

"**Part-time**" means employment with an Employer on the basis of a contract specifying a number of hours' Service (or, if a range of hours is specified, a minimum number of hours' Service) in a normal working week (disregarding overtime) which is less than the Minimum Full-time Hours.

"**Part-time Member**" means a Member employed on a Part-time basis.

RULES APPLICABLE TO BOTH DIVISIONS

"**Pensionable Pay**" has the meaning given to it in the Part 2 [*Money Purchase Rules*] and/or Part 4 [*Specific Final Salary Rules*] (as appropriate).

"**Pensionable Service**" means in respect of a Member the period of continuous Service completed by the Member after joining a [Division or]Section (which, for these purposes, includes a Member's pensionable service in the VUKPP and/or the VWSCPP, as applicable) and ending with the date on which the Member retires, leaves Service, opts-out of the [Division or]Section, or (as the case may be) dies.

Notes:

1. Pensionable Service may be increased under Rule 23 [*Opting-Out and Re-Admission*], or under Rule 4 [*Augmentation of benefits*], under Rule 6 [*Transfers to the Plan*], under Rule 9 [*Transfers from the Final Salary Division to the Money Purchase Division*] or under Rule 9B [*Transfers between divisions prior to 1 April 2015*], but the same period may not rank under more than one of such Rules.
2. Temporary absences from work can affect the calculation of Pensionable Service. Details are given in Rule 22 [*Maternity Leave and Other Absences*].
3. In the case of Part-time Members, refer to Rule 24 [*Part-time Members*] of Part 3 [*General Final Salary Rules*].
4. Where in these Rules references are made to "being in" Pensionable Service or to Pensionable Service ending, unless the context admits otherwise such references relate to the last or only continuous period of Pensionable Service.

The following additional notes apply in relation to former Members of the VWSCPP:

5. Pensionable Service will be subject to a maximum of 40 years provided that:
 - (a) For a Member who has completed 40 years' Pensionable Service on or before reaching Normal Retirement Date, that Member can elect in writing to the Trustees to accrue a further 5 years Pensionable Service after Normal Retirement Date.
 - (b) a Member's total Pensionable Service can exceed 40 years under (a) above only to the extent that the Member's actual service with this Employer exceeds 40 years.⁸

See also 8 below.

6. AVC Scheme Contributions may, in accordance with arrangements approved by the Trustees, be applied to provide additional years of Pensionable Service for a Member but subject always to the limits described in 5 above.

⁸ Deed of Amendment dated 10 October 2018, clause 2.1.

RULES APPLICABLE TO BOTH DIVISIONS

7. A Pre-1992 Member may retain a contractual right to have separate periods of Pensionable Service aggregated for the purpose of calculating his benefits under a Division.
8. A Member who continues in Service after he has attained age 65 may, with the agreement of the Employer and subject to Rule 28 [*Late Retirement*] of Part 2 [*Money Purchase Rules*] and/or Rule 27 [*Late Retirement*] of Part 3 [*General Final Salary Rules*] and to the limits described in 5 above, be treated for the purposes of the Rules as remaining in Pensionable Service until he retires from Service.

"Pension Scheme Benefits" means benefits that may be provided by a "pension scheme" as defined in Section 150 of the Finance Act 2004.

"Pension Schemes Act" means the Pension Schemes Act 1993.

"Pension Sharing on Divorce Appendix" means Appendix 4 to the Rules, of which it forms part, entitled Pension Sharing on Divorce Appendix.

"Pension Sharing Order" has the meaning given to it in Appendix 4.

"Personal Pension Scheme" means a personal pension scheme for the purposes of Section 1 of the Pension Schemes Act.

"Plan" means the Affinity Water Pension Plan established by the Definitive Trust Deed dated 26 February 2013.

"Plan Year" means the period ending 31 December 2013 and each subsequent calendar year ending on 31 December.

"Pre-1992 Member" means a Member who joined the Water Scheme before 1 January 1992.

"Pre-1997 Rights" means the rights in relation to a Member or a Member's widow or widower, or prospective rights of that person, to receive a GMP under the Plan which accrued before 6 April 1997.

"the Preservation Requirements" means the requirements of Chapter I of Part IV of the Pension Schemes Act or The Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (S.I. 1991 No.167), as the context admits.

"Principal Employer" means, subject to Clause 13.1 [*Substitution of Senior Company*] the Senior Company.

"Qualifying Service" in relation to a Member on termination of Service by reference to a Division ("the Current Division") means the aggregate of the following periods, namely –

- (a) the period counting under the definition of Pensionable Service;
- (b) every period of employment not falling within paragraph (a) above to which a transfer under Rule 6 [*Transfers to the Plan*] (other than, in the case of a VWSCPP Member, a transfer from a Personal Pension Scheme) relates; and

RULES APPLICABLE TO BOTH DIVISIONS

- (c) if applicable, any period of employment not falling within paragraph (a) or (b) above which counts as Pensionable Service under another Division or Section which ended immediately before his Service in the Current Division commenced

Provided that an earlier period of Pensionable Service or, if applicable, any period of employment to which paragraph (c) above relates shall be added to a later period of Pensionable Service notwithstanding any intermediate break if the intermediate break-

- (i) does not exceed one month; or
- (ii) is Maternity Leave and the Member returns to Pensionable Service no later than one month after returning to work; or
- (iii) corresponds to the Member's absence from work in furtherance of a trade dispute; or
- (iv) is of any length provided the Member had previously completed two years' Qualifying Service (five years where such Qualifying Service terminated before 6th April 1988), excluding any period of such Service for which -
- (a) a refund of Contributions has been paid; or
- (b) a transfer has been made in respect of him to a Personal Pension Scheme or to another Occupational Pension Scheme other than an Associated Scheme; or
- (c) an Appropriate Policy has been purchased for him.

Qualifications and Notes:

1. For the purpose only of applying the definition of Normal Retirement Date for a VWSCPP Member, Qualifying Service shall include:
 - (a) any period of continuous service commencing on or after the Member attained age 16 but before the commencement of Pensionable Service; and
 - (b) any period of absence from work in furtherance of a trade dispute.
2. In the case of a VWSCPP Member, Qualifying Service will not include additional years of Pensionable Service attributable to the exercise of a discretion under Rule 4 [*Augmentation of Benefits*] or to the application of AVC Scheme Contributions.

"Reference Salary" has the meaning given to it in Rule 35 of the Money Purchase Rules and Rule 33 of the General Final Salary Rules.⁹

"Refund Only Member" means a Member who ceases to be in Pensionable Service and is not entitled to a short service benefit in accordance with Part IV of the Pension Schemes Act 1993,

⁹ Deed of Amendment dated 18 December 2020, paragraph 4.1

RULES APPLICABLE TO BOTH DIVISIONS

but not if a transfer payment from a Personal Pension Scheme has been received by the Plan in respect of the Member¹⁰.

“Registered Pension Scheme” means a registered pension scheme for the purposes of Chapter II Part IV of the Finance Act 2004 or such other scheme or arrangement which meets the conditions or requirements prescribed by HM Revenue & Customs from time to time.

“Revaluation Requirements” means the requirements of Sections 83 - 86 inclusive of the Pension Schemes Act.

“Revenue Limits” means all and any limits on the benefits or contributions which could be paid by or to an exempt approved occupational pension scheme within the meaning of Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988 as it applied on 5 April 2006, taking into account the requirements and guidance of HM Revenue & Customs as at that date.

“the Revenue Limits Appendix” means Appendix 2 to these Rules, of which it forms part, entitled Revenue Limits Appendix.

“Rules” means in general context the rules annexed to the Third Definitive Trust Deed (including any Appendices to which they refer), as amended from time to time, and in relation to a Division, Part 1 [*Rules Applicable to All Divisions*] and in relation to the Money Purchase Division Part 2 [*Money Purchase Rules*] as amended from time to time and in relation to the Final Salary Division Part 3 [*General Final Salary Rules*] and that part of Part 4 [*Specific Final Salary Rules*] which sets out the benefit structure relevant to that Member, both as amended from time to time.

¹¹**“Salary Sacrifice Arrangement”** means such salary sacrifice arrangements as may from time to time be operated by an Employer under which Members accept lower levels of salary or earnings than would otherwise apply and in exchange receive increased Employer contributions to the Plan.

“Salary Sacrifice Member” means at any time a Member to whom a Salary Sacrifice Arrangement applies.¹²

“Section” means, a section of the Final Salary Division of the Plan under which the benefits payable to the and in respect of the relevant category of members are calculated.

“Section 9(2B) Rights” has the meaning given for the purpose of the Transfer Regulations.

“Senior Company” means Affinity Water Limited (company registered no. 02546950) or such other company as may be substituted for that company (or any company previously so substituted) as Senior Company in relation to the Plan pursuant to Clause 13.1 [*Substitution of Senior Company*].¹³

“Service” means employment with an Employer. A Member who left Service with an immediate or preserved pension and who has since re-entered Service, but whose Pensionable Service

¹⁰ Deed of Amendment dated 14 October 2016, clause 2.

¹¹ Replaced with reference to Third Definitive Trust Deed

¹² Deed of Amendment dated 18 December 2020, paragraph 4.2

¹³ Refers to Principal Employer as well - however 13 in its title only refers to "substitution of Senior Company".

RULES APPLICABLE TO BOTH DIVISIONS

ended and has not recommenced, shall be treated for the purposes of all the Rules, other than Rule 23 [*Opting-Out and Re-Admission*] and (if applicable) any Rule dealing with the provision of lump sum death in service benefits, as if he was not in Service. A Member's Service shall be deemed not to have ended while Rule 22 [*Maternity Leave and Other Absences*] applies to him. This definition is subject to the Revenue Limits Appendix.

“Southeast Member” means a Member who is a Member of Section K or Section L of the Final Salary Division and Southeast Members shall be interpreted accordingly;

“Special Capped Member” has the meaning given to it in Appendix 2.

“the Standard Amount” has the meaning given to it in Part 4 [*Specific Final Salary Rules*].

“State Pensionable Age” means, in respect of GMP benefits age 65 (men) or age 60 (women) or, in all other circumstances the age which is the pensionable age of the Member or other person concerned under the rules set out in Paragraph 1 of Schedule 4 to the Pensions Act 1995¹⁴¹⁵.

“SPA” means the Share Purchase Agreement dated 27 June 2012 entered into between Veolia Water UK Plc and Rift Acquisitions Limited.

“Standstill Period” means the period during which a standstill arrangement is subsisting in accordance with the MDA and which has been, or should have been, notified to the Trustees in accordance with Clause 3.1(d) and the Trustees have not received a notification in accordance with Clause 3.1(f).

“STID” means the Security Trustee and Intercreditor Deed, entered into between the Senior Company and 20 other entities, dated 4 February 2013, as amended from time to time, a copy of which has been or will be sent to the Trustees.

“Tax Year” means a year ending on 5th April.

“Third Definitive Trust Deed” means the part of this deed headed “Third Definitive Trust Deed”, as amended from time to time.

“Transfer Regulations” means those provisions of the Preservation Requirements¹⁶, the Contracting-Out (Transfer and Transfer Payment) Regulations 1996 (S.I 1996 No 1462), and the Occupational Pension Schemes (Transfer Values) Regulations 1996 (S.I 1996 No 1847) which are relevant to transfers between occupational pension schemes.

“Transferring Members” has the meaning given in Rule 6.7 of the Rules Applicable to Both Divisions¹⁷

¹⁴ Although s122 of the SSCBA remains in force, it cross refers to Sch 4 of the PA 1995 where the relevant definition is contained. This change therefore simplifies the clause, and also picks up the fact that State Pension Age now differs depending upon the individual's circumstances. Ages 65 and 60 remain relevant only for GMP benefits.

¹⁵ Deed of Amendment dated 14 October 2016, clause 9.1.

¹⁶ Correction of typo in Second Definitive Deed and Rules

¹⁷ Updated to correct cross reference

RULES APPLICABLE TO BOTH DIVISIONS

"**the Trustees**", subject to Clause 7.12 [*The Trustees: General: Application of Clause 7*], means Affinity Water Pension Trustees Limited (company registered no. 08227365) or any other trustee or trustees for the time being of the Plan.

"**Uncapped Member**" means a Member who entered Pensionable Service before 6 April 2006 in circumstances in which the Earnings Cap did not apply to him, who has had no break in his Pensionable Service which has resulted in the Earnings Cap applying to him, and who has not elected to be subject to the Earnings Cap. An Uncapped Member may elect to be subject to the Earnings Cap, and cease to be an Uncapped Member, by election in accordance with Rule 3.4 [*Increases to Pensions in Payment: Election to become a Special Capped Member*].

"**VUKPP**" means the Veolia UK Pension Plan.

"**VUKPP Members**" means all Members who are former members of the VUKPP, except for VWSCPP Members.

"**VWSCPP**" means the Veolia Water Supply Companies' Pension Plan.

"**VWSCPP Members**" means all Members who are former members of the VUKPP whose membership transferred to the VUKPP from the VWSCPP on the 31 May 2011.

"**Water Scheme**" means the Water Companies' Association Pension Scheme.

"**1995 Act**" means the Pensions Act 1995.

Notes:

1. Nothing in the Rules shall in any way restrict the right of an Employer to terminate the employment of a Member, and the adoption of these Rules shall not cause any Member to cease to be a Member.
2. Some definitions are modified in the Appendices.
3. Definitions relating to contracting-out under the Pension Schemes Act are given in the Contracting-Out Appendix, but if not shall have the meanings given in the Pension Schemes Act.
4. Some definitions which are relevant for the purposes of Revenue Limits are given in full in the Revenue Limits Appendix.
5. Definitions relating to pension sharing on divorce pursuant to the Welfare Reform and Pensions Act 1999 are given in the Pension Sharing on Divorce Appendix.

2 Payment of Benefits

2.1 Commencement, frequency & method

RULES APPLICABLE TO BOTH DIVISIONS

All pensions from the Plan shall, unless otherwise stated, be paid for the lifetime of the beneficiary. All pensions from the Plan shall be paid monthly or at such other intervals as the Trustees shall decide in any particular case. A pension shall be paid either in advance or in arrears as the Trustees shall decide. The first instalment of pension may be adjusted proportionately if the date on which the pension first became payable is more or less than one month before the date of payment of such first instalment. The first instalment of a spouse's or Dependant's pension payable on the death of a Member may be increased up to an amount not exceeding the last instalment of the Member's pension if the Trustees consider it administratively convenient to do so. The final instalment of pension may be adjusted proportionately

if the event causing the pension to cease occurred less than one month after the date on which the previous instalment was paid. If the Trustees have acquired any Appropriate Policy they may from time to time arrange with the Authorised Life Office which issued it to pay any benefit thereunder direct to the person entitled and may cancel or alter any such arrangement. All payments of pension from the Plan shall be made by credit transfer or by such other method as the Trustees may in any particular case determine.

2.2 Payment of lump sums on death

Any lump sum becoming payable under a Rule in the Money Purchase Rules or in the Final Salary Rules which deals with the provision of lump sum benefits on death may be paid or applied by the Trustees to or for the benefit of such persons, in such amounts, at such times and generally in such manner as the Trustees in their discretion think fit. The Trustees may pay such sum or any part thereof to the Member's personal representatives or to trustees to hold upon such trusts and subject to such powers and provisions as the Trustees may direct. In exercising its discretion under this Rule the Trustees shall take account of, but shall not be bound by, any wishes of the Member notified in writing to them before the date of the Member's death.

The Trustees may recover from such sum in whole or in part any legal costs incurred by them in exercising their powers under this Rule. Any balance of such sum remaining unpaid or unapplied at the expiration of two years from the date of the Member's death shall be paid to his personal representatives unless the Trustees are satisfied, after making all reasonable enquiries, that no grant of representation has then been obtained or that the Member's estate was insolvent or would devolve as bona vacantia when such balance shall be retained in the Plan free from any claim in respect of the Member.

2.3 Claims against third parties

If any person entitled to any benefit under the Rules has a claim against any third party other than an Employer which may be reduced by reason of that benefit, the benefit shall, to the extent that compensation is recoverable from that third party, constitute a loan by the Trustees to that person which shall be repaid when and to the extent that compensation is recovered from the third party by action or otherwise, with power to the Trustees to waive repayment in whole or in part or to apply the repayment for the benefit of the Member's Dependents.

2.4 Special circumstances

If any person entitled to any benefit from the Plan is a minor or is, in the opinion of the Trustees, unable to act by reason of physical or mental handicap, the Trustees may pay or apply the benefit for the maintenance of that person or his Dependents, or may pay it to any other person

RULES APPLICABLE TO BOTH DIVISIONS

on his behalf, or may hold it until he is able to act or for his estate, or may pay it to trustees to hold upon such trusts for the principal benefit of the person entitled and subject to such powers and provisions as the Trustees direct.

2.5 Leaving or retiring early: exercise of option

Where, under any provision of the Money Purchase Rules or Final Salary Rules by virtue of which the Member is entitled on leaving or retiring before Normal Retirement Date to exercise different options for the payment or application of his pension benefits, more than one such option is applicable to the Member but he is suffering from such physical or mental incapacity as to be, in the opinion of the Trustees, not competent to decide which option to exercise and after reasonable enquiry the Trustees are satisfied that there is no other person legally empowered to do so on his behalf, the Trustees may themselves decide for him. Where such a Member dies before the decision is made or he is competent to make the decision but does not do so within such period of ceasing to be in Pensionable Service as the Trustees in any particular case may allow, he shall be deemed to have opted for a preserved pension.

2.6 Detention

If any person entitled to any benefit from the Plan is detained in legal custody or otherwise against his will the Trustees may pay or apply the benefit for the maintenance of one or more of his Dependants.

2.7 Evidence & information

Every Member or other person to whom benefits may be payable from the Plan must at any time produce such evidence or information as may be reasonably required by the Trustees for the purposes of the Plan. Where the Trustees have relied on a declaration, statement or other information given to them or an Employer as to a Member's state of health on entering Service or Pensionable Service, as to the age of a Member or any Dependant of his, or as to the continued existence of a Member or any Dependant of his, and that declaration, statement or information subsequently proves incorrect, the Trustees may recover, reduce or otherwise modify the benefits payable to and in respect of that Member as, subject to the Preservation Requirements and the Contracting-Out Requirements, they may consider appropriate.

2.8 Arrears

If the Trustees are unaware of, or are unable to confirm to their reasonable satisfaction, the existence or whereabouts of any person entitled to payment of a lump sum or pension or of any fact giving a person the right to any such benefit, the Trustees shall withhold the payment of such benefit. Entitlement to any arrears of any such benefit which has been withheld for more than six years after it fell due shall cease but the Trustees may allow payment if they consider fit. Entitlement to any arrears due to a Member or other beneficiary at his death shall also cease but, subject to the previous sentence, a sum equal thereto shall be applied in accordance with Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*]. If the Trustees subsequently decide to pay any lump sum or pension withheld under this Rule they may, subject to Revenue Limits, allow interest on such amount in respect of the period during which it was withheld, calculated at such rate as they may consider appropriate.

2.9 Presumption of death

RULES APPLICABLE TO BOTH DIVISIONS

Where no formal evidence of the death of a Member is produced the Trustees may presume his death, but if evidence of his existence subsequently comes to the Trustees' notice, the Trustees shall make such adjustments to the benefits payable to and in respect of him as they consider reasonable. Where the Trustees are satisfied that a Member has died but the date of death is uncertain, they may presume the date on which the death occurred, but if they are subsequently satisfied that the death occurred on some other date, they may make such adjustments to the benefits payable to and in respect of him as they consider reasonable.

2.10 Tax

The Trustees shall deduct from any sum becoming payable under the Plan:

- a) any tax (including interest thereon) for which the Trustees are liable or accountable in respect of that sum,
- b) where permitted by law, any costs incurred by the Trustees in carrying out the calculation of tax due under (a) above or any associated recalculation of benefits¹⁸.

2.11 Cancellation of benefit

Upon receipt of a written request from a person who is entitled (whether contingently or otherwise) to any benefit under the Rules (and, if the Trustees so decide, that person's spouse or Dependant) that such benefit should no longer be payable to him the Trustees may, upon giving written notification to the person, cancel payment of the benefit to such person (whether temporarily or permanently but subject to the Contracting-Out Requirements and to any other conditions which the Trustees may consider appropriate) whereupon such person shall have no further claim to the benefit so cancelled and the Trustees may retain the monies otherwise payable for the general purposes of the Plan.

2.12 Controlling directors

If a Member dies on or after his 75th birthday while in the service of an Employer and if the Member is at the time of his death a Controlling Director (as defined below), then any lump sum payable under the relevant Division or Section on his death must be paid to his legal personal representatives. For this purpose "Controlling Director" means a Member who in relation to the Employer is a director (as defined in s.18(3) of the Income Tax (Earnings and Pensions) Act 2003) who comes within s.452 of the Corporation Tax Act 2010.

2.13 Benefits of former Water Scheme non-active members

In the case of former members of the Water Scheme the liability for whose benefits was assumed by the VWSCPP on either 1 April 1996 or 1 November 1997, but who did not join the VWSCPP as members in Pensionable Service on that date, benefits shall be calculated on the basis that applied when they were members of the Water Scheme. This provision shall override any contrary provisions in Parts 2 [*Money Purchase Rules*], 3 [*General Final Salary Rules*] and 4 [*Specific Final Salary Rules*] of the Rules.

¹⁸ Amended to allow Trustee to recover costs of calculating the tax charge in question or for any associated recalculation of member benefits, particularly to allow the Trustee to recover the costs associated with paying an annual allowance charge of less than £2,000 on behalf of a member.

RULES APPLICABLE TO BOTH DIVISIONS**3 Increases to Pensions in Payment****3.1 General increases**

- (a) Any pension in payment under the Plan shall, subject to (b) below and to Rule 3.2 [*Increases to Pensions in Payment: Qualifications to General Increase Rule*], be increased each year on the Increase Date by such percentage or amount as the Trustees, after consulting the Actuary and with the consent of the Principal Employer, may decide, but by not less than the smaller of-
- (i) five per cent; and
 - (ii) the percentage increase which is equal to the annual percentage rate of increase (if any) for an official pension as specified in the Pensions Increase (Review) Order that is operative from April in the Plan Year in question.
- (b) In respect of VWSCPP Members, any pension in payment under the Plan shall, subject to Rule 3.2 [*Increases to Pensions in Payment: Qualifications to General Increase Rule*], be increased each year on the Increase Date by such appropriate percentage increase under the Pensions (Increase) Act 1971 or Section 59 of the Social Security Pensions Act 1975 as if those enactments applied to the pension. Pensions payable to or in respect of certain Members may be subject to a minimum percentage increase rate where the Members have been notified in writing that such a rate applies in relation to the pensions payable in respect of them.

For the purposes of Rule 3.1(a) [*Increases to Pensions in Payment: General increases*] the "Increase Date" is 1st April or such other date as the Trustees decide, except that there shall be an Increase Date in each Plan Year.

For the purposes of Rule 3.1(b) [*Increases to Pensions in Payment: General increases*] the "Increase Date" is the Monday coincident with or next following the 6th April or such other date as the Trustees decide, except that there shall be an Increase Date in each Plan Year and, in relation to a pension first becoming payable less than 15 days before such date in a particular Plan Year, the pension shall not be increased until the Increase Date in the next following Plan Year.

3.2 Qualifications to General Increase Rule

- (a) Subject to (b) below,
- (i) Increases under this Rule shall not apply to the recipient's GMP or to any pension under Rule 4.1 [*Augmentation of benefits: Augmentation*], Rule 5 [*Additional Benefits*], Rule 6 [*Transfers to the Plan*] or to any pension or allowance attributable to AVC Scheme Contributions, unless in any such case entitlement to the pension was granted on terms that it would rank for such increases.
 - (ii) That part of any pension or allowance which derives from an increase awarded at the discretion of the Principal Employer under Rule 4.1 [*Augmentation of benefits: Augmentation*] which is in excess of the increase required under Rule

RULES APPLICABLE TO BOTH DIVISIONS

3.1 [*Increases to Pensions in Payment: General increases*] shall be deemed to rank for future increases under Rule 3.1 [*Increases to Pensions in Payment: General increases*] unless granted upon terms that it would not so rank.

- (b) In respect of VWSCPP Members, a pension which becomes payable before age 55 to a Member other than on grounds of Incapacity will not be increased under Rule 3.1(b) [*Increases to Pensions in Payment: General increases*] until the Member attains age 55. The amount of the pension will then be adjusted to reflect the fact that increases had not previously applied and the adjusted pension will thereafter be subject to increases in accordance with Rule 3.1(b) [*Increases to Pensions in Payment: General increases*].

Increases under Rule 3.1(b) [*Increases to Pensions in Payment: General increases*] shall not apply to:

- (i) a pension which comprises of ¹⁹only Equivalent Pension Benefits;
- (ii) the recipient's GMP in payment from the Plan, insofar as the recipient's pension benefits payable from the State and represented by the GMP are being increased by the State as notified to the Trustees (the extent to which the GMP is required to be increased under the Plan being set out in Paragraph 6 of the Contracting-out Appendix); or
- (iii) any pension under Rule 4.1 [*Augmentation of benefits: Augmentation*], Rule 5 [*Additional benefits*], Rule 6 [*Transfers to the Plan*] or to any pension or allowance attributable to AVC Scheme Contributions, unless in any such case entitlement to the pension was granted on terms that it would rank for such increases.

That part of any pension or allowance which derives from an increase awarded at the discretion of the Principal Employer under Rule 4.1 [*Augmentation of benefits: Augmentation*] which is in excess of the increase required under Rule 3.1(b) [*Increases to Pensions in Payment: General increases*] shall be deemed to rank for future increases under Rule 3.1(b) [*Increases to Pensions in Payment: General increases*] unless granted upon terms that it would not so rank.

3.3 Discretionary increases

The Principal Employer, with the consent of the Trustees, may decide to increase any pension by greater than the amount required under Rule 3.1 [*Increases to Pensions in Payment: General increases*]. Before consenting to such an increase, the Trustees shall satisfy themselves as to the following matters:

- (a) that the pension as so increased would not exceed the limits set out in the Revenue Limits Appendix; and
- (b) (after consulting the Actuary) that the state of funding in relation to the Money Purchase Division or the Final Salary Division (as appropriate) is such that no additional contribution is required from the Employer in respect of the increase or, if not, that

¹⁹ Updated to correct typo

RULES APPLICABLE TO BOTH DIVISIONS

satisfactory arrangements have been made with the Employer for the payment of such additional contributions as the Trustees, after consulting the Actuary and the Principal Employer, consider appropriate.

3.4 Election to become a Special Capped Member

The Trustees may permit a Member in Pensionable Service to elect by notice in writing to the Trustees in a form satisfactory to them to be treated as a Special Capped Member for all the purposes of the Rules, in which event his maximum pension and other benefits applicable to or in respect of him under the Plan will be calculated by reference to those provisions of the Revenue Limits Appendix which relate to Special Capped Members. Provided that:

- (a) such an election shall not be available to a Member who has previously opted-out of continuing his Pensionable Service, unless the Trustees and the Senior Company so determine and (to the extent necessary) agree that Revenue Limits shall not apply; and
- (b) such election may only be made before whichever is the earliest of the date upon which the Member:
 - (i) retires;
 - (ii) chooses to receive any benefits from the Plan before retirement under the relevant Rules dealing with benefits on late retirement for Uncapped Members;
 - (iii) transfers his entitlement to benefits under the Plan under Rule 7 [*Transfers from a Division: Individual*]; or
 - (iv) attains age 75.

4 Augmentation of Benefits**4.1 Augmentation**

The Principal Employer, with the consent of the Trustees, may, subject to Revenue Limits:

- (a) augment any pension or other benefit prospectively or presently payable to any Member or other person from the Division;
- (b) grant new or additional benefits for or in respect of any Member; or
- (c) augment any Cash Equivalent payable in respect of any Member under Rule 7.1 [*Transfers from a Division: Individual: Calculation and application of Cash Equivalent*].

subject in any such case to such conditions as to duration or otherwise as the Principal Employer may decide.

All augmentations under this Rule are subject to arrangements to the satisfaction of the Trustees being made for the payment by the Employers or otherwise of such additional contributions (if any) as the Trustees, after consulting the Actuary and the Principal Employer, consider appropriate.

RULES APPLICABLE TO BOTH DIVISIONS**4.2 Augmentation for early leavers**

This Rule applies in respect of a Member whose Standard Amount includes an amount granted by exercise of the powers of augmentation conferred on the Trustees by Rule 4.1 [*Augmentation of benefits: Augmentation*] and who leaves or retires before Normal Retirement Date. In any such case the actual amount attributable to such augmentation for the purposes of the provisions of the Final Salary Rules which describe the benefits provided where the Member leaves or retires before Normal Retirement Date shall be reduced in the proportion which the number of years completed between the date of grant of the augmentation and the date of leaving Pensionable Service bears to the number of years between the date of such grant and Normal Retirement Date.

This reduction shall not apply:

- (a) subject to (b) below, if the Trustees, with the consent of the Principal Employer, so determine; or
- (b) in the case of augmentations in respect of VWSCPP Members, subject to the terms on which the augmentation was granted if the Principal Employer, with the consent of the Trustees, so determines.

5 Additional Benefits

5.1 If an Employer is under a liability (other than a liability under the Division) to pay a pension to a former employee or to a Dependant of a former employee, the Trustees may agree with the Employer to pay the pension from the Division and may impose such special conditions in respect of it as they think fit but, except where otherwise specifically provided, none of the provisions of the Rules shall apply to any such pension except that it:

- (a) shall not exceed the limits described in the Revenue Limits Appendix;
- (b) shall be non-assignable and non-commutable;
- (c) shall be such that the status of the Plan as a Registered Pension Scheme is not prejudiced.

6 Transfers to the Plan**6.1 Trustees' power to accept transfers**

The Trustees may accept by way of transfer or assignment to the Plan money or other assets from:

- (a) any other Occupational Pension Scheme or Personal Pension Scheme; or
- (b) any Appropriate Policy under which the rights of a former member of an Occupational Pension Scheme have been secured (including where permitted by its terms, the assignment of the Appropriate Policy itself); or
- (c) any other pension scheme or retirement benefits arrangement, the acceptance of which

RULES APPLICABLE TO BOTH DIVISIONS

would not, to the reasonable satisfaction of the Trustees, prejudice the status of the Plan as a Registered Pension Scheme

Such a transfer shall be notionally allocated to a Division. Save as specified in Rule 6.7 [*Transfers to the Plan: Transfer under the SPA*] below, no bulk transfer may be made into the Final Salary Division of the Plan from any other retirement benefits arrangement.

6.2 Terms

A transfer under this Rule shall be on terms that the relevant Member or other person shall be entitled to such benefits from the relevant Division as the Trustees, after consulting the Actuary and with the consent of the Principal Employer (unless the Principal Employer waives the requirement to obtain its consent either generally or in any particular case), may determine and as shall not contravene the provisions of the Revenue Limits Appendix. Benefits awarded to any Member or other person under this Rule shall, unless otherwise agreed with the Member or other person, be in addition to any other benefits to which the Member is entitled under the relevant Division.

6.3 Information

On any transfer being made under this Rule the Trustees shall obtain from the trustees, administrator or manager of the arrangement from which it is made such relevant information as the Trustees may require.

6.4 Statutory pension requirements

In exercising its powers under this Rule the Trustees, in their discretion, may accept liability for Equivalent Pension Benefits. In the circumstances and subject to the conditions set out in the Transfer Regulations and (if applicable) the Contracting-Out Appendix, they may also accept liability for:

- (a) Accrued Rights to, and liability for payment of, GMPs; and
- (b) Section 9(2B) Rights.

6.5 Trustees' indemnity and discharge

In consideration of the money or other assets transferred to the Plan, the Trustees may confer upon the trustees, administrators or managers of the transferring arrangement an indemnity in such terms as they may consider appropriate and may discharge the trustees of the transferring arrangement of all or any of their liabilities in relation to the persons who are the subject of the transfer.

6.6 Preservation

The Trustees shall ensure that if the Member ceases to be in Pensionable Service before Normal Retirement Date the Preservation Requirements are complied with in respect of benefits provided by virtue of a transfer made under this Rule.

6.7 Transfer under the SPA

RULES APPLICABLE TO BOTH DIVISIONS

The Plan is being established in order to receive a transfer of benefits in respect of some or all of the members and/or beneficiaries of certain divisions of the VUKPP (“**Transferring Members**”) pursuant to the terms of the SPA. The Trustees will accept this transfer on the terms set out in the Pensions Schedule to the SPA.

7 Transfers from a Division: Individual

7.1 Calculation and application of Cash Equivalent²⁰

If a Member's Pensionable Service terminates, the Member may request that the Trustees apply, in accordance with this Rule, his Cash Equivalent.

Where the Member has applied for a statement of entitlement pursuant to Chapter 1 of Part 4ZA of the Pension Schemes Act and has made a relevant application in accordance with that Chapter of the Pension Schemes Act, the Trustees shall comply with the requirements of that Chapter of the Pension Schemes Act in so far as they relate to the right to a guaranteed cash equivalent acquired by the Member.

The Trustees shall apply the Cash Equivalent at their discretion, provided always that any transfer complies with the conditions set out in the Transfer Regulations, with the Preservation Requirements and (if applicable) the Contracting-Out Appendix.

Where the Member has applied for a transfer other than pursuant to Chapter 1 of Part 4ZA of the Pension Schemes Act, the Trustees shall only make the transfer once the Member has signed a discharge which is satisfactory to the Trustees.

7.1A Partial transfers

For the avoidance of doubt, the Trustees may (unless the Principal Employer determines, to the extent permitted by statute, otherwise) apply a Member's Cash Equivalent (requested by that Member and calculated in accordance with Rule 7.1 [*Transfer from a Division: Individual: Calculation and application of Cash Equivalent*]) as a partial transfer of that Member's benefits. In particular, the Trustees may:-

- (a) in the case of a Member of the Final Salary Division who is a Member of the Money Purchase Division, transfer all or part of the Cash Equivalent of a Member's benefits within the relevant Final Salary Division to the Member's Account;
- (b) transfer out all of a Member's defined benefit entitlement under the Plan leaving that part of the AVC Contributions that, in the opinion of the Trustees, represents the voluntary contributions of the Member after adjustment for any income, bonus, gain or loss to be provided under the Plan;
- (c) transfer out part of a Member's defined benefit entitlement leaving the remainder of the Member's defined benefit entitlement (and, if relevant, that part of the AVC Contributions that, in the opinion of the Trustees, represents the voluntary contributions of the Member after adjustment for any income, bonus, gain or loss) to be provided under the Plan; or

²⁰ The changes in this provision are to reflect updates in legislation.

RULES APPLICABLE TO BOTH DIVISIONS

- (d) transfer out all of that part of the AVC Contributions that, in the opinion of the Trustees, represents the voluntary contributions of the Member after adjustment for any income, bonus, gain or loss leaving the Member's defined benefit entitlement to be provided under the Plan.

Any transfer paid pursuant to this Rule is subject to the following conditions:

- (i) the transfer must be an authorised payment for the purposes of the Finance Act 2004;
- (ii) that the transfer must comply with the laws on transfer values set out in Chapter 1 of Part 4ZA and Chapter II of Part IVA of the Pension Schemes Act 1993, where applicable; and
- (iii) the relevant Member must consent to the transfer except where this is not required under the applicable law relating to transfer values.

The amount transferred will not exceed the value of the Member's benefits under the Plan unless the Employer agrees to pay an amount into the Plan equal to the excess.²¹

7.2 Other requirements relating to Cash Equivalent

The Cash Equivalent may be adjusted in accordance with Section 97(2) of the Pension Schemes Act. A Member's right to a Cash Equivalent and the Trustees' obligation to comply with the Member's requirements in relation to a Cash Equivalent are subject to the provisions of Part IVZA of that Act, including Sections 98 and 99(3) of that Act.²²

7.3 Cessation of liability

Once the Trustees have done all that they need to do in order to fulfil the Member's application (including, without limitation, payment of an amount in excess of that strictly required in order to comply with the Member's rights under Chapter 1 of Part 4ZA of the Pension Schemes Act)²³ the Division shall cease to have any liability to or in respect of the Member, other than in respect of any benefits to which the Cash Equivalent does not relate.

7.4 Additional requirements relating to transfers from the Final Salary Division

A transfer of benefits from the Final Salary Division under this Rule 7 may only be made if it complies with the requirements of Part 4 of the Pension Schemes Act 2015.²⁴

8 Transfers from a Division: Group

8.1 Trustees' power to transfer

The Trustees, with the consent of the Principal Employer, may transfer an amount calculated in accordance with Rule 8.3 [*Transfers from a Division: Group: Amount of Transfer*] to another

²¹ Deed of Amendment dated 14 October 2016, clause 7.

²² The changes in this provision are to reflect updates in legislation.

²³ The changes in this provision are to reflect updates in legislation.

²⁴ Deed of Amendment dated 14 October 2016, clause 6.1.

RULES APPLICABLE TO BOTH DIVISIONS

Occupational Pension Scheme (in this Rule called "**the Receiving Scheme**") in respect of any one or more persons' entitlements, or prospective or contingent entitlements, to benefits under the Division in the circumstances set out in Rule 8.2 [*Transfers from a Division: Group: Circumstances of transfer*]. Such a transfer shall be subject to the terms and conditions of this Rule 8 [*Transfers from a Division: Group*] (which may be subject to modifications contained in the Money Purchase Rules or Final Salary Rules) and may be made in money or in other assets (or both) as the Trustees may decide.

8.2 Circumstances of transfer

The circumstances mentioned in Rule 8.1 [*Transfers from a Division: Group: Trustees' power to transfer*] above are where the transfer is in respect of a group of Members or other beneficiaries who have either consented to the transfer of their benefits under the Division to the Receiving Scheme or whose entitlements under the Division are being transferred to such Scheme without their consent subject to the conditions described in Rule 8.5 [*Transfers from a Division: Group: Conditions of transfer*].

8.3 Amount of transfer

The amount transferred shall be such amount as the Trustees, after consulting the Actuary, and the Principal Employer may agree.

8.4 Effect of transfer

The amount calculated under Rule 8.3 [*Transfers from a Division: Group: Amount of Transfer*] shall be transferred to the Receiving Scheme in order to secure in respect of the person to whom it relates, such rights under the Receiving Scheme in lieu of his rights under the Division as the Trustees and the trustees or administrator of the Receiving Scheme may agree. Upon a transfer taking place under this Rule the Division to which it relates shall cease to have any liability to or in respect of the persons transferring and, where the transfer of their entire entitlements under the Division is made, they shall not be entitled to any other benefit under the Division. The transfer payment may be made in one or more instalments, as the Trustees may decide, and may at the Trustees' discretion include an allowance for interest or may otherwise be adjusted in respect of any period prior to actual payment which the Trustees consider appropriate. The Trustees will be under no liability to see to the application of the transfer payment.

8.5 Conditions of transfer

A transfer may only be made under this Rule if it complies with the Transfer Regulations, the Preservation Requirements and the Contracting-out Requirements.

9 Transfers from the Final Salary Division to the Money Purchase Division

Subject to the Contracting-Out Requirements, and the requirements of Part 4 of the Pension Schemes Act 2015, a deferred member of any Section of the Final Salary Division who is a Member of the Money Purchase Division may request that the Trustees transfer the Cash Equivalent of his benefits within the relevant Final Salary Section to the Member's Account.²⁵

²⁵ Deed of Amendment dated 14 October 2016, clause 6.2.

RULES APPLICABLE TO BOTH DIVISIONS**9A Transfers from one Section of the Final Salary Division to another Section of the Final Salary Division**9A.1 Trustees power to transfer

At the request of the Principal Employer, the Trustees may reallocate a Member from one Section of the Final Salary Division (the "First Section") to another Section of the Final Salary Division (the "Second Section").

9A.2 Benefits credited

The benefits credited to a Member under the Second Section in respect of such reallocation shall be of such amount as the Trustees, after consulting the Actuary and with the consent of the Principal Employer, consider appropriate. Benefits to and in respect of the Member under the First Section will be extinguished.

9A.3 Requirement for Member consent

The reallocation of a Member in accordance with this Rule may only be made where the Member has given his consent in writing.

9B Transfers between divisions prior to 1 April 2015

Prior to 1 April 2015 the Plan was divided into the Initial Divisions. Under Rule 9 of the Definitive Trust Deed dated 26 February 2013 the Principal Employer could request the Trustees to reallocate units from one final salary division (the "First Division") to another division of the Plan (the "Second Division"). On the reallocation taking place, the entitlements under the First Division were cancelled and in their place the beneficiary was granted entitlements under the Second Division. The benefits credited to the Member under the Second Division in respect of such reallocation were of such amount as the Trustees, after consulting the Actuary and with the consents of the Principal Employers of both the First Division and the Second Division, considered appropriate.

10 Trustees' Power to Secure Benefits10.1 Power to purchase Appropriate Policy

Subject to Rule 10.2 [*Trustees' Power to Secure Benefits: Need for consent*], the Trustees may relieve a Division of all liability to provide any benefit under the Division to or in respect of any member or other person (in this Rule referred to as "**the Principal Beneficiary**") by the purchase or assignment of an Appropriate Policy. The Appropriate Policy must be purchased in the name of the Principal Beneficiary or in the name of trustees for his benefit, or may be transferred into his name or into the names of such trustees. The Appropriate Policy need not assure the same benefits payable on the same conditions as the benefits which it replaces.

10.2 Need for consent

The Trustees may exercise their powers under Rule 10.1 [*Trustees' Power to Secure Benefits: Power to purchase Appropriate Policy*] without the consent of the Principal Beneficiary unless the benefits under the Division for or in respect of the Principal Beneficiary include short service

RULES APPLICABLE TO BOTH DIVISIONS

benefit (as defined in Section 71(2) of the Pension Schemes Act) or any alternative to short service benefit, or any rights to a GMP or Section 9(2B) Rights. In any such case the Trustees may only exercise such powers at the written request of the Principal Beneficiary or with his written consent (where appropriate, in the form prescribed under Section 19(5) of the Pension Schemes Act), unless the transaction is carried out not earlier than the time when the Pensionable Service of the person concerned terminates and:

- (a) the case falls within the circumstances described in Section 19(5)(b) or (c) of the Pension Schemes Act; or
- (b) such consent is not required because the conditions in the Preservation Requirements are satisfied.

10.3 Value of payments

The Trustees may only exercise their powers under Rule 10.1 [*Trustees' Power to Secure Benefits: Power to purchase Appropriate Policy*], if they are reasonably satisfied that the payment made by them to the insurance company concerned is at least equal in value to the benefits that have accrued to or in respect of the Member under the Division or, where the exercise of such power relates only to part of the Member's benefits, is at least equal in value to such part.

10.4 Power in relation to Southeast Members

Unless the Trustees and Senior Company agree an alternative for providing the same or a comparable level of security in respect of Southeast Members' benefits (which for the avoidance of doubt includes the benefits accrued to Southeast Members both pre and post 31 March 2015) during a Standstill Period the Trustees shall, in relation to the Southeast Members, serve a written notice to the Senior Company confirming that no alternative has been agreed (the "**Notice**") and exercise the power under Rule 10.1 [*Trustees' Power to Secure Benefits: Power to purchase Appropriate Policy*].

When determining whether an alternative provides the same or a comparable level of security for Southeast Members, the Trustees and the Senior Company will refer to the level of security which the Southeast Members would have if their benefits were secured in accordance with Rule 10.1 with an Appropriate Policy purchased in the name of the Principal Beneficiary.

The exercise of the power under Rule 10.1 is subject to:

- (a) the Trustees consulting with the relevant Members where required to do so under legislation;
- (b) compliance with the consent requirements set out in Rule 10.2 [*Need for consent*] if applicable;
- (c) any discretion for the Trustees under Rule 10.1 being disregarded and in particular, the Appropriate Policy being purchased in the name of the Principal Beneficiary;
- (d) the Trustees taking all reasonable steps to ensure that the Appropriate Policy is purchased on commercially competitive terms; and

RULES APPLICABLE TO BOTH DIVISIONS

- (e) the payment made by the Trustees to an insurance company referred to in Rule 10.3 is sufficient to secure the Southeast Members' benefits in their entirety.

If the Standstill Period terminates because a remedy has been achieved, under either Clause 16.4.1(c) or Clause 16.4.3 of the STID (or any replacement provisions from time to time) or otherwise, the power under this Rule 10.4 shall only be exercised if a Notice has been served on the Senior Company before the end of the Standstill Period.

11 Recovery of Indebtedness by Employer**11.1 Deduction from benefits**

Where an amount becomes due to an Employer as a result of a criminal, negligent or fraudulent act or omission by a Member, the Trustees at the request of the Employer, may exercise a charge, lien or set-off against the Member's benefits for the purpose of discharging that obligation to the Employer, in accordance with and to the extent permitted under the provisions of Section 91(5)(d)(e) and (f) of the Pensions Act 1995.

11.2 Employer's certificate

The Trustees may accept as conclusive a certificate by the Employer that a debt or liability to the Employer has arisen in accordance with Rule 11.1 [*Recovery of Indebtedness by Employer: Deduction from benefits*], and as to the amount of such debt or liability.

12 Prohibition on Assignment**12.1 Forfeiture**

Except as expressly permitted by the Rules, where paragraph (a), (b) or (c) below applies, the Member or other beneficiary concerned will, subject to the National Insurance Acts and the Contracting-Out Appendix, forfeit all rights to the benefit referred to. The Trustees may then pay or apply the forfeited benefit (or any part of it) at their discretion to the Member or other beneficiary concerned or his Dependants, or to such other recipient, payment to whom would, in the opinion of the Trustees, be for the benefit of the Member or the beneficiary concerned (or his Dependants). This Rule 12.1 [*Prohibition on Assignment: Forfeiture*] applies –

- (a) where the Member or other beneficiary becomes bankrupt, and
- (i) the pension rights of the Member or beneficiary under the Scheme form part of the Member's or beneficiary's estate (as defined in Section 283 of the Insolvency Act 1986), or
 - (ii) the Member or beneficiary is in receipt of a pension, or
 - (iii) in the case of a Member, the Member is within three years of his Normal Retirement Date.
- (b) where the Member or other beneficiary wholly or partially assigns or charges any benefit in the Plan in favour of any person who is not an Authorised Recipient, or attempts or purports to do so; or

RULES APPLICABLE TO BOTH DIVISIONS

- (c) if any other act is done or event happens whereby the benefit, if belonging absolutely to the Member or other beneficiary, would but for the operation of this Rule become vested in or payable to or charged in favour of any person who is not an Authorised Recipient.

12.2 Provisions about divorce

The provisions dealing with Pension Sharing Orders and earmarking order are set out in the Pension Sharing on Divorce Appendix.

13 Contracting-Out

13.1 Contracting-out and Pre-1997 Rights

The provisions of the Contracting-Out Appendix appended to these Rules are incorporated as part of this Rule and shall apply in relation to any Pre-1997 Rights transferred into the Plan. Where relevant in relation to GMPs secured under a Division in respect of any Member, the provisions of the Pension Schemes Act shall apply.

13.2 Contracting-out from 6 April 1997: Reference Scheme Test

Nothing in this Rule 13 [*Contracting-Out*] shall prevent the employments of Members of any Division being contracted out under the "reference scheme test" pursuant to Section 9(2B) of the Pension Schemes Act.

13.3 Compliance with Contracting-Out Requirements

While a Division continues to be contracted-out the Principal Employer and the Trustees shall ensure that the Division complies with the Contracting-Out Requirements.

14 Associated Employers: Termination of Participation

14.1 Termination of participation

The participation in a Division of an Associated Employer and its employees shall terminate upon the happening of any of the following events:

- (a) the expiry of three months' notice (or such shorter notice as the Trustees may accept) given in writing to the Trustees by the Associated Employer of its intention to discontinue participation in the Division;
- (b) the expiry of three months' notice (or such shorter notice as the Trustees may accept) given in writing to the Trustees by the Principal Employer that an Associated Employer's participation in the Division is to be discontinued;
- (c) the Trustees resolving to terminate the participation in the Division of the Associated Employer at a time when it is in uncorrected breach of any of its obligations under the Third Definitive Trust Deed and the Rules or its contributions have been reduced or suspended so that it is contributing less than is required by Clause 6.1 [*Employers' Contributions*];

RULES APPLICABLE TO BOTH DIVISIONS

- (d) the making of an order or the passing of an effective resolution (other than for the purposes of reconstruction or amalgamation) for the winding up of the Associated Employer; and
- (e) the Associated Employer ceasing to be associated with the Principal Employer to the extent required for commencement of participation (other than temporary participation) in accordance with Clause 4.6 [*Constitution of Plan: Participation of Associated Employers*].

Provided that for the purposes of paragraph (e) above the participation in the Division of the Associated Employer and its employees may be continued until such date as the Principal Employer, the Associated Employer and the Trustees may agree. In such circumstances the Principal Employer may require that the Associated Employer enter into a new deed complying with the terms of Clause 4.6 [*Constitution of Plan: Participation of Associated Employers*].

14.2 Apportionment of part of Plan assets

If an Associated Employer ceases to participate in the Plan or a Division of the Plan the Trustees, with the consent of the Principal Employer (unless the Principal Employer is then in liquidation), may apportion such part of the assets of the Plan as the Trustees, after consulting the Actuary, consider to be appropriate in relation to:

- (a) those Members who were in Pensionable Service by reference to such Associated Employer at the date it ceased to participate and who have not before some date selected by the Trustees prior to the apportionment been transferred to the employment of another Employer which is to continue to participate in a Division of the Plan after apportionment; and (if the Trustees so decide);
- (b) Members who were formerly in Pensionable Service by reference to such Associated Employer, and persons whose benefits arise in respect of such Members.

Once apportioned, the amount shall be:

- (A) retained in the Plan and applied under Rule 15 [*Discontinuance of a Division*] as if the whole Division were being discontinued and the Members and other persons in respect of whom the Trustees have apportioned assets were the only beneficiaries entitled to benefits under the Division and the Associated Employer were the only Employer; or
- (B) transferred out of the Plan in accordance with Rule 8 [*Transfers from a Division: Group*], as if the amount to be transferred in accordance with Rule 8.3 [*Transfers from a Division: Group: Amount of Transfer*] were the amount apportioned, or such lesser amount as the Trustees, after consulting the Actuary and with the consent of the Principal Employer (unless the Principal Employer is in liquidation), decide to transfer; or
- (C) a combination of (A) and (B).

If the Trustees do not so apportion a part of the assets, the Members described in paragraph (a) above shall be treated as if they had left Service at the date the Associated Employer's participation ceased with entitlement either to a refund of Contributions under the relevant Rule

RULES APPLICABLE TO BOTH DIVISIONS

(if they are Refund Only Members) or to a preserved pension under the relevant such Rule (if they are not Refund Only Members).

If so specified in the deed by which the Associated Employer participates in the Plan or Division pursuant to Clause 4.6 [*Constitution of Plan: Participation of Associated Employers*], this Rule 14.2 [*Associated Employers: Termination of Participation: Apportionment of part of Division assets*] may not apply upon such Associated Employer ceasing to participate in the Division or may apply subject to such modifications as may be specified in such deed.

14.3 Flexible apportionment arrangement

An Associated Employer to which Rule 14.1 [*Associated Employers: Termination of Participation: Termination of participation*] applies (an "Exiting Employer") may enter into an agreement with the Principal Employer and such one or more of the Associated Employers (each, a "Replacement Employer") in accordance with Regulation 6E of the Occupational Pension Schemes (Employer Debt) Regulations 2005 (the "Regulations") (*Flexible Apportionment Arrangement*).

A Flexible Apportionment Arrangement will provide for the Replacement Employer(s) to assume and become responsible for the liabilities of the Exiting Employer in the Division and on it doing so the Exiting Employer shall be released from all such liabilities. The Flexible Apportionment Arrangement may be made on such terms as are agreed by the Exiting Employer, the Replacement Employer(s), the Principal Employer and the Trustees and must satisfy the conditions in Regulation 6E of the Regulations.

A Flexible Apportionment Arrangement may be entered into before the Exiting Employer stops participating in the Division, provided that the requirements of Regulation 6E of the Regulations are met on the occurrence of the employer-cessation event (as defined in Regulation 6ZA of the Regulations) affecting the Exiting Employer.

15 Discontinuance of a Division

15.1 Events causing discontinuance

The discontinuance of a Division shall commence if any of the following events occurs:

- (a) the expiry of three months' notice (or such shorter notice as the Trustees may accept) given in writing to the Trustees by the Principal Employer of its intention to discontinue its participation in the Division; or
- (b) the Trustees resolve to discontinue the Division at a time when the Principal Employer is in uncorrected breach of any of its obligations under the Third Definitive Trust Deed and the Rules, or the liability of the Employers to contribute in respect of the Members of the Division as a whole has been reduced or suspended so that they are contributing less than is required by Clause 6.1 [*Employers' Contributions*], or the Principal Employer has, in the opinion of the Trustees, ceased to carry on any business or to employ any persons who are or may become eligible for membership of the Division, or the Principal Employer has ceased to be associated with the Senior Company to the extent required for maintaining the status of the Plan as a Registered Pension Scheme; or

RULES APPLICABLE TO BOTH DIVISIONS

- (c) an order is made or an effective resolution is passed for the winding up of the Principal Employer.

In any such case the Trustees may, within three months of the event causing the discontinuance of the Division, cancel the discontinuance, provided that:

- (A) in their opinion another company or other person is to be substituted for the Principal Employer under Clause 13.1 [*Substitution of Senior Company*]²⁶ before the expiry of such period. If such a substitution does not occur before the expiry of such period the discontinuance shall commence forthwith upon the expiry of such period; or
- (B) the notice referred to in paragraph (a) is withdrawn, the breach referred to in paragraph (b) is remedied or any other event happens whereby, in the opinion of the Trustees, it would no longer be in the interests of the beneficiaries of the Division to proceed with the discontinuance and the status of the Plan as a Registered Pension Scheme would not be prejudiced by cancelling the discontinuance.

15.2 Effects of discontinuance

When the discontinuance of the Division commences:

- (a) subject to Rule 15.3 [*Discontinuance of a Division: Deferment of discontinuance*], the liability of the Employers and any liability of the Members then in Pensionable Service to contribute shall terminate, except in respect of any contributions due on or before the date of discontinuance which, if not already due, shall fall due for immediate payment. No Service completed after such date shall rank as Pensionable Service and, unless Rule 15.6 [*Discontinuance of a Division: Securing of benefits*] applies, no lump sum benefit which would otherwise be paid in respect of a Member in Service at the date of death shall be paid in respect of any death occurring after the date of discontinuance;
- (b) the Division shall be closed to the admission of new Members;
- (c) the Trustees shall as soon as reasonably practicable provide each Member or other person entitled to benefit under the Division with such information concerning the discontinuance as is specified under the Disclosure Requirements; and
- (d) (for the avoidance of doubt) all the powers duties and discretions in the Third Definitive Trust Deed and the Rules, including (without prejudice to the generality of the foregoing) the power of alteration in Clause 14 [*Amendment Power*], shall remain in full force and effect and may be exercised in accordance with their terms until such time as the discontinuance has been completed Provided that (without prejudice to the provisions of Section 25 of the 1995 Act) if the Principal Employer is in liquidation the Trustees may exercise their powers under Clause 14 [*Amendment Power*] as if the proviso in Clause 14 [*Amendment Power*] were omitted.

15.3 Deferment of discontinuance

²⁶ Typo corrected

RULES APPLICABLE TO BOTH DIVISIONS

The Trustees may defer the action required to be taken under Rules 15.4 [*Discontinuance of a Division: Priority Classes*] to 15.8 [*Discontinuance of a Division: Transfer to another Occupational Pension Scheme*] for such period and in respect of such of the Members and other persons entitled thereunder as the Trustees decide. The deferment shall take place upon the following terms -

- (a) during the period of deferment the Trustees may exercise all the powers conferred on them by the Rules (including without limitation their powers under Clause 14 [*Amendment Power*], modified where appropriate under Rule 15.2 [*Discontinuance of a Division: Effects of discontinuance*]);
- (b) the Trustees may permit all or any of such Members who were, at the date of discontinuance, in Pensionable Service to contribute to the Division for such period (not exceeding the period of deferment) such amounts (not exceeding the contributions limit set out in the Revenue Limits Appendix) as the Trustees may agree individually with the Members concerned, when the benefits to which the Members so contributing are otherwise entitled under this Rule shall be increased as the Trustees, after consulting the Actuary, decide;
- (c) the Trustees shall pay, as they fall due for payment, the pensions and other benefits which, but for this Rule 15.3 [*Discontinuance of a Division: Deferment of discontinuance*], are required to be secured under Rule 15.6 [*Discontinuance of a Division: Securing of benefits*] but so that no benefits shall be paid to any Member so long as he remains in Pensionable Service; and
- (d) the Trustees shall, so far as they are able in consultation with the Actuary, procure that the Members and other persons concerned are treated reasonably in relation to the other Members and persons entitled under this Rule.

15.4 Priority Classes

Upon the winding up of the Money Purchase Division, the Trustees shall apply the net balance (after taking into account of any charges, costs or expenses incurred in respect of that Member's Account or that Member) of each Member's Account in that Division to provide benefits for and in respect of the Member to whom it relates in such manner as the Trustees may determine. The remaining assets of the Plan shall be applied in accordance with Section 73 of the 1995 Act and any regulations made under that Section.

15.5 Application of surplus

Any assets remaining after application in accordance with Rule 15.4 [*Discontinuance of a Division: Priority Classes*] may, at the discretion of the Trustees with the consent of the Principal Employer (if the Principal Employer is not then in liquidation), be applied by the Trustees in augmenting, within the limits set out in the Revenue Limits Appendix, all or any of the pensions or other benefits described in this Rule 15.5 [*Discontinuance of a Division: Application of surplus*] in such manner and in such proportions as the Trustees, after consulting the Actuary, may decide. Any residual balance not so applied shall be paid to the Employers in such reasonable proportions as the Principal Employer, or if the Principal Employer is then in liquidation, the Trustees, decide. If the Principal Employer does not give its consent to the augmentation of benefits, all the assets remaining after application in accordance with Rules 15.4

RULES APPLICABLE TO BOTH DIVISIONS

[*Discontinuance of a Division: Priority Classes*] and 15.5 [*Discontinuance of a Division: Application of surplus*] shall be paid to the Employers as aforesaid.

15.6 Securing of benefits

The pensions and other benefits to be secured shall, subject to the following exceptions, be secured by contracts of insurance or annuity taken out by the Trustees with an Authorised Life Office. Such contracts shall be non-assignable and shall include such options consistent with the Plan having Registered Pension Scheme status as may be agreed with the Authorised Life Office. No payment of a lump sum in exchange for pension shall be made by any such life office unless it has first made arrangements for the payment of any tax due thereon.

Exceptions

- (a) if the pension payable to a Member is of a trivial amount (that is, an annual rate of pension of £260 or less or such higher rate as may be prescribed by regulations, the Trustees may exchange it for a lump sum, subject to the terms of the Contracting-Out Requirements, and may include in the exchange any pension attributable to the Member's AVC Scheme Contributions (unless this would prejudice the Plan's status as a Registered Pension Scheme) and any contingent death benefit;
- (b) the liability to pay pensions and other benefits may be extinguished in whole or part by the payment of a transfer payment under the terms of Rule 15.8 [*Discontinuance of a Division: Transfer to another Occupational Pension Scheme*] or in accordance with the exercise by a Member of a statutory right under Chapter 1 of Part 4ZA of the Pension Schemes Act²⁷ or in any other way specified in or under Section 74 of the 1995 Act; and
- (c) the Trustees shall assign to the Members concerned any Appropriate Policies acquired by the Trustees under the Rules which secure all or any of the benefits of such Members generally.

15.7 Lump sums on death

The contract described under Rule 15.6 [*Discontinuance of a Division: Securing of benefits*] securing each Member's pension and other benefits may at the Trustees' discretion provide for payment of a lump sum within the limit set out in the Revenue Limits Appendix in the event of his death before his pension has commenced to be payable, and in the event of his death before his pension has been secured the Trustees may pay in accordance with Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] of Part 1 [*Rules Applicable to All Divisions*] a lump sum of such amount within the said limit as they may decide.

15.8 Transfer to another Occupational Pension Scheme

Instead of securing all or any part of the pensions or other benefits under this Rule by purchasing a contract of insurance or annuity under Rule 15.6 [*Discontinuance of a Division: Securing of benefits*], the Trustees may transfer money or other assets from the Plan to another Occupational Pension Scheme.

²⁷ The changes in this provision are to reflect updates in legislation.

RULES APPLICABLE TO BOTH DIVISIONS

Any such transfer shall be made in accordance with the terms of Rule 8 [*Transfers from a Division: Group*] and subject to the conditions set out, or (as the case may be) referred to, in the relevant Rule, except that the amount transferred in respect of the persons concerned shall (to the exclusion of the provisions of Rule 8.3 [*Transfers from a Division: Group: Amount of transfer*]) be the amount which the Trustees, after consulting the Actuary, consider to represent whichever is the greatest of:

- (a) the amount available for transfer pursuant to Chapter 1 of Part 4ZA²⁸ of the Pension Schemes Act, in respect of any Members who exercised their statutory rights under that Chapter;
- (b) the minimum amount required to secure the liabilities under the Division in respect of such persons in accordance with Rule 15.4 [*Discontinuance of a Division: Priority Classes*]; and
- (c) such greater amount as the Trustees, with the consent of the Principal Employer (unless the Principal Employer is then in liquidation), decide.

16 Application of Part 1

Part 1 [*Rules Applicable to All Divisions*] shall apply to each Division subject, in relation to a particular Division, to any alterations of or additions to Part 1 [*Rules Applicable to All Divisions*] as may be specified in the Money Purchase Rules or Final Salary Rules (as applicable). Any such alteration or addition may only be made if it does not have and is not capable of having (either directly or indirectly) a prejudicial effect upon any entitlement to benefit or any rights to benefit of a Member (or any contingent or prospective beneficiary) under any other Division, and the decision of the Trustees as to whether any such alteration or addition has or is capable of having that effect shall be conclusive.

16A Civil Partnerships and Same-Sex Marriages

16A.1 The Plan complies with the relevant requirements of the Civil Partnership Act 2004 and Marriage (Same Sex Couples) Act 2013 so that:

- (a) a surviving civil partner or same-sex spouse is treated in the same way as a widow or widower; and
- (b) the rights of any other survivor are determined as if the surviving civil partner or same-sex spouse were a widow or widower;

16A.2 For the avoidance of doubt, the Trustees shall comply with the Contracting-Out Requirements in so far as they apply to a civil partner or same-sex spouse registered in accordance with the Civil Partnership Act 2004 or the Marriage (Same Sex Couples) Act 2013.

16A.3 For the purposes of the amendments to the Plan made by rule 16A:

- (a) "civil partner" means, in respect of any deceased individual, a person²⁹ whose civil

²⁸ The changes in this provision are to reflect updates in legislation.

²⁹ Wording 'of the same sex' removed to extend benefits to opposite sex civil partners

RULES APPLICABLE TO BOTH DIVISIONS

partnership to the deceased:

- (i) was recognised as lawful under the law of England and Wales by virtue of any provision of the Civil Partnership Act 2004; and
 - (ii) had not been dissolved or annulled by a court at the date of the deceased's death.
- (b) "same sex spouse" means, in respect of any deceased individual, a person of the same sex whose marriage to the deceased:
- (i) was recognised as lawful under the law of England and Wales by virtue of any provision of the Marriage (Same Sex Couples) Act 2013; and
 - (ii) had not been dissolved or annulled by a court at the date of the deceased's death.

30

³⁰ Deed of Amendment dated 19 April 2018, clause 2.1.

MONEY PURCHASE RULES

PART 2

MONEY PURCHASE RULES

CONTENTS

Rule	Heading	Page
17	Application of Rules	54
18	Definitions	54
19	Eligibility and Admission	57
20	Contributions required from Members and Employers.....	59
21	Members' Voluntary Contributions.....	61
22	Maternity Leave and Other Absences	62
23	Opting-Out and Re-Admission.....	65
24	Investment of Contributions	66
25	Benefit Options	67
26	Leaving and Retirement Before Normal Retirement Date.....	69
27	Retirement at Normal Retirement Date	71
28	Late Retirement	71
29	Lump Sum Benefit on Retirement	71
30	Benefits On Death	73
31	Reserve Account	74
32	Modification of Part 1 [<i>Rules Applicable to All Divisions</i>]	76
33	Inland Revenue Limits	76
34	Use of funds to pay for financial advice.....	76
35	Salary Sacrifice Arrangement.....	76

MONEY PURCHASE RULES

PART 2

MONEY PURCHASE RULES

17 **Application of Rules**

These Part 2 [*Money Purchase Rules*] apply only to the Affinity Water Pension Plan Money Purchase Division and enable the provision of money purchase benefits under the Plan. These Part 2 [*Money Purchase Rules*] should be read in conjunction with Part 3 of Appendix 3 [*A Day Appendix: Money Purchase Members*].

18 **Definitions**

In these Part 2 [*Money Purchase Rules*] the following expressions have the following meanings. For the avoidance of doubt, the definitions set out in Part 1 [*Rules Applicable to All Divisions*] of the Rules shall apply unless otherwise defined below or modified under Rule 32 [*Modification of Part 1 of the Rules*]. Reference to a Rule in these Part 2 [*Money Purchase Rules*] is to a Rule in Part 1 [*Rules Applicable to All Divisions*] or Part 2 [*Money Purchase Rules*].

"Automatic Enrolment" means automatic enrolment under section 3 of the PA 2008 where an Employer has nominated the Money Purchase Division of the Plan as the Automatic Enrolment Scheme into which a Jobholder is to be automatically enrolled.

"Automatic Enrolment Scheme" has the meaning given by section 17 of the PA 2008.

"Automatic Re-enrolment" means automatic re-enrolment under section 5 of PA 2008 where an Employer has nominated the Money Purchase Division of the Plan as the Automatic Enrolment Scheme into which a Jobholder is to be automatically re-enrolled.

"Base Scale Member" means, only in respect of Pensionable Service prior to 1 April 2002, a person who became a Member of the Former Division and who notified the relevant employer at the time that he wished to contribute to and receive benefits on the basis applicable to a Base Scale Member.

"Fixed Protection Worker" means a Worker who has successfully applied to HMRC for any form of Lifetime Allowance protection.

"Former Division" means the Veolia Water Supply Companies' Money Purchase Division of the VUKPP.

"Investment Options" has the meaning given to it in Rule 24.2 [*Investment of Contributions: Investment options*].

"Jobholder" has the meaning given by section 1(1) of PA 2008.

MONEY PURCHASE RULES

31

"Life Assurance Member" means, a person who at the date of his death:-

- (a) is an employee of the Principal Employer or any other Employer that participates in this Division; and
- (b) is at least 16 years old and under the age of 65 (or such other age as the Principal Employer may decide); and
- (c) is not a Life Assurance Only Member as defined under the Rules applicable to any Final Salary Division; and
- (d) is not a contributing Member of this Money Purchase Division or of any other Division of the Plan or of any other pension arrangement of the Principal Employer (or his Employer if different) or of any other Company within the same group of companies.

For the avoidance of doubt:-

- (A) a Member who joins this Division in accordance with Rule 19 [*Eligibility and Admission*] and dies before paying any contributions to the Division shall be treated as a contributing Member of this Division; and
- (B) a person who is a Life Assurance Member under this Division shall not be entitled to be a Life Assurance Member under any other Division of the Plan.

"Lifetime Allowance" has the meaning in Section 218 of the Finance Act 2004.

"Member" means in relation to the Affinity Water Pension Plan Money Purchase Division:-

- (a) any person who has joined the Division as a contributing Member pursuant to Rule 19 [*Eligibility and Admission*]; or
- (b) any person in respect of whom a liability to pay benefits under the Division has been assumed by the Division,

so long as in either case, that person's entitlement or prospective entitlement to benefits from this Division arises from UK employment and/or directorship which he held.

"Member's Account" in relation to a Member is the account representing his interest under the Money Purchase Division in relation to the Contributions and the Employer's contributions made on behalf of him and any other contributions paid or received by or on behalf of that Member (except AVC Scheme Contributions) and the investment return (whether positive or negative) on them.

³¹ New amendment made further to Trustee instructions to remove distinction between Late Entry and other Members of the Money Purchase Division.

MONEY PURCHASE RULESNote:

The Member's Account may be increased under Rule 4.1 [*Augmentation of benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

"Normal Retirement Date" means the date on which the Member attains age 65.

"Opt-in" means circumstances in which either:

- (a) a Jobholder to whom section 7 of PA 2008 applies has by notice under section 7(3) of PA 2008 required his Employer to make arrangements for membership of an Automatic Enrolment Scheme, and the Jobholder's Employer has nominated the Money Purchase Division of the Plan as the Automatic Enrolment Scheme for the purpose of giving effect to its obligations under section 7 of PA 2008; or
- (b) a Worker to whom section 9 of PA 2008 applies has by notice under section 9(2) required his employer to make arrangements for membership of a pension scheme, and the Worker's Employer has nominated the Money Purchase Division of the Plan as the pension scheme for the purpose of giving effect to its obligations under section 9 of PA 2008.

"Opt Out Notice" means a notice issued by a Jobholder under section 8(2) of PA 2008.

"PA 2008" means the Pensions Act 2008.

"Pensionable Pay" means, on any date, the amount of the Member's basic annual salary as at that date. For the avoidance of doubt, a Member's basic annual salary shall include his flexibility allowance.

If, at any time, the Employer so determines, a Member's Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind as from time to time notified, in respect of the Member, by the Principal Employer to the Trustees.

A Member's Pensionable Pay shall include (if applicable):-

- (a) in the case of a shift worker (as determined by his Employer), with effect from 1 January 2003, his shift pay premium; and/or
- (b) where a Member receives a standby allowance (as determined by his Employer), with effect from 1 January 2005, his standby allowance.

Notes:

- 1 Where any benefit or any contribution under the Rules is calculated by reference to Pensionable Pay then, if the Member is a Capped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded.
- 2 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].

MONEY PURCHASE RULES

"**Reserve Account**" means the reserve account described in Rule 31 [*Reserve Account*].

"**Worker**" has the meaning given in section 88(3) of PA 2008.

19 Eligibility and Admission**19.1 Eligibility conditions**

To become eligible for membership of the Money Purchase Division, a person must satisfy the following conditions:-

- (a) he must be an employee of an Employer; and
- (b) he must be at least 16 years old but under age 65.

19.2 Admission procedure

To be admitted as a Member, a person eligible under Rule 19.1 [*Eligibility and Admission: Eligibility conditions*] must have:-

- (a) submitted an application for membership to the Trustees, in such form as the Trustees may require;
- (b) provided the Trustees with such information as they may request including evidence of good health, a birth certificate, and (where applicable) a marriage certificate and a decree absolute on divorce; and
- (c) given the Employer such authority as the Employer may specify to authorise the deduction of Contributions from his earnings from the Employer.

19.3 Date of admission/loss of eligibility

- (a) A person who becomes eligible to join the Division but who does not submit the documents specified in Rule 19.2 [*Eligibility and Admission: Admission procedure*] to the Trustees and the Employer within two years of becoming eligible (or such longer period as the Employer may allow), shall, unless the Trustees and the Employer decide otherwise and subject to Rule 19.4 [*Eligibility and Admission: Renewal of eligibility*], cease to be eligible to join the Division.
- (b) A person who has joined the Division but opted out under Rule 23 [*Opting-Out and Re-Admission*] is no longer eligible to join the Division, unless Rule 19.4 [*Eligibility and Admission: Renewal of eligibility*] applies.
- (c) An eligible person will be admitted as a Member with effect from the date on which he has fully complied with Rule 19.2 [*Eligibility and Admission: Admission procedure*], or such other data as the Principal Employer and the eligible person may agree.

19.4 Renewal of eligibility

A person who is no longer eligible to join the Division because:-

MONEY PURCHASE RULES

- (a) he did not submit the documents specified in Rule 19.2 [*Eligibility and Admission: Admission procedure*] within the period specified under Rule 19.3(a) [*Eligibility and Admission: Date of admission/loss of eligibility*]; or
- (b) he has previously opted-out of the Division under Rule 23 [*Opting-Out and Re-Admission*],

may again become eligible for membership if he continues to satisfy the conditions specified in Rule 19.1 [*Eligibility and Admission: Eligibility conditions*] and his Employer allows him to be admitted. Membership in such circumstances shall be subject to such terms and conditions as the Trustees may decide. The admission requirements set out in Rule 19.2 [*Eligibility and Admission: Admission procedure*] shall apply to such a person.

19.5 Variations

Notwithstanding any of the foregoing provisions of this Rule:-

- (a) subject to Rule 19.5(b) below, any Worker may be admitted to the Money Purchase Division of the Plan by reason of Automatic Enrolment, Automatic Re-enrolment, or Opt-in, and where a Worker is so admitted, none of the eligibility and/or admission requirements of Rules 19.1 [*Eligibility and Admission: Eligibility conditions*] to 19.3 [*Eligibility Admission: Date of admission / loss of eligibility*] shall apply;
- (b) no Fixed Protection Worker:
 - (i) may be admitted to the Money Purchase Division of the Plan by reason of Automatic Enrolment or Automatic Re-enrolment; or
 - (ii) shall be permitted to pay any contributions, or to have any contributions paid in respect of him, to the Money Purchase Division, unless he has first been admitted to the Scheme under either Rule 19.2 [*Eligibility and Admission: Admission procedure*], Rule 19.4 [*Eligibility and Admission: Renewal of eligibility*] or by reason of Opt-in;
- (c) where Rule 19.5(a) above does not apply, the Employer may with the consent of the Trustees waive all or any of the eligibility and/or admission requirements of Rules 19.1 [*Eligibility and Admission: Eligibility conditions*] to 19.3 [*Eligibility and Admission: Date of admission/loss of eligibility*] and the Trustees shall, if the relevant employees submit such form of application (if any) as they may require, and provide such other information or evidence as they may specify, admit such employees to membership with effect from such date and for such period as they shall agree with the Employer;
- (d) without prejudice to the provisions of Rule 19.3 [*Eligibility and Admission: Date of admission/loss of eligibility*], the Employer and the Trustees may together agree that any particular employee or group of employees shall be eligible for membership on such special terms as to benefits, contributions or otherwise as they shall determine and as shall not contravene any of the relevant provisions of the Revenue Limits Appendix;
- (e) subject always to there being no restriction on the admission of any Worker to the Money Purchase Division of the Plan by reason of Automatic Enrolment, Automatic Re-

MONEY PURCHASE RULES

enrolment, or Opt-in:

- (i) admittance and entitlement to benefits under Part 2 [*Money Purchase Rules*] shall at all times be subject to any terms, conditions and requirements (and the satisfaction thereof) that may be imposed from time to time by any insurer of benefits under Part 2 [*Money Purchase Rules*]; and
- (ii) without limitation to the above, the Trustees may restrict or cancel the amount of lump sum benefit and/or any spouse's or Dependant's pension or pensions payable under rule 30 [*Benefits on Death*] in the event that the insurer declines to make payment (in full or in part) of the amount set out in that Rule.

20 Contributions required from Members and Employers

20.1 Members' Contributions

Subject to Rule 31.2 [*Reserve Account: Application of the Reserve Account*], each Member in Pensionable Service must contribute to the Division at one of the rates set out in Rule 20.4 [*Contributions required from Members and Employers: Contribution rates*]. This requirement is subject to Rule 22.3 [*Maternity leave and Other Absences: Members' Contributions*] and to the contribution limit set out in the Revenue Limits Appendix. The Employer may, at its discretion, waive any contributions otherwise due from the Member in respect of any period of Pensionable Service falling after the last day of the month immediately prior to the month in which his Normal Retirement Date falls.

20.2 Collection of Members' Contributions

Each of the Employers shall collect the Contributions of the Members for the time being employed by it, by deduction from their remuneration on payment, and shall, on behalf of such Members, pay to the Trustees the Contributions so collected.

20.3 Employer's contributions

Subject to Rule 31.2 [*Reserve Account: Application of the Reserve Account*], each Employer must contribute to the Division in respect of each Member at the rate set out in Rule 20.4 [*Contributions required from Members and Employers: Contribution rates*].

Subject to Rule 31.2 [*Reserve Account: Application of the Reserve Account*], the Employer shall also pay the cost of:-

- (a) insuring any death benefits payable in respect of a Member under Rule 30.1(a) [*Benefits On Death: Circumstances in which payable and amount*] (except those that relate to the application of the Member's Accounts) (including any associated insurance premiums);
- (b) unless the Principal Employer determines that expenses shall be payable out of the Member's Account, such proportion of the costs, charges and expenses to which Clause 5 [*Administration Costs*] refers in relation to the Division as the Principal Employer shall determine; and
- (c) unless the Principal Employer (or the Trustees if the Principal Employer is then in

MONEY PURCHASE RULES

liquidation) determines that the expenses shall be payable out of the Member's Account, the costs, charges and expenses incurred under Rule 15.4 [*Discontinuance of a Division: Priority Classes*] of Part 1 [*Rules Applicable to Both Divisions*] in relation to the discontinuance of the Division.

All or any of the Employers' contributions due under this Rule 20.3 [*Contributions required from Members and Employers: Employer's contributions*] may be paid by the Principal Employer, in which event the Principal Employer shall be entitled to recover from the Employers any contributions which the Principal Employer paid on their behalf.

20.4 Contribution rates

The contribution rates referred to in Rules 20.1 [*Contributions required from Members and Employers: Member's Contributions*] and 20.3 [*Contributions required from Members and Employers: Employer's contributions*] are as follows or such other levels as agreed by the Employer and the Trustees and communicated to Members:-

	Member's contribution as % of Pensionable Pay	Employer's contribution as % of Pensionable Pay
Rate 1 (available until 1 October 2018)	Prior to 1 October 2017: 1	Prior to 1 October 2017: 1
	On and after 1 October 2017: 2.5	On and after 1 October 2017: 2.5
Rate 2 (available until 1 February 2014)	2.5	5
Rate 3	3	6
Rate 4	4	8
Rate 5	5	10
Rate 6	6 (or over)	12 (maximum)

Unless a Member gives (or has given) the Employer notice that a different contribution rate will apply:

- (a) Prior to 1 October 2018, Rate 1 applied; and
- (b) On or after 1 October 2018, Rate 3 applies.

MONEY PURCHASE RULES

Rate 2 was withdrawn from 1 February 2014. Where any Member was contributing in line with Rate 2 immediately prior to that date, unless he or she gave the Employer advance notice that a different rate would apply on and from 1 February 2014, Rate 1 applied in respect of that Member on and from 1 February 2014. Rate 1 was withdrawn from 1 October 2018. Where any Member was contributing in line with Rate 1 immediately prior to that date, unless he or she gave the Employer advance notice that a different rate would apply on and from 1 October 2018, Rate 3 applied in respect of that Member on and from 1 October 2018.³²

If a Member wishes to change between the contribution rates set out in this Rule 20.4 [*Contributions required from Members and Employers: Contribution rates*], he may do so with effect on and from the earlier of either the next 1 January or 1 July (or such other or additional dates and with such frequency as the Employer and Trustee may together agree), by giving the Employer such notice as the Employer may require³³.

A Member may contribute at a higher rate than 6%, provided that the rate of contributions must be a whole percentage of Pensionable Pay. The Employer's contribution in these circumstances shall be no more than 12% of Pensionable Pay unless the Employer agrees otherwise.

20.5 Investment of contributions

Contributions payable by and in respect of each Member shall be invested under Rule 24 [*Investment of Contributions*].

21 **Members' Voluntary Contributions**

21.1 General conditions

A Member who is in Pensionable Service may, subject to the following terms of this Rule 21 [*Members' Voluntary Contributions*], pay contributions to the AVC Scheme. The provisions of the AVC Scheme explanatory document issued to Members as from time to time altered, added to or replaced shall apply to all such AVC Scheme Contributions, subject to the overriding conditions set out in this Rule 21 [*Members' Voluntary Contributions*] and to any other term of the Rules which conflicts with such provisions.

21.2 Separation

The Trustees shall ensure that the money and other assets attributable to AVC Scheme Contributions are at all times separately identifiable from the Plan's other money and assets in so far as such Contributions have not been applied to secure AVC Benefits.

21.3 Minimum rate

The Trustees may from time to time set a minimum rate of AVC Scheme Contributions Provided that the minimum rate applicable in any Tax Year may not be greater than:-

- (a) 0.5% of the Member's earnings from the Employer in that Tax Year, and

³² Amendments made to update terminology
³³ Deed of Amendment dated 14 October 2016, clause 5.

MONEY PURCHASE RULES

- (b) three times the lower earnings limit (within the meaning of Section 5(1) of the Social Security Contributions and Benefits Act 1992) for that Tax Year

whichever is the higher figure, or such other minimum rate specified by legislation from time to time.

21.4 Benefits secured

AVC Scheme Contributions made by a Member shall be applied in providing such AVC Benefits for or in respect of that Member as are agreed between the Member and the Trustees. The Trustees shall keep appropriate records of AVC Scheme Contributions and the AVC Benefits which they provide.

21.5 Contribution limits

A Member may not make AVC Scheme Contributions of an amount greater than that which may be specified by the Trustees from time to time as being expected to be sufficient to provide the Member with benefits upon his intended retirement date which are within the limits set out in the Revenue Limits Appendix, and may not in any event exceed the contribution limits set out therein.

21.6 Collection of contributions

The Employer shall collect the Member's AVC Scheme Contributions as described in Rule 20.2 [*Contributions required from Members and Employers: Collection of Members' Contributions*].

22 Maternity Leave and Other Absences

22.1 Applicability

This Rule applies to a Member who is absent from work:-

- (a) on maternity leave, adoption leave, paternity leave, shared parental leave or parental bereavement leave in exercise of his rights under Section 71, Section 75A, Section 80A, Section 75E or Section 80EA of Part VIII of the Employment Rights Act 1996 and for any additional period throughout which he receives remuneration for such leave (including statutory maternity pay, statutory paternity pay, statutory parental leave pay, statutory adoption pay or statutory parental bereavement pay) from an Employer³⁴;
- (b) on parental leave in exercise of his rights under Section 76 of Part VIII of the Employment Rights Act 1996;
- (c) for a reason other than an absence to which paragraph (a) or (b) applies for a period of one month or less; or
- (d) for a reason other than an absence to which paragraph (a) or (b) applies, for a period longer than one month allowed by the Employer or in exercise of a statutory right which,

³⁴ Deed of Amendment dated 14 October 2016, clause 3.1. New additional amendments made to take account of Trustee instructions regarding statutory parental bereavement pay.

MONEY PURCHASE RULES

unless the absence is due to secondment to a United Kingdom Government Department (or work of national importance of a like nature), may not exceed three years except where absence is due to ill-health, injury or accident when it shall not exceed such longer period as the Employer and the Trustees may consider appropriate and as would not prejudice the status of the Plan as a Registered Pension Scheme.

22.2 Conditions

This Rule will continue to apply to a Member absent in accordance with Rule 22.1 [*Maternity Leave and Other Absences: Applicability*] provided the Member:-

- (a) does not opt out of the Division under Rule 23 [*Opting-Out and Re-Admission*] during the period of absence;
- (b) is expected to return to work or is receiving pay or benefit, which will not continue beyond Normal Retirement Date, under a sick pay or permanent health insurance scheme; and
- (c) is not performing his duties wholly outside the UK for a non-resident employer except in circumstances and subject to such conditions as would not prejudice the status of the Plan as a Registered Pension Scheme.

22.3 Members' Contributions

A Member who is absent from work under this Rule and who is in receipt of remuneration from the Employer or benefit under the Employer's permanent health insurance scheme (if any) shall, for as long as such remuneration or benefit exceeds any minimum level from time to time specified by the Trustees, maintain his Contributions to the Division under Rule 20 [*Contributions required from Members and Employers*], unless the Trustees and the Employer decide to reduce or suspend his Contributions. Otherwise, a Member shall not be required to pay any Contributions during any period to which this Rule applies, unless the Trustees and the Employer consent.

22.4 Employer contributions

Where a Member is absent from work under Rule 22.1(a) [*Maternity Leave and Other Absences: Applicability*] or 22.1(b) [*Maternity Leave and Other Absences: Applicability*], the Employer will continue to pay contributions to the Member's Account based on the Member's Pensionable Pay set out in Rule 22.6 [*Maternity Leave and Other Absences: Pensionable Pay*].

Apart from where a Member is absent from work under Rule 22.1(a) [*Maternity Leave and Other Absences: Applicability*] or 22.1(b) [*Maternity Leave and Other Absences: Applicability*], no Employer contributions will be paid on the Member's behalf during any period to which the Rule applies, unless the Trustees and Employer agree otherwise.

MONEY PURCHASE RULES**22.5 Death benefits**

Rule 30.1(a) [*Benefits on Death: Circumstances in which payable and amount*] shall continue to apply to a Member:-

- (a) who continues to pay Contributions under Rule 20 [*Contributions required from Members and Employers*]; or
- (b) who is absent under Rule 22.1(a) [*Maternity Leave and Other Absences: Applicability*] or 22.1(b) [*Maternity Leave and Other Absences: Applicability*] until such absences ends or (if earlier) the date upon which he opts out of the Division under Rule 23 [*Opting-Out and Re-Admission*] Provided that he maintains his Contributions to the Division under Rule 20 [*Contributions required from Members and Employers*]; or
- (c) who is in receipt of benefits under the Employer's permanent health insurance scheme (if any) for so long as that benefit continues to be paid to the Member notwithstanding his absence from work; or
- (d) if the Trustees, with the consent of the Employer, decide to pay such benefits.

22.6 Pensionable Pay**(a) Members absent under Rules 22.1(a) or 22.1(b)**

In the case of a Member:-

- (i) absent under Rule 22.1(a) [*Maternity Leave and Other Absences: Applicability*] or Rule 22.1(b) [*Maternity Leave and Other Absences: Applicability*], for the purposes of calculating Contributions payable by the Member under Rule 20 [*Contributions required from Members and Employers*]; and
- (ii) absent under Rule 22.1(b) [*Maternity Leave and Other Absences: Applicability*], for the purposes of calculating contributions payable by the Employer under Rule 20 [*Contributions required from Members and Employers*],

Pensionable Pay shall be the amount of remuneration received by the Member from time to time during such absence.

For all other purposes where a Member is absent under Rule 22.1(a) [*Maternity Leave and Other Absences: Applicability*] or 22.1(b) [*Maternity Leave and Other Absences: Applicability*], including contributions payable by the Employer under Rule 20 [*Contributions required from Members and Employers*] (other than as set out in paragraph (ii) above) and benefits payable on death in Pensionable Service under Rule 30.1(a) [*Benefits on Death: Circumstances in which payable and amount*], Pensionable Pay shall be such amount as, in the opinion of the Employer, would have applied to the Member but for his absence.

MONEY PURCHASE RULES**(b) Members absent under Rules 22.1(c) or 22.1(d)**

If the Pensionable Service of a Member who is absent under Rule 22.1(c) [*Maternity Leave and Other Absences: Applicability*] or Rule 22.1(d) [*Maternity Leave and Other Absences: Applicability*] terminates on death during such period of absence, his Pensionable Pay shall be the Pensionable Pay applicable to him immediately before his absence commenced, or such greater amount as the Employer may decide, subject to the consent of the Trustees.

22.7 Return to Normal Service

On his return from absence, a Member who has not maintained any Contributions required to be paid under Rule 20 [*Contributions required from Members and Employers*] shall be given an opportunity to pay to the Division, either as a lump sum or by instalments, an amount not exceeding an amount equal to any Contributions required under Rule 20 [*Contributions required from Members and Employers*] which he did not pay during the period of absence, which shall be calculated at the rate applicable, and by reference to Pensionable Pay, immediately before the date on which his Contributions ceased.

23 Opting-Out and Re-Admission**23.1 Opting out**

- (a) A Member in Service may elect to opt-out of continuing his Pensionable Service. Such an election shall be by written notice of not less than one month's duration (or such shorter notice as the Employer agrees to accept) given to the Trustee in such form as the Trustee may require and signed by the Member. The Member's election shall take effect on the date of expiry of such notice, when his Pensionable Service shall cease.
- (b) When a Jobholder's admission to the Money Purchase Division is by reason of Automatic Enrolment, Automatic Re-enrolment or Opt-in, and that Jobholder gives an Opt-Out Notice to his Employer, that Jobholder shall be treated as not having become a Member of the Money Purchase Division and their Member's Account shall be closed after any refund of contributions has been made by the Trustees to the Employer. Following any cancellation of a Jobholder's Membership in accordance with this Rule 23.1(b), the Jobholder shall be eligible to be admitted to Membership on a subsequent occasion in accordance with Rule 23.2 [*Opting-Out and Re-Admission: Breaks in Service and re-admission*].

23.2 Breaks in Service and re-admission

Subject to Rule 19.5(a), Rules 19.1 [*Eligibility and Admission: Eligibility conditions*] and 19.2 [*Eligibility and Admission: Admission procedure*] shall apply with the necessary changes to a Member or former Member who having previously left Service, re-enters Service or who being in Service and having opted-out of the Money Purchase Division under Rule 23.1 [*Opting-Out and Re-Admission: Opting out*], again becomes eligible to join the Money Purchase Division under Rule 19.4 [*Eligibility and Admission: Renewal of eligibility*].

MONEY PURCHASE RULES**24 Investment of Contributions****24.1 Member's Account**

Member's Contributions and contribution paid by the Employer in respect of the Member, any other contributions paid or received by or on behalf of the Member and any transfer payment made to the Plan in respect of the Member under Rule 6 [*Transfers to the Plan*] (except AVC Scheme Contributions) shall be credited to the Member's Account. Costs and expenses may, if the Principal Employer (or the Trustees, if the Principal Employer is then in liquidation) so determines, be deducted from the Member's Account at such rate and in such sum as the Principal Employer (or the Trustees, as the case may be) shall decide in respect of the administration and discontinuance of the Division, including charges in respect of the Division's investment.

The rights attributable to the Member's Account do not confer on the Member any beneficial interest in any specific assets of the Plan.

24.2 Investment options

A Member's Account shall be invested in such investment or investments as the Trustees shall determine in accordance with Clause 8 [*Investment Powers of the Trustees*]. The Trustees may at any time and from time to time, in their absolute discretion and without notice, withdraw, close, discontinue, transfer or substitute all or any part of the investment arrangements and/or make available new or alternative arrangement(s).

If the Trustees at any time so determine, they may offer Members a choice of one or more arrangements in which to invest their Member's Account ("**the Investment Options**"). Where Investment Options are offered, the Trustees may at any time in their absolute discretion and without notice remove any Investment Option(s) from the arrangements offered to Members, either for future contributions only or for future contributions and existing funds.

Where Investment Options are available, Rules 24.3 [*Investment of Contributions: Member Selection*] and 24.4 [*Investment of Contributions: Change of Investment Options Member*] shall apply and the Trustees shall (unless they decided otherwise) be bound by any Investment Options(s) selected by the Member.

24.3 Member Selection

If the Trustees notify the Member that he has Investment Options, the Member shall notify the Trustees in writing of his selected Investment Options(s). Where the Member is permitted to select more than one Investment Option and chooses more than one such option, he shall also notify the Trustees in writing of the proportion in which he requires contributions made by or in respect of him to be allocated among them.

MONEY PURCHASE RULES

If the Trustees fail to receive from the Member notification of his Investment Option(s) in a form acceptable to the Trustees or if any of the Member's existing choices is removed from the available investment funds and the Member fails to make a new choice within one month of the date of the notice informing the Member of the change, he shall be deemed to have selected such Investment Option(s) in such proportions as the Trustees decide on his behalf from time to time and future contributions (or the relevant proportion) shall be invested in such Investment Option(s) until such time as the Member directs otherwise under Rule 24.4 [*Investment of Contributions: Change of Investment Options Member*].

So far as in permitted by law, the Trustees shall not be liable for acting in accordance with the Member's choice of Investment Option(s) or for implementing any default choice in the absence of any choice made by the Member (or if the Trustees are unable to comply with any directions given by the Member).

24.4 Change of Investment Options Member

A Member may switch all or part of his Member's account from one Investment Option to another once a Plan Year, by notifying the Trustees in writing one calendar month in advance. A Member may change his selection more than once a Plan Year if the Trustees consent. Such changes or switches shall be subject to such terms as to charges, procedure or otherwise as the Trustees may decide from time to time.

24.5 Statement of value of investments

The Trustees will provide each Member with a statement of the value of the investments attributable to his Member's Account and the Contributions and the Employer's contributions made in a Plan Year in accordance with the Disclosure Requirements.

25 Benefit Options

25.1 Options

The Member's Account shall be applied in securing such one or more of the following benefit options as the Member may select, subject to compliance with the Revenue Limits Appendix and (if applicable) Rule 25.4 [*Benefit Options: Pension increases*]:-

- (a) a pension payable to the Member;
- (b) a pension payable to the Member's surviving spouse and/or Dependant in such shares as the Member shall notify to the Trustees;
- (c) a cash lump sum in accordance with Rule 29 [*Lump Sum Benefit on Retirement*] (unless any particular investment attributable to the Member's Account was made on the basis that it would not be possible to extend the cash option in relation to that investment, in which event the amount of the cash lump sum will be appropriately restricted);
- (d) guaranteed increased to pensions secured under (a) and (b) above; and/or
- (e) guaranteed payment of the Member's pension secured under (a) above for a period notwithstanding his death during that period, instalment of pension payments due after

MONEY PURCHASE RULES

death for the remainder of the guarantee period being payable either in instalments or in one lump sum.

If the Member is suffering from such physical or mental incapacity as to be, in the opinion of the Trustees, not competent to select which options shall apply or if he fails to choose his option in accordance with Rule 25.2 [*Benefit Options: Selection of benefits and Authorised Life Office*], the Trustees shall select which options shall apply.

25.2 Selection of benefits and Authorised Life Office

A Member must, two months before the date on which the pension is due to commence (or within such other timescale as the Trustees may determine), instruct the Trustees in writing to apply his Member's Account (or any part of it) in securing such benefits under Rule 25.1 [*Benefit Options: Options*] as he may select from such Authorised Life Office as the Trustees shall specify (other than any cash lump sum in accordance with Rule 29 [*Lump Sum Benefit on Retirement*] which shall be payable out of the Member's Account). The Trustees may at their discretion offer the Member a choice of Authorised Life Offices at which the Member's benefits are to be secured.

If the Member is suffering from such physical or mental incapacity as to be, in the opinion of the Trustees, not competent to exercise his rights under this Rule, the Trustees may exercise them for him.

The costs of securing the Member's benefits in accordance with this Rule shall be payable from the Member's Account, unless the Employer agrees to pay those costs.

25.3 Securing of benefits

On receiving the Member's instructions in accordance with Rule 25.2 [*Benefit Options: Selection of benefits and Authorised Life Office*] and all information necessary to put them into effect, the Trustees shall take all reasonable steps to secure the benefits as so instructed provided that the Trustees shall not be liable in any way for the Member's choice of Authorised Life Office.

These benefits (other than any cash lump sum in accordance with Rule 29 [*Lump Sum Benefit on Retirement*] which shall be payable out of the Member's Account) from the Division shall be secured by the purchase of an Appropriate Policy in accordance with Rule 10.1 [*Trustees' Power to Secure Benefits: Power to purchase Appropriate Policy*]. Where an Appropriate Policy is purchased, assigned or otherwise provided in accordance with Rule 10.1 [*Trustees' Power to Secure Benefits: Power to purchase Appropriate Policy*] (unless the Appropriate Policy is held in the name of the Trustees):-

- (a) any benefits in substitution for which the benefits under the Appropriate Policy are being provided shall cease to be payable from the Division;
- (b) the persons to whom those benefits would otherwise have been payable shall cease to have any rights under the Division to those benefits; and
- (c) no rights under the Plan shall arise in respect of the benefits to be provided under the Appropriate Policy.

MONEY PURCHASE RULES

The purchase of the Appropriate Policy shall discharge the Trustees from all liability in respect of the benefits secured by it to the extent that they do not have a statutory discharge under the Occupational Pension Schemes (Discharge of Liability) Regulations 1997.

25.4 Pension increases

Any pension coming into payment before 6 April 2006, and which is attributable to Pensionable Service or payments in respect of employment carried out on or after 6 April 1997, must be secured on a basis that complies with the pension increase requirements under Section 51 of the 1995 Act, but on the assumption that such requirements continued to apply to money purchase benefits up to and including 5 April 2006.

Unless the Member and the Authorised Life Office agree otherwise, the amount of the first increase will be adjusted in the proportion that the period from the date of commencement of pension to the effective date of the increase, measured in complete months, bears to the period of 12 months.

26 Leaving and Retirement Before Normal Retirement Date

26.1 Refund Only Members

A Refund Only Member is entitled only to a refund of the value of his Contributions and the value of his AVC Scheme Contributions (in both cases including any investment return, whether an increase or decrease, on them). The value of the Contributions and AVC Scheme Contributions shall be calculated as at the date on which the refund is paid.

A refund payable under this Rule 26.1 [*Leaving and Retirement Before Normal Retirement Date: Refund Only Members*] shall be reduced by any amount deducted in respect of tax under Rule 2.10 [*Payment of Benefits: Tax*]. Once paid, the net refund cancels any entitlement to benefits under the Division to which it relates.

26.2 Other Members

The remainder of this Rule 26 [*Leaving and Retirement Before Normal Retirement Date*] applies if a Member other than a Refund Only Member ceases to be in Pensionable Service before Normal Retirement Date otherwise than on death. Such a Member is entitled to exercise any one of the following Options which is applicable to him, namely:-

Option I: to retain his Member's Account in the Division, or

Option II: to draw early retirement benefits, or

Option III: to have his Cash Equivalent transferred out of the Division in accordance with Rule 7 [*Transfers from a Division: Individual*].

MONEY PURCHASE RULES**Note:**

1. In the circumstances described in Rule 2.5 [*Payment of Benefits: Leaving or retiring early: exercise of option*], either the Trustees may decide to exercise an Option for the Member or he shall be deemed to have opted for Option I [*Retained Member's Account*], as provided under that Rule.
2. A Member may not exercise Option II without the consent of the Trustees and the Employer.

Option I: retained member's account26.2 Entitlement and commencement

The Member's Account of a Member who exercises this Option shall remain invested under the Division, subject to Rule 24 [*Investment of Contributions*]. The Member's Account shall be applied in accordance with Rule 27 [*Retirement at Normal Retirement Date*] at Normal Retirement Date, unless:-

- (a) the Trustees and the Member agree that it shall be applied instead at any time before Normal Retirement Date, but not earlier than attainment of age 55 (or earlier in the case of incapacity),
- (b) the Trustees and the Member agree that its application will be postponed for as long as the Member remains in remunerative employment, or until such earlier date as they agree.

26.3 Value of Member's Account

The value of the Member's Account shall be calculated by the Trustees in a manner which complies with the Preservation Requirements.

Option II: early retirement benefits26.4 Qualifying conditions and commencement

A Member who is aged 55 or over (or earlier in the case of incapacity) and who retires or otherwise leaves Service before Normal Retirement Date may exercise this Option II with the consent of the Trustees and the Employer.

By exercising Option II, the Member shall become entitled to the application of his Member's Account in accordance with Rule 25 [*Benefit Options*] on such date as shall be agreed between him and the Trustees.

Option III: transfer of cash equivalent26.5 Qualifying conditions

A member who leaves Pensionable Service may exercise this Option III if the terms and conditions of Rule 7 [*Transfers from a Division: Individual*] are satisfied. If Option III is so

MONEY PURCHASE RULES

exercised and those terms and conditions are satisfied, the Cash Equivalent will be transferred in accordance with Rule 7 [*Transfers from a Division: Individual*].

A Member who has selected Option I may later select this Option III in respect of his entitlement up to the date on which the Member instructs the Trustees under Rule 25 [*Benefit Options*] about how his Member's Account is to be applied under these Rules.

Where the Member has applied for a transfer other than pursuant to Chapter 1 of Part 4ZA of the Pension Schemes Act³⁵, the Trustees shall only make the transfer once the Member has signed a discharge which is satisfactory to the Trustees.

27 Retirement at Normal Retirement Date

On retirement from Service at Normal Retirement Date, a Member's Account shall be applied in accordance with Rule 25 [*Benefit Options*].

28 Late Retirement**28.1 Postponement**

If a Member (other than a Refund Only Member) remains in Service after Normal Retirement Date, payment of his pension shall be postponed until his retirement from Service, unless the Member and the Employer agree otherwise.

Where a Member's benefits are postponed in accordance with this Rule, his Member's Account shall remain invested under the Division, subject to Rule 24 [*Investment of Contributions*].

When the Member retires from Service (or on such other date as has been agreed between the Member and the Employer), his Member's Account shall be applied in accordance with Rule 25 [*Benefit Options*].

29 Lump Sum Benefit on Retirement**29.1 Amount and conditions**

At the time a Member's pension is due to commence or at a time allowed by Rule 29.2 [*Lump Sum Benefit on Retirement: Trivial pensions*], the Member may elect to take part of his Member's Account as a lump sum. The lump sum must not exceed the limit set in out in paragraphs II or IIA of the Revenue Limits Appendix (as appropriate) although in exceptional circumstances of serious ill health, a Member may, with the consent of the Trustees, take the whole of his Member's Account as a lump sum. In deciding whether the Member's ill health ranks as "serious ill health" for the purposes of this Rule, the Trustees' decision shall be final but (without prejudice to the foregoing) in arriving at their decision the Trustees shall have regard to the requirements of paragraph 4 of Schedule 29³⁶ of the Finance Act 2004, namely that the Member's expectation of life is unquestionably very short, and in any event less than one year.

Notwithstanding anything to the contrary in these Rules, a Member may, at any time before his

³⁵ Amended to take account of legislative changes
³⁶ Correction of typo in Second Definitive Deed and Rules

MONEY PURCHASE RULES

pension commences to be payable and including in circumstances where he will continue to be a contributing Member, require the Trustees to apply all or part of his Member's Account to provide an uncrystallised funds pension lump sum (as defined in and subject to the requirements of paragraph 4A of Schedule 29 to the Finance Act 2004) subject to any conditions that the Principal Employer and Trustees may from time to time impose.

The payment of a lump sum under this Rule 29.1 will extinguish the entitlement to benefits under the Scheme of the Member and the entitlement to benefits under the Scheme of any beneficiary which relate to the Member, to the extent to which such benefits relate to the part of the Member's Account paid as a lump sum.³⁷

29.2 Trivial pensions

- (a) The Trustees may pay a lump sum instead of a trivial pension which has become payable to a Member (and instead of a trivial pension payable on a Member's death):
 - (i) in the circumstances and subject to the conditions set out in paragraphs 7 to 9³⁸ or paragraph 20 of Schedule 29 of the Finance Act 2004 (registered pension schemes: authorised lump sums – supplementary); or
 - (ii) in the circumstances and subject to the conditions set out in Regulation 11 or Regulation 12 of the Registered Pension Schemes (Authorised Payments) Regulations 2009 (de minimis rule for pension schemes and payments by larger pension schemes); or
 - (iii) in any other circumstances permitted by HM Revenue & Customs which would not prejudice the Plan's registration with HM Revenue & Customs in accordance with Chapter 2 of Part 4 of the Finance Act 2004 (registration of pension schemes) and subject to such conditions as prescribed by legislation from time to time.
- (b) The Trustees may at their discretion include in the exchange any pension attributable to the Member's AVC Scheme Contributions (unless this would prejudice the Plan's registration with HM Revenue & Customs in accordance with Chapter 2 of Part 4 of the Finance Act 2004 (registration of pension schemes)).
- (c) The amount of the lump sum will be determined by the Trustees after taking the Actuary's advice.
- (d) The amount paid to the Member may be reduced under Rule 2.10 [*Payment of benefits: Tax*].

³⁷ Deed of Amendment dated 14 October 2016, clause 8.3.

³⁸ Explanatory note - It is no longer possible to pay a trivial commutation lump sum in respect of a money purchase scheme, other than in respect of a money purchase pension already in payment where the lump sum is paid on or after 16 September 2016.

MONEY PURCHASE RULES

- (e) Subject to the provisions of Schedule 29 of the Finance Act 2004 (registered pension schemes: authorised lump sums – supplementary), the Trustees do not need the consent of a Member or a Dependant or any other person actually or prospectively entitled to a benefit in order to exercise their powers under this Rules 29.2 [*Lump Sum Benefit on Retirement: Trivial pensions*].

29.3 Treatment of lump sums

Any lump sum taken will reduce the amount of the Member's Account available to purchase an annuity by the amount of such lump sum and the maximum lump sum will also be subject to any restriction referred to in Rule 25.1(c) [*Benefits Options: Options*].

30 **Benefits On Death**

30.1 Circumstances in which payable and amount³⁹

If a Member dies in any of the circumstances set out below, the following benefits shall be payable:

(a) **If the Member dies in Pensionable Service before Normal Retirement Date:-**

- (i) a lump sum equal to seven times his Pensionable Pay; and
- (ii) a lump sum equal to the value of his Member's Account and any AVC Scheme Contributions the Member has.

In calculating the benefits payable under paragraph (i), and subject to compliance with the Equality Act 2010 and regulations made under that Act, the Trustees may restrict or cancel the amount of benefit payable in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

(b) **If the Member having left Pensionable Service but having retained his Member's Account under the Division**, the Member's Account shall be applied by the Trustees, at their discretion, to provide:-

- (i) a lump sum up to the maximum amount permissible under the Revenue Limited Appendix; and/or
- (ii) a pension or pensions to such one or more of the Member's Dependents and in such shares as the Trustees shall in their discretion decide.

30.2 Life Assurance Members

Upon the death of a Life Assurance Member the Trustees shall pay a lump sum equal to seven times his⁴⁰ Pensionable Pay had he been a Member of the Division at the date of his death, as notified by the Member's Employer to the Trustees.

³⁹ Deed of Amendment dated 18 December 2020, clause 4.1

⁴⁰ Deed of Amendment dated 18 December 2020, clause 4.2

MONEY PURCHASE RULES**30.3 Payment**

Any lump sum payable under this Rule 30 [*Benefits on Death*] shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in that Rule.

30.4 Increases

Any pension paid under this Rule 30 [*Benefits on Death*] shall be increased in payment as follows:-

- (a) pension commencing before 6 April 2006 and which is attributable to Pensionable Service or payments in respect of employment carried out on or after 6 April 1997, shall be secured on a basis that complies with the pension increase requirements under Section 51 of the 1995 Act, but on the assumption that such requirements continued to apply to money purchase benefits up to and including 5 April 2006; and
- (b) in any other case, at such rate as the Trustees and the Principal Employer (and, if applicable, the Authorised Life Office) may determine and notify to the Member during his lifetime, or to the Dependant at the time the pension is due to commence.

Unless the Trustees and the Authorised Life Office agree otherwise, the amount of the first increase will be adjusted in the proportion that the period from the date of commencement of pension to the effective date of the increase, measured in complete months, bears to the period of 12 months.

31 Reserve Account**31.1 Establishment**

The Trustees will maintain a Reserve Account (to the extent to which assets notionally permit after the establishment of Member's Accounts) consisting of the aggregate of:-

- (a) any amount allocated to the Reserve Account by the Employers; and
- (b) the balance (if any) of a Member's Account arising:-
 - (i) after all the benefits for and in respect of that Member have been secured or transferred in accordance with Rule 7 [*Transfers from a Division: Individual*] or Rule 8 [*Transfers from a Division: Group*]; or
 - (ii) after the refund of a Refund Only Member's Contributions (if any) under Rule 26.1 [*Leaving and Retirement Before Normal Retirement Date: Refund Only Members*]; or

MONEY PURCHASE RULES

(iii) on death of a Member⁴¹ in Pensionable Service,

whichever is the first to occur.

31.2 Application of the Reserve Account

The Trustees may apply the assets of the Reserve Account in all or any of the following ways as they may in their absolute discretion determine:-

- (a) in paying or providing for payment of any costs, charges and expenses of the Division including expenses to which Clause 5 [*Administration Costs*] refers, costs incurred in connection with the termination of the Division under Rule 15 [*Discontinuance of a Division*] or any costs incurred in the institution of legal proceedings pursuant to Clause 9.11 [*Other Powers: Disputes*];
- (b) in meeting any additional Division benefit liabilities in respect of Members, which are not calculated exclusively by reference to the relevant Members' Accounts (if any);
- (c) in paying a credit to any Member's Account Provided that the Trustees are reasonably satisfied after consulting the Actuary that the benefits which can be secured by application of the Member's Account as so credited are unlikely to cause the limits set out in the Revenue Limits Appendix to be exceeded;
- (d) as a set off against the Employers' liability to pay contributions under Rule 20.3 [*Contributions required from Members and Employers: Employer's contributions*] (with a corresponding credit made in lieu thereof to the Member's Account);
- (e) in paying the cost of providing any death benefits including any associated insurance premiums under Rule 20.3 [*Contributions required from Members and Employers: Employer's contributions*];
- (f) as a set off against a Member's liability to pay contributions under Rule 20.1 [*Contributions required from Members and Employers: Member's Contributions*] (with a corresponding credit made in lieu thereof to the Member's Account); and
- (g) in repaying any surplus to any Employer where permitted by the Rules; and
- (h) on the death of a Member in Service, in paying from the balance of the Reserve Account an amount equal to the deceased Member's Account, to be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and such amount may be reduced on account of legal costs incurred by the Trustees as described in that Rule.⁴²

⁴¹ New amendment made further to Trustee instruction to remove distinction between Late Entry and other members

⁴² New amendment on Trustee instruction to uses of Reserve Account so that beneficiaries of DC members who die in service can receive the member's pot

MONEY PURCHASE RULES**31.3 Limits on Reserve Account**

The Trustees will ensure that the amount of the Reserve Account at any time is not such as to prejudice the status of the Plan as a Registered Pension Scheme.

32 Modification of Part 1 [Rules Applicable to All Divisions]

32.1 Left blank intentionally.

32.2 Rule 3: Increases to Pensions in Payment

Rule 3.1 [*Increases to Pensions in Payment: General increases*], Rule 3.2 [*Increases to Pensions in Payment: Qualification to General Increase Rule*] and Rule 3.3 [*Increases to Pensions in Payment: Discretionary increases*] shall not apply to this Division.

32.3 Appendix 2 – Revenue Limits Appendix

The paragraph in Appendix 2 headed “Limits on contributions” shall be amended by deleting the words “(in the case of a Member who has been temporarily absent from normal Service during his membership)”.

33 Inland Revenue Limits

The Inland Revenue Limits apply to benefits payable under this Money Purchase Division, as amended by Part 3 of Appendix 3 [*A Day Appendix: Money Purchase Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to All Divisions*] and Part 2 [*Money Purchase Rules*] applicable to this Money Purchase Division.

34 Use of funds to pay for financial advice

Subject to compliance with all relevant legal requirements applicable to the Plan, if a Member makes a written request to the Trustees, the Trustees may make a payment directly to the Member’s financial adviser from the Member’s Account to meet all or part of the adviser’s charges relating to the provision or implementation of retirement financial advice given to the Member.

Such a payment may only be made where all the conditions relating to pension advice allowance payments in Part 6 of The Registered Pension Schemes (Authorised Payments) Regulations 2009 are met.⁴³

35 Salary Sacrifice Arrangement⁴⁴

(a) The provisions of this Rule 35 only apply where the Trustees are notified by an Employer that a Member in its employment has entered into a Salary Sacrifice Arrangement by way of a variation to his contract of employment with the Employer.

(b) The Employer must notify the Trustees of:

⁴³ Deed of Amendment dated 19 April 2018, clause 3.1

⁴⁴ Deed of Amendment dated 18 December 2020, clause 5

MONEY PURCHASE RULES

- (i) the date on which the Salary Sacrifice Arrangement becomes effective in relation to a Member;
- (ii) the earnings which the Salary Sacrifice Member would have received under his contract of employment if the Member was not participating in a Salary Sacrifice Arrangement (the "**Reference Salary**");
- (iii) any changes to the Reference Salary from time to time; and
- (iv) any termination of the Salary Sacrifice Arrangement, and the date of that termination.

The Employer's notification will be conclusive of the facts so notified and may be relied upon by the Trustees as such.

- (c) A Member shall cease to be a Salary Sacrifice Member on the earlier of:
 - (i) the date notified by the Employer to the Trustees as being the date the Member ceased to be a Salary Sacrifice Member; and
 - (ii) the date the Member leaves Service.
- (d) For the period during which the Salary Sacrifice Arrangement is in place, unless otherwise stated, any reference to a Member's Pensionable Pay or remuneration or emoluments or similar, will be calculated by reference to the Salary Sacrifice Member's Reference Salary rather than his actual earnings. In all other respects, contributions and benefits will be calculated in accordance with the remaining provisions of the Rules.
- (e) For the period during which the Salary Sacrifice Arrangement is in place, any contributions which would otherwise have been payable under the Rules by the Salary Sacrifice Member will be payable instead by his Employer in the same amounts and at the same times, in accordance with the terms of the Salary Sacrifice Arrangement. Subject to Rule 35(g) below, such contributions will be treated for all purposes of the Plan as Employer contributions.
- (f) For the period during which the Salary Sacrifice Arrangement is in place, the contributions the Employer is required to pay under Rule 35(e) above are payable in addition to the contributions the Employer is required to pay under the Rules in its capacity as an Employer in respect of that Member.
- (g) The amount of any benefit calculated or payable by reference to a Salary Sacrifice Member's contributions or contributions made under Rule 21 [Member's Voluntary Contributions] will be deemed to include the amount of the additional contributions which are payable by his Employer by virtue of Rule 35(e) above.
- (h) Unless this would cause the payment to be an Unauthorised Member Payment, a refund of Member contributions payable:
 - (i) in respect of the death of a Salary Sacrifice Member; or

MONEY PURCHASE RULES

(ii) to a Member entitled to a refund of contributions under Rule 26

will include the amount of the additional contributions which are payable by his Employer by virtue of Rule 35(e) above.

- (i) For the avoidance of doubt, where a Salary Sacrifice Arrangement which was previously in place in respect of a Member terminates or the Member ceases to participate in the Salary Sacrifice Arrangement, the Member concerned will remain a Member of the Money Purchase Division and in Pensionable Service (subject to the Rules), and shall be liable for all contributions ordinarily payable by a Member under the Rules without reference to this Rule 35 and without any reduction from the date of cessation of participation. The Member may subsequently enter into a new Salary Sacrifice Arrangement at a later date.
- (j) Notwithstanding any of the above provisions of this Rule 35, if there is any doubt as to how the Rules should apply to or in respect of a Salary Sacrifice Member, the Trustees and the Employer may together decide any questions or matters of doubt.

GENERAL FINAL SALARY RULES

PART 3

GENERAL FINAL SALARY RULES

APPLICABLE TO ALL FINAL SALARY BENEFIT STRUCTURES IN THE FINAL SALARY DIVISION

CONTENTS

Rule	Heading	
17	Application of Rules	80
18	Definitions	80
19	Eligibility and Admission	80
20	Contributions Required from Members.....	81
21	Members' Voluntary Contributions	82
22	Maternity Leave and Other Absences	83
23	Opting-Out and Re-Admission.....	88
24	Part-time Members	89
25	Leaving and Retirement Before Normal Retirement Date.....	90
26	Retirement at Normal Retirement Date	93
27	Late Retirement	93
28	Exchange of Benefits.....	93
29	Lump Sum Benefits on Death.....	95
30	Spouse's/children's/dependant's Pensions	95
31	Voluntary Dependant's Pension	95
32	Civil Partnerships.....	96
33	Salary sacrifice arrangement.....	96

GENERAL FINAL SALARY RULES**PART 3****GENERAL FINAL SALARY RULES****APPLICABLE TO THE FINAL SALARY DIVISION AND TO ALL FINAL SALARY BENEFIT STRUCTURES****17 Application of Rules**

These Part 3 [*General Final Salary Rules*] apply to all Final Salary benefit structures of the Affinity Water Pension Plan, alongside the Part 4 [*Specific Final Salary Rules*] which set out the specific provisions that apply in relation to each Final Salary Section/benefit structure.

18 Definitions

For the avoidance of doubt, the definitions set out in Part 1 [*Rules Applicable to All Divisions*] of the Rules shall apply unless otherwise modified in the Part 4 [*Specific Final Salary Rules*]. Reference to a Rule in these Part 3 Rules is to a Rule in Part 1 [*Rules Applicable to All Divisions*] or Part 3 [*General Final Salary Rules*].

19 Eligibility and Admission**19.1 Eligibility conditions**

Membership of the Final Salary Division is solely at the written invitation of the Principal Employer.

19.2 Admission procedure

A person eligible under Rule 19.1 [*Eligibility and Admission: Eligibility conditions*] must:

- (a) submit an application for membership to the Trustees, in such form as the Trustees may require;
- (b) provide the Trustees with such information as they may request including evidence of good health, a birth certificate and (where applicable) a marriage certificate and a decree absolute on divorce; and
- (c) give the Employer such authority as the Employer may specify to authorise the deduction of Contributions from his earnings from the Employer.

19.3 Variations

- (a) Notwithstanding any of the foregoing provisions of this Rule and subject to compliance with the Equality Act 2010 and regulations made under that Act admittance and entitlement to benefit under the Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules shall at all times be subject to any terms, conditions and requirements (and the satisfaction thereof) that may be imposed from time to time by any

GENERAL FINAL SALARY RULES

insurer of benefits under the Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules and, without limitation to the above, the Trustees may restrict or cancel the amount of lump sum benefit payable under Rule 29 [*Lump sum benefits on death*] and/or (if applicable) the Dependant(s) pensions payable under Rule 30 [*Spouse's/children's/dependant's Pensions*] in the event that the insurer declines to make payment (in full or in part) of the amount set out in such Rule(s).

The Employer and the Trustees may together agree that any particular employee or group of employees shall be eligible for membership on such special terms as to benefits, contributions or otherwise as they shall determine by notice in writing to the particular employee or group of employees and as shall not contravene any of the relevant provisions of the Revenue Limits Appendix.

20 Contributions Required from Members**20.1 Rates**

Each Member in Pensionable Service must contribute to the Plan at the rates provided for in the relevant Specific Final Salary Rules.

20.2 General provisions relating to contributions

No contributions are payable by a Member in respect of any period after he has left Service (unless he has since returned to Service and been re-admitted as a Member under Rule 19 [*Eligibility and admission*]), or opted-out of continuing his Pensionable Service (unless he has been re-admitted as a Member under Rule 19 [*Eligibility and admission*])⁴⁵.

In addition to this Rule 20.2 [*Contributions Required from Members: General provisions relating to contributions*], the relevant Specific Final Salary Rules may include general provisions relating to contributions.

20.3 Collection of contributions

Each of the Employers shall collect the contributions of the Members for the time being employed by it, by deduction from their remuneration on payment, and shall, on behalf of such Members, pay to the Trustees the contributions so collected in accordance with Section 49(8) of the 1995 Act at such intervals as the Trustees may direct.

20.4 Contributions after 40 years of Pensionable Service

This Rule is subject to Appendix 2 (Revenue Limits Appendix).

A Member in Service who has ceased accruing further Pensionable Service under his Division by virtue of having completed 40 years' Pensionable Service shall be required to pay contributions at only half the normal rate applicable to him (unless he is at the relevant time a VWSCPP Member who is accruing further Pensionable Service in accordance with note 5(a) of the definition of Pensionable Service in Rule 1.2 of the Rules Applicable to Both Divisions

⁴⁵ Deed of Amendment dated 10 October 2018, clause 3.1.

GENERAL FINAL SALARY RULES

[Interpretation: Meanings of specific words or expressions used in the Third Definitive Trust Deed and Rules]. ⁴⁶

21 Members' Voluntary Contributions**21.1 General conditions**

A Member who is in Pensionable Service may, subject to the following terms of this Rule 21 [*Members' Voluntary Contributions*], pay contributions to the AVC Scheme on such basis as is agreed in writing between the Member, the Principal Employer and the Trustees. The provisions of the AVC Scheme explanatory document issued to Members as from time to time altered, added to or replaced shall apply to all such AVC Scheme Contributions, subject to the overriding conditions set out in this Rule 21 [*Members' Voluntary Contributions*] and to any other terms of the Rules which conflicts with such provisions.

21.2 Separation

The Trustees shall ensure that the money and other assets attributable to AVC Scheme Contributions are at all times separately identifiable from the Plan's other money and assets in so far as such contributions have not been applied to secure AVC Benefits.

21.3 Minimum rate

The Trustees may from time to time set a minimum rate of AVC Scheme Contributions provided that the minimum rate applicable in any Tax Year may not be greater than:

- (a) 0.5% of the Member's earnings from the Employer in that Tax Year; and
- (b) three times the lower earnings limit (within the meaning of Section 5(1) of the Social Security Contributions and Benefits Act 1992) for that Tax Year,

whichever is the higher figure, or such other minimum rate as is specified by legislation from time to time.

21.4 Additional requirements relating to transfers from the Final Salary Division

AVC Scheme Contributions made by a Member shall be applied in providing AVC Benefits for or in respect of that Member on such basis as is agreed in writing between the Member, the Principal Employer and the Trustees. The Trustees shall keep appropriate records of AVC Scheme Contributions and the AVC Benefits which they provide.

Notwithstanding anything to the contrary in these Rules, a Member may, at any time before his pension commences to be payable and including in circumstances where he will continue to be a contributing Member, require the Trustees to apply his AVC Scheme Contributions to provide an uncrystallised funds pension lump sum (as defined in and subject to the requirements of paragraph 4A of Schedule 29 to the Finance Act 2004) subject to any conditions that the Principal Employer and Trustees may from time to time impose.

⁴⁶ Deed of Amendment dated 10 October 2018, clause 3.2.

GENERAL FINAL SALARY RULES

The payment of a lump sum under this Rule 21.4 will extinguish the entitlement to benefits under the Scheme of the Member and the entitlement to benefits under the Scheme of any beneficiary which relate to the Member, to the extent to which such benefits relate to the part of the AVC Scheme Contributions paid as a lump sum.⁴⁷

21.5 Contribution limits

A Member may not make AVC Scheme Contributions of an amount greater than that which may be specified by the Trustees from time to time as being expected to be sufficient to provide the Member with benefits upon his intended retirement date which are within the limits set out in the Revenue Limits Appendix, and may not in any event exceed the contribution limits set out therein.

21.6 Collection of contributions

The Employer shall collect the Member's AVC Scheme Contributions as described in Rule 20.3 [*Contributions Required from Members: Collection of contributions*].

22 Maternity Leave and Other Absences

Maternity, Paternity, Adoption Parental, Shared Parental and Parental Bereavement Leave

22.1 Applicability

Without prejudice to any additional rights which a Member may have by operation of the Employment Rights Act 1996, Rules 22.1 [*Maternity Leave and Other Absences: Applicability*] to 22.5 [*Maternity Leave and Other Absences: Death benefits*] will apply to a Member who is absent from work on:

- (a) maternity leave, adoption leave, paternity leave, shared parental leave or parental bereavement leave⁴⁸ in exercise of his rights under Section 71, Section 75A, Section 80A, Section 75E or Section 80EA of Part VIII of the Employment Rights Act 1996 and for any additional period throughout which he receives remuneration for such leave (including statutory maternity pay, statutory paternity pay, statutory parental leave pay, statutory adoption pay or statutory parental bereavement pay) from an Employer⁴⁹; or
- (b) parental leave in exercise of his rights under Section 76 of Part VIII of the Employment Rights Act 1996,

Provided that in each case the Member does not opt-out of the Division under Rule 23 [*Opting-Out and Re-Admission*] during the period of absence.

22.2 Contributions and Pensionable Service

A Member who is in receipt of remuneration from his Employer (including statutory maternity pay, statutory paternity pay, statutory adoption pay, statutory shared parental leave or statutory

⁴⁷ Deed of Amendment dated 14 October 2016, clause 8.1.

⁴⁸ Added in accordance with Trustee instructions to take account of statutory bereavement leave.

⁴⁹ Deed of Amendment dated 14 October 2016, clause 3.2.

GENERAL FINAL SALARY RULES

parental bereavement pay⁵⁰) must maintain his contributions under Rule 20 [*Contributions Required from Members*] in order to continue in Pensionable Service, but “**Pensionable Pay**” for the purposes of determining the amount of contributions will be calculated on the basis of the remuneration actually received (whether contractual, statutory or otherwise) during the period of absence. The period of such leave will rank as Pensionable Service and the benefits payable under the Division in respect of such period will be calculated as if the Member had worked normally and received the remuneration likely to be paid for doing so. Except as set out in Rule 22.3 [*Maternity Leave and Other Absences: Return to normal Service: Member’s contributions*], any period during which the Member does not pay contributions required under this Rule will not rank as Pensionable Service unless the Principal Employer allows otherwise.

A Member who is not in receipt of remuneration from his Employer (whether statutory, contractual or otherwise) will not be required to pay contributions under Rule 20 [*Contributions required from Members*]. Except as set out in Rule 22.3 [*Maternity Leave and Other Absences: Return to normal Service: Member’s contributions*], such period of absence shall not rank as Pensionable Service unless otherwise required under the Employment Rights Act 1996.

The Employer will contribute in respect of a Member absent on leave under Rule 22.1 [*Maternity Leave and Other Absences: Applicability*] for as long as the Member remains in Pensionable Service. The Employer will contribute at the rate applicable under Clause 6.1 [*Employer’s Contributions*] based on the remuneration the Member would have received had he worked normally.

22.3 Return to normal Service: Member’s contributions

On his return to normal Service, a Member who has not maintained his contributions due under Rule 22.2 [*Maternity Leave and Other Absences: Contributions and Pensionable Service*] may elect to pay either as a lump sum or (if the Principal Employer so allows and in accordance with such requirements as the Principal Employer determines) by instalments an amount equal to any contributions which he did not pay during the period of absence. On full payment of such contributions, the period of absence for which the Member did not pay contributions, and which does not already rank as Pensionable Service, will rank as Pensionable Service. If partial payment of such contributions is made, the Member’s Pensionable Service will be increased by such amount as the Trustees and the Principal Employer, after consulting the Actuary, decide.

If, after returning to normal Service, the Member ceases to be in Pensionable Service otherwise than by reason of death before such contributions have been paid in full, his benefits will be reduced by such amount as the Trustees, after consulting the Principal Employer and the Actuary, consider appropriate.

22.4 Failure to return to normal Service

If a Member fails to return to normal Service after a period of absence to which Rule 22.1 [*Maternity Leave and Other Absences: Applicability*] applies, the Member will be deemed to have left Service on the date the Member’s remuneration ceased to be payable (including statutory maternity pay, statutory paternity pay, statutory adoption pay, statutory shared parental pay or statutory parental bereavement pay) or, in the case of a Member not in receipt of pay, when this period of statutory maternity leave, statutory paternity leave, statutory adoption leave, statutory

⁵⁰ Added in accordance with Trustee instructions to take account of statutory bereavement leave.

GENERAL FINAL SALARY RULES

shared parental leave or statutory parental bereavement leave ⁵¹(as the case may be) ended. Rule 22.5 [*Maternity Leave and Other Absences: Death and retirement benefits*] will then apply to the calculation of his benefits.

22.5 Death and retirement benefits

If a Member dies, retires or otherwise leaves Service during any period to which Rule 22.1 [*Maternity Leave and Other Absences: Applicability*] applies, the normal benefits applicable under the Division on the death, retirement or cessation of Service will be payable. For this purpose, Pensionable Pay and Final Pensionable Pay will be such amount as, in the opinion of the Principal Employer, he would have had but for his absence.

III-Health

22.6 Applicability

- (a) Rules 22.6 [*Maternity Leave and Other Absences: Applicability*] to 22.9 [*Maternity Leave and Other Absences: Death and retirement benefits*] will apply to a Member who, with the consent of the Principal Employer, is absent from work due to ill-health provided that:
- (i) subject to Rule 22.6(b) [*Maternity Leave and Other Absences: Applicability*] below, the maximum period of absence does not exceed such period as the Principal Employer and the Trustees may consider appropriate; and
 - (ii) the Member does not opt out of the Division under Rule 23 [*Opting-Out and Re-Admission*] during the period of absence.
- (b) A VWSCPP Member will be treated as still in Pensionable Service for so long as he receives contractual pay or statutory sick pay, unless with the consent of the Employer he chooses to suspend contributions during his absence from work in which case the Trustees, after consultation with the Employer, will decide any special provision (consistent with Revenue Limits and the Contracting-out Requirements) to apply to the Member's benefit in respect of the period of absence. A VWSCPP Member will usually be regarded as still in Pensionable Service for so long as he is in receipt of benefits under a long term disability scheme of the Employer.

22.7 Contributions and Pensionable Service

Subject to Rule 22.6(b) [*Maternity Leave and Other Absences: Applicability*] above, the Principal Employer and the Trustees will decide whether the period of absence will rank as Pensionable Service. During any period that ranks as Pensionable Service, a Member who is in receipt of remuneration from the Employer shall continue to pay contributions under Rule 20 [*Contributions Required from Members*] unless the Principal Employer and the Trustees direct otherwise.

⁵¹ Added in accordance with Trustee instructions to take account of statutory bereavement leave.

GENERAL FINAL SALARY RULES

A VWSCPP Member who is away from work due to injury or ill-health and who immediately before his period of absence commenced was paying AVC Scheme Contributions to secure AVC Benefits in the form of added years of Pensionable Service shall be deemed to have continued to pay such Contributions in full during any period during which he was deemed to have paid in full contributions for the purpose of meeting his obligation under Rule 20.1 [*Contributions Required from Members: Rates*].

22.8 Failure to return to normal Service

If a Member fails to return to normal Service after a period of absence to which Rule 22.6 [*Maternity Leave and Other Absences: Applicability*] applies, the Member will be deemed to have left Service on the date the Member ceased to pay contributions due under Rule 20 [*Contributions Required from Members*] (if any) or such later date as the Principal Employer and the Trustees may decide. Rule 22.9 [*Maternity Leave and Other Absences: Death and retirement benefits*] will then apply to the calculation of his benefits.

22.9 Death and retirement benefits

If a Member dies during any period to which Rule 22.6 [*Maternity Leave and Other Absences: Applicability*] applies and which ranks as Pensionable Service under Rule 22.7 [*Maternity Leave and Other Absences: Contributions and Pensionable Service*], the normal benefits applicable under the Division on the death of a Member will be payable, except that in calculating any entitlement to a surviving spouse's pension for a VWSCPP Member, no account shall be taken of any period of absence that did not rank as Pensionable Service (unless the Trustees in their discretion otherwise allow), but Pensionable Service shall otherwise include any prospective Pensionable Service to the extent specified under the applicable Rules.

If a Member retires or otherwise leaves Service during any period to which Rule 22.6 [*Maternity Leave and Other Absences: Applicability*] applies or pursuant to Rule 22.8 [*Maternity Leave and Other Absences: Failure to return to normal Service*], the normal benefits applicable under the Division on retirement or cessation of Service will be payable.

For these purposes, the Pensionable Pay and the Final Pensionable Pay applicable to the Member will be such amount as the Principal Employer decides, being not less than the Pensionable Pay or Final Pensionable Pay (as the case may be) immediately before the absence commenced and not more than the Member would have had but for the absence.

Other Temporary Absences

22.10 Applicability

Rules 22.10 [*Maternity Leave and Other Absences: Applicability*] to 22.14 [*Maternity Leave and Other Absences: Failure to return to normal Service*] will apply to a Member absent from work (other than any period to which Rule 22.1 [*Maternity Leave and Other Absences: Applicability*])

GENERAL FINAL SALARY RULES

applies or for reasons of ill-health) for up to three years (or such longer period as HM Revenue & Customs may allow) provided the Member:

- (a) does not opt out of the Division under Rule 23 [*Opting-Out and Re-Admission*] during the period of absence; and
- (b) is expected to return to work; and
- (c) is not performing his duties wholly outside the UK for a non-resident employer except in circumstances which would not have adverse tax consequences for the Plan.

22.11 Contributions and Pensionable Service

- (a) Subject to Rule 22.11(b) [*Maternity Leave and Other Absences: Contributions and Pensionable Service*] and (c) [*Maternity Leave and Other Absences: Contributions and Pensionable Service*] below, the Principal Employer and the Trustees will decide whether the period of absence will rank as Pensionable Service. During any period that ranks as Pensionable Service, a Member who is in receipt of remuneration from the Employer shall continue to pay contributions under Rule 20 [*Contributions Required from Members*], unless the Principal Employer and the Trustees direct otherwise.
- (b) A VWSCPP Member who is away from work because of a trade dispute (whether or not his employment is terminated) and who returns to work at the end of the dispute may on his return choose to contribute an amount determined by the Trustees on the advice of the Actuary. A Member who chooses to contribute under this Rule or is deemed by the Employer to have contributed under this Rule will be treated as having remained in Pensionable Service during the period of absence.
- (c) A VWSCPP Member who is temporarily absent from work (other than for maternity, paternity, adoption or parental leave, injury, illness, secondment, or for a trade dispute) ⁵²will continue to contribute for the first 30 days of absence and may choose, at the end of that period, whether to continue or suspend payment of ordinary contributions. He will have a further opportunity within 30 days of return to work or earlier termination of Pensionable Service to pay the contributions that were not paid but would have been due during the period.

22.12 Failure to return to normal Service

If a Member fails to return to normal Service after a period of absence to which Rule 22.10 [*Maternity Leave and Other Absences: Applicability*] applies, the Member will be deemed to have left Service on the date the Member ceased to pay contributions due (if any) in accordance with Rule 22.11 [*Maternity Leave and Other Absences: Contributions and Pensionable Service*] or such later date as the Principal Employer may decide. Rule 22.13 [*Maternity Leave and Other Absences: Death and retirement benefits*] will then apply to the calculation of his benefits.

22.13 Death and retirement benefits

⁵² Typo correction

GENERAL FINAL SALARY RULES

If a Member dies during any period to which Rule 22.10 [*Maternity Leave and Other Absences: Applicability*] applies and which ranks as Pensionable Service under Rule 22.11 [*Maternity Leave and Other Absences: Contributions and Pensionable Service*] or (if the Principal Employer and the Trustees so determine) where the Member is absent from work on additional maternity, adoption or parental leave in exercise of his rights under Section 73, 75B or 76 of Chapter VIII of the Employment Rights Act 1996, the normal benefits applicable under the Division on the death of a Member will be payable.

If a Member retires or otherwise leaves Service during any period to which Rule 22.10 [*Maternity Leave and Other Absences: Applicability*] applies or pursuant to Rule 22.12 [*Maternity Leave and Other Absences: Failure to return to normal Service*], the normal benefits applicable under the Division on retirement or cessation of Service will be payable.

For these purposes, the Pensionable Pay and Final Pensionable Pay applicable to the Member will, subject to Rule 22.14 [*Maternity Leave and Other Absences: Employment outside of the UK*], be such amount as the Principal Employer decides, being not less than the Pensionable Pay or Final Pensionable Pay (as the case may be) immediately before the absence commenced and not more than the Member would have had but for the absence.

22.14 Employment outside of the UK

The Pensionable Pay and Final Pensionable Pay of a Member who is employed outside the United Kingdom or who during any period of temporary absence is paid other than by an Employer will be determined by the Principal Employer.

23 Opting-Out and Re-Admission

23.1 Opting-out

A Member in Service may elect to opt-out of continuing his Pensionable Service. Such an election shall be by written notice of not less than one month's duration (or such shorter notice as the Employer agrees to accept) given to the Trustees in such form as the Trustees may require and signed by the Member. The Member's election shall take effect on the date of expiry of such notice, when his Pensionable Service shall cease.

23.2 Breaks in Service and re-admission

Where a Member who has previously left Service, re-enters Service, or where a Member in Service opts-out of the Division under Rule 23.1 [*Opting-Out and Re-Admission: Opting-out*], he shall only be eligible to re-join the Division if:

- (a) he is invited to do so in writing by the Principal Employer; or
- (b) he is a VWSCPP Member, and he returns to Service within one month, in which case he shall be deemed not to have ceased to be in Service or Pensionable Service for the purposes of the Rules (provided he repays any benefits that may have been paid to him in respect of that Pensionable Service), but the break shall not itself rank as Pensionable Service.

23.3 Benefits on re-admission

GENERAL FINAL SALARY RULES

Subject to the Revenue Limits Appendix, any benefits in respect of a second or subsequent period of Pensionable Service of a Member who is readmitted under Rule 23.2 [*Opting-Out and Re-Admission: Breaks in Service and re-admission*], shall be additional to and distinct from the benefits (if any) in respect of any previous period of Pensionable Service unless:

- (a) the Trustees, the Member and the Principal Employer agree otherwise; or
- (b) in the case of a VWSCPP Member, the Member is a Pre-1992 Member who, having previously accrued Pensionable Service with one Employer, then enters Pensionable Service with the same or another Employer (whether or not there is a break between the two employments) when each period of Pensionable Service will be treated as continuous unless the Member elects otherwise.

23.4 Benefits in more than one Section

For the avoidance of doubt, where a Member has periods of Pensionable Service in more than one Section of the Plan, benefits in separate Sections shall be calculated separately, and Pensionable Service in one Section shall not be relevant to the calculation of benefits by reference to any other Section.

24 Part-time Members

24.1 Application

The Rule applies to a Member who, in relation to a continuous period of Pensionable Service:-

- (a) was previously in Full-time Service, but is in Part-time Service immediately before his Pensionable Service ends (or vice versa); or
- (b) is in Part-time Service, on the basis of a number of Basic Weekly Hours which has varied during that period of Pensionable Service.

24.2 Calculation of benefits

The benefits of a Member to whom this Rule 24 [*Part-time Members*] applies shall be calculated on the same basis as those of other Members, except that in calculating benefits in respect of any period of Pensionable Service during which the Member was in Part-time Service:-

- (a) “**Pensionable Pay**” shall (except for the purposes of Rule 29 [*Lump Sum Benefit on Death*]) mean Pensionable Pay (as defined in Rule 1.2 [*Interpretation: Meanings of specific words or expressions used in the Third Definitive Trust Deed and Rules*]) multiplied by F/B;
- (b) “**Pensionable Service**” for that period shall (except for the purposes of the definition of Qualifying Service) mean Pensionable Service (as defined in Rule 1.2 [*Interpretation: Meanings of specific words or expressions used in the Third Definitive Trust Deed and Rules*]) multiplied by B/F,

Where, in any such case, “F” and “B” have the following meanings:-

GENERAL FINAL SALARY RULES

“**F**” is Minimum Full-time Hours, measured (in calculating Pensionable Pay) at the date of calculation or (in calculating Pensionable Service) as an average over the period which would, but for this Rule 24.2 [*Part-time Members: Calculation of benefits*], rank as Pensionable Service; and

“**B**” is Basic Weekly Hours, measured (in calculating Pensionable Pay) on the date of calculation or (in calculating Pensionable Service) as an average over the period which would, but for this Rule 24.2 [*Part-time Members: Calculation of benefits*], rank as Pensionable Service.

Provided that for the purposes of paragraph (a) above if B would, but for this Proviso, be greater than F, B shall equal F.

24.3 Variations in Part-time hours

Separate calculations shall be carried out in accordance with Rule 24.2 [*Part-time Members: Calculation of benefits*] in respect of each period of Pensionable Service as a Part-time Member ending with a variation in hours as described in Rule 24.1 [*Part-time Members: Application*], without limitation as to the number of separate calculations to be carried out in respect of the complete period of the Member's Pensionable Service.

24.4 Contribution payable by Part-time Members

For the purposes of calculating the contributions payable by a Part-time Member in accordance with Rule 20 [*Contributions Required from Members*], where a Member's Basic Pay changes as a result of a variation in his Part-time hours, his Pensionable Pay shall be recalculated as at that date and his contributions adjusted accordingly.

25 Leaving and Retirement Before Normal Retirement Date

25.1 Refund Only Members

A Refund Only Member is entitled to a refund of Contributions and AVC Scheme Contributions or, in the case of a VWSCPP Member, within 6 months of leaving Pensionable Service, to exercise the option described in Rule 25.8 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Qualifying conditions*].

A refund payable under this Rule 25.1 [*Leaving and Retirement Before Normal Retirement Date: Refund Only Members*] shall be reduced by any amount deducted in respect of tax under Rule 2.10 [*Payment of Benefits: Tax*] and in respect of the Member's share of the contribution equivalent premium payable in accordance with Sections 55 to 57 of the Pension Schemes⁵³ Act. Once paid, the net refund cancels any entitlement to benefits under the Division in respect of the Pensionable Service to which it relates.

25.2 Other Members

The remainder of this Rule 25 [*Leaving and Retirement Before Normal Retirement Date*] applies if a Member other than a Refund Only Member ceases to be in Pensionable Service before

⁵³ Correcting typo in Second Definitive Deed and Rules

GENERAL FINAL SALARY RULES

Normal Retirement Date otherwise than on death. Such a Member is entitled to exercise any one of the following Options which is applicable to him, namely:-

Option I: to retain his benefits in the Division in the form of a preserved pension; or

Option II: to draw an immediate “ordinary” early retirement pension; or

Option III: to have his Cash Equivalent transferred to another Registered Pension Scheme, Personal Pension Scheme (or self-employed pension arrangement) or Appropriate Policy.

Notes:-

1. In the circumstances described in Rule 2.5 [*Payment of Benefits: Leaving or retiring early: exercise of option*], either the Trustees may decide to exercise an Option for the Member or he shall be deemed to have opted for Option I [*Preserved Pension*], as provided under that Rule.
2. The exercise of Option II requires the consent of the Principal Employer and the Trustees.

Option I: Preserved Pension**25.3 Entitlement and Commencement**

A Member who exercises this Option becomes entitled to a preserved pension of the Standard Amount, subject to any adjustment applicable under Rule 25.4 [*Leaving and Retirement Before Normal Retirement Date: Adjustment of preserved pension*].

The preserved pension of any Member exercising this Option shall commence at Normal Retirement Date, unless:-

- (a) the Trustees, the Principal Employer and the Member agree that it shall commence instead at any time before Normal Retirement Date but not earlier than attainment of age 55 (except in the case of Incapacity); or
- (b) the Trustees, the Principal Employer and the Member agree that its commencement will be postponed for as long as the Member remains in remunerative employment, or until such earlier date as they agree; or
- (c) its commencement must be postponed to satisfy any conditions set out the Contracting-Out Appendix.

25.4 Adjustment of preserved pension

At its commencement the preserved pension shall have been adjusted by the amount necessary to satisfy the following requirements:-

- (a) if the Member ceased to be in Pensionable Service at least one year before Normal Retirement Date, the Trustees shall ensure that at Normal Retirement Date any part of

GENERAL FINAL SALARY RULES

the pension (disregarding any exchange of pension under Rule 28 [*Exchange of Benefits*]) payable to or in respect of the Member which is in excess of the GMP, and after allowing for any increase necessary to satisfy the Contracting-Out Appendix, shall have been increased by any amount necessary to comply with the Revaluation Requirements or, in the case of a VWSCPP Member, by the percentage increase in Rule 3.1 [*Increase to Pensions in Payment: General Increases*]; and

- (b) any part of the pension which comprises GMP shall increase in accordance with the Contracting-Out Appendix; and
- (c) if the pension commences earlier or later than Normal Retirement Date, its amount is further subject to Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Overriding condition as to amount*] unless the Member is a VWSCPP Member who is suffering from Incapacity or the former Employer determines that there are compassionate grounds for not reducing the benefits of a VWSCPP Member.

A VWSCPP Member (other than a Pre-1992 Member) whose benefits are unreduced because he is suffering from Incapacity may, until he has reached his Normal Retirement Date, be required by the Trustees to submit evidence of continued Incapacity to the Trustees and, if he does not produce evidence, which satisfies the Trustees, of his continued Incapacity, they may reduce or suspend the pension. The amount of his pension shall not be reduced to less than the amount of the pension that would have been paid to the Member if the pension had been reduced for early payment as described in this Rule 25.4 [*Leaving and Retirement Before Normal Retirement Date: Adjustment of preserved pension*].

Option II: Ordinary Early Retirement Pension**25.5 Qualifying conditions and commencement**

A Member who is aged 55 or over (or under 55 in the case of Incapacity) and who retires or otherwise leaves Service before Normal Retirement Date may, with the consent of the Principal Employer and the Trustees, exercise this Option II.

By exercising Option II, the Member shall become entitled to payment of an immediate pension calculated in accordance with Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Amount*] and subject to the terms of Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Overriding condition as to amount*].

25.6 Amount

The pension payable under Option II is calculated as the Standard Amount, but is reduced on the basis described in Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Overriding condition as to amount*] or by such lesser amount as the Principal Employer, with the consent of the Trustees, may decide.

GENERAL FINAL SALARY RULES**25.7 Overriding condition as to amount**

In respect of a Member who has exercised Option I or Option II and whose pension commences before Normal Retirement Date, the Standard Amount shall be reduced, having regard to its early commencement. The Standard Amount as so reduced shall be of such amount as the Trustees, after consulting the Actuary, consider to be broadly actuarially equivalent to the amount which would otherwise be payable at Normal Retirement Date. Provided that in order to meet the Preservation Requirements the Trustees must, to their reasonable satisfaction, ensure that the benefits payable before Normal Retirement Date to or in respect of a Member who exercises Option I or Option II are at least equal to the then value of the benefits which have accrued to or in respect of the Member under the Rules, after adjustment has been made in accordance with Rule 25.4 [*Leaving and Retirement Before Normal Retirement Date: Preserved Pension: Adjustment of preserved pension*] and, in the case of Option I and Option II, taking account of the payment of benefits before Normal Retirement Date.

In respect of a Member who has exercised Option I and whose pension commences after Normal Retirement Date, the pension payable to the Member shall be increased by such amount as the Principal Employer directs, being not less than the Actuary certifies to be reasonable to take account of the later date on which the pension comes into payment.

Option III: Transfer of Cash Equivalent**25.8 Qualifying conditions**

A Member who leaves Pensionable Services may exercise this Option III if the terms and conditions of Rule 7 [*Transfers from a Division: Individual*] are satisfied. If Option III is so exercised and those terms and conditions are satisfied, the Cash Equivalent will be transferred in accordance with Rule 7 [*Transfers from a Division: Individual*]. If the Member joins another Division of the Plan his entitlements under this Division may be transferred in the circumstances described in Rule 9 [*Transfers from the Final Salary Division to the Money Purchase Division*]. Where the Member has applied for a transfer other than pursuant to Chapter 1 of Part 4ZA of the Pension Schemes Act,⁵⁴ the Trustees shall only make the transfer once the Member has signed a discharge which is satisfactory to the Trustees.

26 Retirement at Normal Retirement Date

On retirement from Service at Normal Retirement Date, a Member shall be entitled to a pension of the Standard Amount, commencing immediately.

27 Late Retirement

27.1 See the relevant Specific Final Salary Rules for the provisions that apply on late retirement.

28 Exchange of Benefits

In addition to this Rule 28 [*Exchange of Benefits*], the relevant Specific Final Salary Rules includes provisions relating to the exchange of benefits to which Rule 28.3 [*Exchange of Benefits: Actuary's certification*] will also apply.

⁵⁴ Updated to reflect legislative developments

GENERAL FINAL SALARY RULES**28.1 Serious Ill health**

In exceptional circumstances of serious ill health, a Member may, with the consent of the Trustees exchange for a lump sum any amount of pension. In deciding whether the Member's ill health ranks as "serious ill health" for the purposes of this Rule, the Trustees' decision shall be final but (without prejudice to the foregoing) in arriving at their decision the Trustees shall have regard to the requirements of paragraph 4 of Schedule 29 of the Pensions Act 2004, namely that the Member's expectation of life is unquestionably very short, and in any event less than one year.

28.2 Trivial Pensions

- (a) The Trustees may pay a lump sum:
- (i) in the circumstances and subject to the conditions set out in paragraphs 7 to 9 or paragraph 20 of Schedule 29 of the Finance Act 2004 (registered pension schemes: authorised lump sums – supplementary); or
 - (ii) in the circumstances and subject to the conditions set out in Regulation 11 or Regulation 12 of the Registered Pension Schemes (Authorised Payments) Regulations 2009 (de minimis rule for pension schemes and payments by larger pension schemes); or
 - (iii) in any other circumstances permitted by HM Revenue & Customs which would not prejudice the Plan's registration with HM Revenue & Customs in accordance with Chapter 2 of Part 4 of the Finance Act 2004 (registration of pension schemes) and subject to such conditions as prescribed by legislation from time to time.
- (b) The Trustees may at their discretion include in the exchange any pension attributable to the Member's AVC Scheme Contributions (unless this would prejudice the Plan's registration with HM Revenue & Customs in accordance with Chapter 2 of Part 4 of the Finance Act 2004 (registration of pension schemes)).
- (c) The exchange of a pension for a lump sum under this Rule is also subject to the terms of the Contracting-Out Appendix and the Contracting-out Requirements and the amount paid to the Member may be reduced under Rule 2.10 [*Payment of Benefits: Tax*].
- (d) Subject to the provisions of Schedule 29 of the Finance Act 2004 (registered pension schemes: authorised lump sums – supplementary), the Trustees do not need the consent of a Member or Dependant or any other pension actually or prospectively entitled to a benefit in order to exercise their powers under this Rule.
- (e) For the avoidance of doubt, any payment made under this Rule extinguishes any entitlement to benefits of or in respect of the Member under the relevant Section of the relevant Division.

28.3 Actuary's certification

GENERAL FINAL SALARY RULES

The actual amount of pension exchanged for a lump sum under this Rule 28 [*Exchange of Benefits*] shall be such amount as the Trustees, after consulting the Actuary, decide.

29 Lump Sum Benefits on Death

See the relevant Specific Final Salary Rules for the provisions relating to lump sum death benefits.

30 Spouse's/children's/dependant's Pensions

See the relevant Specific Final Salary Rules for the provisions that apply in relation to spouse's, children's or dependant's pensions.

31 Voluntary Dependiant's Pension**31.1 Timing of election**

Not later than one month before his pension is due to commence a Member may elect to surrender a part of it to provide a pension (or any additional pension) for a Dependiant, payable from the date of the Member's death. The pension shall be payable for such period as the Trustees may agree with the Member.

31.2 Limits

The pension provided under this Rule shall be of such amount as the Trustees, after consulting the Actuary, consider to be equal in value to the amount of pension surrendered by the Member but may not exceed the remaining pension payable to the Member before any exchange under Rule 28 [*Exchange of Benefits*].

31.3 Cancellations

(a) If:-

- (i) the Dependiant predeceases the Member before the Member has become entitled to payment of a pension under the Division or vice versa; or
- (ii) the Dependiant is the Member's spouse at the date the election is made and subsequently the Member and the Dependiant are divorced or their marriage is annulled before the Member had become entitled to payment of pension from the Division,

then any election made under Rule 31.1 [*Voluntary Dependiant's Pension: Timing of election*] shall be cancelled.

(b) If the Dependiant predeceases the Member after the Member has become entitled to payment of a pension from the Division, the reduced pension and no more shall continue to be paid to the Member.

(c) Subject to (a) and (b) above, the pension payable to the Dependiant shall remain payable, notwithstanding that he may have ceased to be the Dependiant of the Member

GENERAL FINAL SALARY RULES

by the time of the Member's death.

32 Civil Partnerships

The provisions relating to civil partnership formerly located in this General Final Salary Rule 32 [*Civil Partnerships*] have been replaced by Rule 16A of the Rules Applicable to Both Divisions [*Civil Partnerships and Same-Sex Marriage*] and all references to this Rule 32 should be construed as referring instead to Rule 16A of the Rules Applicable to Both Divisions [*Civil Partnerships and Same-Sex Marriage*].⁵⁵

33 Salary sacrifice arrangement⁵⁶

- (a) The provisions of this Rule 33 only apply where the Trustees are notified by an Employer that a Member in its employment has entered into a Salary Sacrifice Arrangement by way of a variation to his contract of employment with the Employer.
- (b) The Employer must notify the Trustees of:
 - (i) the date on which the Salary Sacrifice Arrangement becomes effective in relation to a Member;
 - (ii) the earnings which the Salary Sacrifice Member would have received under his contract of employment if the Member was not participating in a Salary Sacrifice Arrangement (the "**Reference Salary**");
 - (iii) any changes to the Reference Salary from time to time; and
 - (iv) any termination of the Salary Sacrifice Arrangement, and the date of that termination.

The Employer's notification will be conclusive of the facts so notified and may be relied upon by the Trustees as such.

- (c) A Member shall cease to be a Salary Sacrifice Member on the earlier of:
 - (i) the date notified by the Employer to the Trustees as being the date the Member ceased to be a Salary Sacrifice Member; and
 - (ii) the date the Member leaves Service.
- (d) For the period during which the Salary Sacrifice Arrangement is in place, unless otherwise stated, any reference to a Member's Pensionable Pay or Basic Pay or remuneration or emoluments or similar, will be calculated by reference to the Salary Sacrifice Member's Reference Salary rather than his actual earnings. In all other respects, contributions and benefits will be calculated in accordance with the remaining provisions of the Rules.

⁵⁵ Deed of Amendment dated 14 October 2016, clause 4.2.

⁵⁶ Deed of amendment dated 18 December 2020, clause 6

GENERAL FINAL SALARY RULES

- (e) For the period during which the Salary Sacrifice Arrangement is in place, any contributions which would otherwise have been payable under the Rules by the Salary Sacrifice Member will be payable instead by his Employer in the same amounts and at the same times, in accordance with the terms of the Salary Sacrifice Arrangement. Subject to Rule 33(g) below, such contributions will be treated for all purposes of the Plan as Employer contributions.
- (f) For the period during which the Salary Sacrifice Arrangement is in place, the contributions the Employer is required to pay under Rule 33(e) above are payable in addition to the contributions the Employer is required to pay under the Rules in its capacity as an Employer in respect of that Member.
- (g) The amount of any benefit calculated or payable by reference to a Salary Sacrifice Member's contributions or contributions made under Rule 21 [Member's Voluntary Contributions] will be deemed to include the amount of the additional contributions which are payable by his Employer by virtue of Rule 33(e) above.
- (h) Unless this would cause the payment to be an Unauthorised Member Payment a refund of Member contributions payable:
 - (i) in respect of the death of a Salary Sacrifice Member; or
 - (ii) to a Member entitled to a refund of contributions under Rule 25 [Leaving and Retirement Before Normal Retirement Date: Refund Only Members],will include the amount of the additional contributions which are payable by his Employer by virtue of Rule 33(e) above.
- (i) For the avoidance of doubt, where a Salary Sacrifice Arrangement which was previously in place in respect of a Member terminates or the Member ceases to participate in the Salary Sacrifice Arrangement, the Member concerned will remain a Member of the relevant Final Salary Section and in Pensionable Service (subject to the Rules), and shall be liable for all contributions ordinarily payable by a Member under the Rules without reference to this Rule 33 and without any reduction from the date of cessation of participation. The Member may subsequently enter into a new Salary Sacrifice Arrangement at a later date.
- (j) Notwithstanding any of the above provisions of this Rule 33, if there is any doubt as to how the Rules should apply to or in respect of a Salary Sacrifice Member, the Trustees and the Employer may together decide any questions or matters of doubt.

PART 4

SPECIFIC FINAL SALARY RULES**CONTENTS**

(a)	Affinity Water Pension Plan Final Salary (Shared Services) Members	101
	(i) Section A: Shared Services (VUKPP) Members	101
	(ii) Section B: Shared Services (VWSCPP) Members	110
(b)	Affinity Water Pension Plan Final Salary (Central) Members	123
	(i) Section C: Central (VUKPP Three Valleys) Members	124
	(ii) Section D: Central (VUKPP North Surrey) Members	135
	(iii) Section E: Central (VUKPP Partnership) Members	146
	(iv) Section F: Central (VWSCPP Three Valleys) Members	156
	(v) Section G: Central (VWSCPP North Surrey) Members	169
	(vi) Section H: Central (VWSCPP Partnership) Members	181
(c)	Affinity Water Pension Plan Final Salary (East) Members	194
	(i) Section I: East (VUKPP) Members	196
	(ii) Section J: East (VWSCPP) Members	206
(d)	Affinity Water Pension Plan Final Salary (Southeast) Members	219
	(i) Section K: Southeast (VUKPP) Members	221
	(ii) Section L: Southeast (VWSCPP) Members	232

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (SHARED SERVICES) MEMBERS

These Specific Final Salary Rules apply to former members of the Veolia Water UK PLC Final Salary Division of the VUKPP.

Section A of these Specific Final Salary Rules applies to VUKPP Members who were former members of the Veolia Water UK PLC Final Salary Division of the VUKPP and who were not subject to the transfer referred to below. Section A of these Specific Final Salary Rules should be read in conjunction with Part 1 of Appendix 3 [*A Day Appendix: VUKPP Members*].

Section B of these Specific Final Salary Rules applies to VWSCPP Members who were former members of the Veolia Water UK PLC Final Salary Division of the VUKPP, and who were transferred to the Veolia Water UK PLC Final Salary Division of the VUKPP under an agreement dated 19 May 2011 made by Veolia Water UK PLC (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK LC (3). Section B of these Specific Final Salary Rules should be read in conjunction with Part 2 of Appendix 3 [*A Day Appendix: VWSCPP Members*].

The provisions of these Specific Final Salary Rules amend, where inconsistent, the provisions of Part 1 [*Rules Applicable to All Divisions*] and Part 3 [*General Final Salary Rules*].

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

THE AFFINITY WATER PENSION PLAN FINAL SALARY (SHARED SERVICES) MEMBERS

SECTION A

SHARED SERVICES (VUKPP) MEMBERS

CONTENTS

Rule	Heading	
1	Application.....	101
2	Interpretation	101
3	Rule 3: Increases to pensions in payment	101
4	Rule 18: Definitions	101
5	Rule 20: Contributions Required from Members.....	104
6	Rule 27: Late retirement.....	104
7	Rule 28: Exchange of Benefits.....	105
8	Rule 29: Lump sum benefits on death	106
9	Rule 30: Spouse's/children's/dependants' pensions.....	107
10	Contracting-Out Benefit Underpin	108
11	Revenue Limits.....	108

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

THE AFFINITY WATER PENSION PLAN FINAL SALARY (SHARED SERVICES) MEMBERS

SECTION A

SHARED SERVICES (VUKPP) MEMBERS

1 Application

Section A of this Part 4 [*Specific Final Salary Rules*] applies to VUKPP Members who were former members of the Veolia Water UK PLC Final Salary Division of the VUKPP and who were not transferred to the Veolia Water UK PLC Final Salary Division of the VUKPP under an agreement dated 19 May 2011 made by Veolia Water UK PLC (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK LC (3).

2 Interpretation

Unless otherwise stated, references to a Rule in Section A of Part 4 [*Specific Final Salary Rules*] are to a Rule in the Part 1 [*Rules Applicable to All Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 3: Increases to pensions in payment

3.1 The following provision replaces Rule 3.1 [*Increase to Pensions in Payment: General increases*]:

“General increases

Any pension in payment under Section A of this Division shall, subject to Rule 3.2 [*Increases to Pensions in Payment: Qualification to General Increase Rule*], be increased each year on the Increase Date by the smaller of:

- (a) five per cent; and
- (b) the annual percentage increase in the Index, as calculated by reference to the 12 months ending on the previous 30 September.

The amount of the first increase shall be adjusted in the proportion that the period from the date of commencement of the pension to the effective date of the increase, measured in complete months, bears to the period of 12 months.

For the purposes of this Rule, the “**Increase Date**” is 6 April or such other date as the Trustees decide, except that there shall be an Increase Date in each Plan Year.”

4 Rule 18: Definitions

“**Anniversary Date**” means 1 January each year;

SPECIFIC FINAL SALARY RULES: SECTION A

“Basic Pay” means the amount of the Member’s basic salary or wages, as notified by the Member’s Employer to the Trustees, but shall not include any bonuses, commission, overtime, benefits in kind or any other fluctuating emoluments;

“Child” means, in relation to a person-

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement, and -

who in either case -

- (a) is under the age of 18; or
- (b) is in full-time education or full-time training for a trade, profession or vocation before attaining the age of 25; or
- (c) is wholly incapacitated before reaching the age of 18 and thereafter remains in such incapacity.

“Final Pensionable Pay” means the Pensionable Pay of the Member determined on the Anniversary Date coincident with or immediately preceding the date on which Pensionable Service ceases or, if higher, the Pensionable Pay determined on either of the two preceding Anniversary Dates;

Notes:

1. Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay (but for this limit) must be disregarded.
2. Where the calculation of Final Pensionable Pay would cause the benefits for or in respect of a Member to exceed the limits set out in the Revenue Limits Appendix, Final Pensionable Pay will be restricted to the amount necessary to ensure that such limits are not exceeded.

“Normal Retirement Date” means the date on which the Member attains age 65;

“Pensionable Pay” means the Member’s Basic Pay on the date on which he joined the Veolia Water UK PLC Final Salary Division of VUKPP and at each subsequent Anniversary Date whilst he remains in Pensionable Service. If at any time the Principal Employer so determines, a Member’s Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind as from time to time notified, in respect of the Member, by the Principal Employer to the Trustees.

Notes:

- 1 Where any benefit or any contribution under Rule 20 [*Contributions Required from Members*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded.
- 2 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
- 3 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

SPECIFIC FINAL SALARY RULES: SECTION A

"Pensionable Service" means in respect of a Member the period of Service completed by the Member after joining Section A of this Division or the Veolia Water UK PLC Final Salary Division of VUKPP (as applicable) and ending with the earlier of:

- (a) age 75,
- (b) the date the Member reaches Normal Retirement Date or, if later, leaves Pensionable Service under Rule 27 (Late Retirement),
- (c) leaves Service,
- (d) opts-out of Section A of this Division or,
- (e) (as the case may be) dies.⁵⁷

Notes:

1. Pensionable Service may be increased under Rule 23 [*Opting-Out and Re-Admission*], or under Rule 4 [*Augmentation of benefits*], under Rule 6 [*Transfers to the Plan*], under Rule 9A [*Transfers from one Section of the Final Salary Division to another Section of the Final Salary Division*] or under Rule 9B [*Transfers between divisions prior to 1 April 2015*], but the same period may not rank under more than one of such Rules.
2. Temporary absences from work can affect the calculation of Pensionable Service. Details are given in Rule 22 [*Maternity Leave and Other Absences*].
3. In the case of Part-time Members, refer to Rule 24 [*Part-time Members*].
4. Where in these Rules references are made to "being in" Pensionable Service or to Pensionable Service ending, unless the context admits otherwise such references relate to the last or only continuous period of Pensionable Service.
5. For the purposes of calculating the Standard Amount, Pensionable Service shall be calculated in complete years plus a proportionate amount for each additional complete day in an incomplete year.
6. Pensionable Service may be increased under Rule 21 [*Members' Voluntary Contributions*] where the Member, the Principal Employer and the Trustees have agreed in writing that the AVC Scheme Contributions paid by the Member are to be used in this way.

"Standard Amount" in relation to a Member's annual rate of pension means 1/60th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day of Pensionable Service in an incomplete year.

Qualifications and Notes:

1. The maximum period of Pensionable Service (whether actual or prospective) may have to be restricted to ensure compliance with the Revenue Limits Appendix.
2. The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] (if applicable).

⁵⁷ Deed of Amendment dated 10 October 2018, clause 2.2.

SPECIFIC FINAL SALARY RULES: SECTION A

- 3 The Standard Amount in relation to any Member's pension may be increased under Rule 4.1 [*Augmentation of benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

5 Rule 20: Contributions Required from Members5.1 Rates

Each Member in Pensionable Service must contribute to the Plan at the following rates:

- (a) 4.0% of Pensionable Pay if the Member is aged less than 35 years;
- (b) 5.0% of Pensionable Pay if the Member is aged 35 years or above but less than 50 years; and
- (c) 6.0% of Pensionable Pay if the Member is aged 50 years or above.

5.2 General provisions relating to contributions

The Member's initial contribution rate is determined by his age on joining Section A of this Division. Once determined, a Member's contribution rate shall continue to apply up to, but excluding, the payroll month in which the Member reaches the next age bracket set out above (from which time his new contribution rate shall apply).

6 Rule 27: Late retirement6.1 Member Choices on Late Retirement

- (a) A Member who remains in Service after Normal Retirement Date may, with the consent of the Principal Employer choose, by giving notice in writing to the Trustees, to either:
 - (i) continue in Pensionable Service after Normal Retirement Date until the earlier of the date he retires from Service, opts out of Section A of this Division under Rule 23 [*Opting-Out and Re-Admission*] or reaches his 75th birthday;
 - (ii) cease to be in Pensionable Service and receive a pension from Normal Retirement Date; or
 - (iii) cease to be in Pensionable Service and postpone receiving his pension until his retirement from Service, unless the Member and the Principal Employer agree otherwise.

6.2 Remaining in Pensionable Service

If a Member (other than a Refund Only Member) remains in Pensionable Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;
- (c) the date on which he opts out of Section A of this Division under Rule 23 [*Opting-Out and Re-Admission*].

If the pension commences before he leaves Service, he shall be treated under the Rules as if he had left Service immediately before its commencement.

6.3 Amount

SPECIFIC FINAL SALARY RULES: SECTION A

At their commencement the benefits payable under this Rule shall:

- (a) in the case of a Member to whom 6.1(a)(i) of Section A of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at the earlier date on which he retires, opts out of Section A or reaches age 75 but if commencement of the pension is postponed, it shall be increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension; or
- (b) in the case of a Member to whom 6.1(a)(ii) of Section A of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at his Normal Retirement Date; or
- (c) in the case of a Member to whom 6.1(a)(iii) of Section A of these Specific Final Salary Rules applies, the Standard Amount calculated as at the date of leaving Pensionable Service, but increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension.

The provisions of this Rule are subject to the Contracting-Out Appendix and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.⁵⁸

7 Rule 28: Exchange of Benefits

Exchange of Pension for Lump Sum

7.1 Time of election

A Member may exchange part of his pension for a cash lump sum. An election to exchange may only be made, at the time the Member's pension is due to commence or, if applicable, at a time permitted by Rule 28.1 [*Exchange of Benefits: Serious ill health*] or Rule 28.2 [*Exchange of Benefits: Trivial Pensions*]. To make an election under this Rule, the Member must give written notice to the Trustees before the first instalment of his pension is paid or at such later date as the Trustees allow, but if the Member is suffering from such physical or mental incapacity as to be, in the opinion of the Trustees, not competent to exercise his rights under this Rule, the Trustees may exercise them for him.

7.2 Amount

The amount of lump sum produced by the exchanged pension, including any pension attributable to AVC Scheme Contributions, shall not, unless Rule 28.1 [*Exchange of Benefits: Serious ill health*] or Rule 28.2 [*Exchange of Benefits: Trivial Pensions*] applies, exceed the greater of:-

- (a) 2.25 times the Standard Amount (before any exchange of pension under this Rule); or
- (b) 3/80ths of Final Pensionable Pay for each complete year (not exceeding 40) of Pensionable Service; or
- (c) such other amount as the Trustees may allow which shall not exceed the relevant limit in the Revenue Limits Appendix.

⁵⁸ Deed of Amendment dated 10 October 2018, clause 4.1.

8 Rule 29: Lump sum benefits on death8.1 Circumstances in which payable and amount

If a Member dies in any of the circumstances set out below, the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section A of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances:-

- (a) If the Member dies in Pensionable Service on or before age 70 (or such other age as the Principal Employer shall determine)⁵⁹:-

the aggregate of:-

- (i) three times his Pensionable Pay at the date of death; and
- (ii) his Contributions; and
- (iii) the value of his AVC Scheme Contributions.

- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under this Section of this Division has commenced, and in circumstances other than those specified in Rule 8.1(a):-

an amount equal to five times the annual rate of pension which would have been payable had his pension commenced on the day before the Member died but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (c) If the Member dies after the pension under this Section of this Division has commenced but before the fifth anniversary of the date of such commencement:-⁶⁰

an amount equal to the total additional instalment of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option I in Rule 25 [*Leaving and Retirement before Normal Retirement Date*], but before such pension has commenced:-

the aggregate of:-

- (i) his Contributions; and
- (ii) the value of his AVC Scheme Contributions.

⁵⁹ Wording in parenthesis is a new amendment as instructed by the Trustee and Employer
⁶⁰ Deed of Amendment dated 10 October 2018, clause 5.1.

SPECIFIC FINAL SALARY RULES: SECTION A**8.2 Restrictions on amount of benefit**

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section A of these Specific Final Salary Rules and subject to compliance with the Equality Act 2010 and regulations made under that Act:-

- (a) any amount of the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded; and
- (b) the amount otherwise payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of this Section A of these Specific Final Salary Rules shall be restricted where necessary so as to ensure that it does not exceed the appropriate limit set out in the Revenue Limits Appendix; and
- (c) the Trustees may restrict or cancel the amount of lump sum benefit payable in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

8.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*].

9 Rule 30: Spouse's/children's/dependants' pensions**9.1 Dependant's Pension**

On the death of a Member, a pension shall be payable to the Member's surviving Dependant(s), as follows:-

- (a) If the Member dies in Pensionable Service before Normal Retirement Date:-
 a pension equal to 50 per cent of the Standard Amount determined as at the Member's date of death (based on the Member's Final Pensionable Pay and Pensionable Service at date of death);
- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under Section A of this Division has commenced:-
 a pension equal to 50 percent of the pension which would have been payable to the Member under Section A of this Division had he retired on the day before his death, and assuming he did not elect or had not elected to exchange any pension under Rule 28 [*Exchange of Benefits*];
- (c) If the Member dies after his pension under Section A of this Division has commenced:-
 a pension equal to 50 per cent of the pension which the Member was entitled to receive under Section A of this Division at the date of his death, adjusted to cancel the effect of any exchange under Rule 28 [*Exchange of Benefits*] or surrender under Rule 31 [*Voluntary Dependant's Pension*]; and
- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option I in Rule 25 [*Leaving and Retirement Before Normal Retirement Date*], but before such pension has commenced:-

SPECIFIC FINAL SALARY RULES: SECTION A

a pension equal to 50 per cent of the preserved pension, revalued in such manner as the Trustees consider appropriate to take account of the period between the date on which the Member ceased to be in Pensionable Service and the date of his death and as will satisfy the Contracting-Out Requirements.

Any pension becoming payable under this Rule shall be paid or applied for the benefit of such of the Member's Dependants as the Trustees in their discretion think fit, subject to the Contracting-Out Requirements. If there is more than one such Dependant, the Trustees may divide the pension in such proportions as they in their discretion decide. In exercising their discretion under this Rule the Trustees shall take account of, but shall not be bound by, any wishes of the Member notified in writing to them before the date of the Member's death.

No benefit shall be payable to any person under more than one of the foregoing paragraphs.

Subject to compliance with the Equality Act 2010 and regulations made under that Act, the Trustees may, if applicable, restrict or cancel the Dependant(s) pensions payable under this Rule in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

Entitlement to the pension payable under this Rule shall commence with effect from the day next following the date of death of the Member and the pension shall be paid in accordance with Rule 2.1 [*Payment of Benefits: Commencement, frequency & method*].

Any pension payable in accordance with this Rule shall be paid for the lifetime of the beneficiary, Provided that any pension payable to a Child shall be paid only for as long as that person is within the definition of Child.

10 Contracting-Out Benefit Underpin

10.1 If the amount of any benefit payable under Section A of this Division to the Member or the Member's spouse pursuant to Rule 30 [*Spouse's/children's/dependants' pensions*], in so far as that benefit is attributable to Pensionable Service completed after 5 April 1998, would (but for this Rule) be less than the amount of the corresponding benefit calculated under the reference scheme in accordance with Section 12B of the Pension Schemes Act as applied in respect of the Member, the Trustees shall increase by the amount of the resulting shortfall the benefit to which the Member or the Member's spouse is entitled. This Rule shall have effect only to the extent that, and for so long as, it is necessary to ensure that Section A of this Division meets at all times the "reference scheme test" pursuant to Section 9(2B) of the Pension Schemes Act, as certified by the Actuary.

11 Revenue Limits

11.1 The Revenue Limits apply to benefits payable under this Section A, as amended by Part 1 of Appendix 3 [*A Day Appendix: VUKPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to Both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section A.

SPECIFIC FINAL SALARY RULES: SECTION B

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (SHARED SERVICES) MEMBERS

SECTION B

SHARED SERVICES (VWSCPP) MEMBERS

CONTENTS

Rule	Heading	
1	Application	110
2	Interpretation.....	110
3	Rule 18: Definitions.....	110
4	Rule 20: Contributions Required from Members	113
5	Rule 25: Leaving and Retirement Before Normal Retirement Date	113
6	Rule 27: Late retirement	115
7	Rule 28: Exchange of Benefits	116
8	Rule 29: Lump sum benefits on death.....	116
9	Rule 30: Spouse's/children's/dependants' pensions	117
10	Revenue Limits	120

SPECIFIC FINAL SALARY RULES: SECTION B

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (SHARED SERVICES) MEMBERS

SECTION B

SHARED SERVICES (VWSCPP) MEMBERS

1 Application

Section B of these Specific Final Salary Rules applies to VWSCPP Members who were former members of the Veolia Water UK PLC Final Salary Division of the VUKPP, and who were transferred to the Veolia Water UK PLC Final Salary Division of the VUKPP under an agreement dated 19 May 2011 made by Veolia Water UK PLC (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK LC (3).

2 Interpretation

Unless otherwise stated, references to a Rule in this Section B of Part 4 [*Specific Final Salary Rules*] are to a Rule in the Part 1 [*Rules Applicable to Both Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 18: Definitions

“Calculation Year” means the year ending on the day on which the Member leaves Pensionable Service, retires or dies (or the total of 365 days before the day on which the Member leaves Pensionable Service, retires or dies in which contributions were made or deemed to have been made by or for the Member if the Member was absent from work without pay not through injury or illness).

“Child” means in relation to a person –

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has, in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement,

who (in either case) –

- (a) is under the age of 17;
- (b) is in full-time education or full-time training for a trade, profession or vocation which is

SPECIFIC FINAL SALARY RULES: SECTION B

expected to last for at least two years; or

- (c) is wholly incapacitated before reaching age 17 or ceasing to be in such full-time education or training as is mentioned in (b) above and thereafter remains in such incapacity.

“Final Pensionable Pay” means –

- (i) the Pensionable Pay of the Member earned in the Calculation Year; or if greater and if either the Member so requests by notice in writing to the Trustees not later than one month after being notified of his entitlement to a benefit under the Plan, or, if he is dead, the Employer so determines
- (ii) the Pensionable Pay of the Member in one of the two years immediately before the Calculation Year.

Qualifications and Notes:

- 1 If a Member was not in Pensionable Service for the whole Calculation Year the Trustees will calculate Final Pensionable Pay in a manner which they consider equitable and which is consistent with the Contracting-out Requirements and the Preservation Requirements.
- 2 If the Employer certifies to a Member within 12 months of a reduction in his Pensionable Pay that the reduction is due to a material change in the Member's circumstances (being a change resulting from his incapacity to continue to discharge efficiently the duties of his employment or otherwise from circumstances beyond his control) then:
 - (A) If the reduction occurred during the 13 years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Scheme that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the average of the Member's Pensionable Pay during any three consecutive years in that 13 year period; but
 - (B) If the reduction occurred during the five years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Plan that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the amount received in any one of the last five years.
- 3 Where a Member's Final Pensionable Pay is calculated by reference to any year other than the Calculation Year, Pensionable Pay for any year will be increased in line with increases in pensions under the Pensions (Increase) Act 1971, from the last day of that year up to the last day of the Calculation Year.
- 4 Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay (but for this limit) must be disregarded unless otherwise agreed by the Employer and the Trustees.

SPECIFIC FINAL SALARY RULES: SECTION B

“Incapacity” means permanent physical or mental deterioration in health, established by medical evidence supplied by (1) the Member’s own doctor and (2) (if so required by the Trustees) a doctor nominated by the Trustees, which in the opinion of the Trustees, after consulting the Employer, prevents the Member from following his normal occupation or seriously impairs his earning capacity.

“Manual Employee” means an employee of an Employer who is designated by written notice to the Trustees as a manual employee for the purposes of the Plan.

“Normal Retirement Date” means the date on which the Member attains age 65 or, if earlier, the date on which the Member completes 25 years’ Qualifying Service. Provided that, if the Member has completed 25 years’ Qualifying Service before attaining age 60, his Normal Retirement Date shall be the date he attains age 60 and provided further that the Normal Retirement Date of a Member whose Pensionable Service ceases before his expected Normal Retirement Date shall be determined in accordance with this definition on the assumption that he had not left early.

“Pensionable Pay” means the amount of the Member’s basic salary and contractual overtime earned in respect of the relevant pay period.

Qualifications and notes:

- 1 Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind or any other benefits⁶¹ as may from time to time be notified, in respect of a Member, by the Employers to the Trustees.
- 2 Where any benefit or any contribution under Rule 20.1 [*Contributions required from Members: Rates*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded unless otherwise agreed by the Employer and the Trustees.
- 3 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
- 4 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*]

“Standard Amount” means in relation to a Member –

- (i) A pension at an annual rate of 1/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day; and
- (ii) a lump sum equal to 3/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day.

⁶¹ New amendment agreed by Employer and Trustee

SPECIFIC FINAL SALARY RULES: SECTION B

Qualification and Notes:

- 1 See note 5 of the definition of "Pensionable Service" in Rule 1.2 [*Interpretation: Meanings of specific words or expressions used in the Third Definitive Trust Deed and in the Rules*].
- 2 The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] (if applicable).
- 3 The Standard Amount in relation to any Member's benefits may be increased under Rule 4.1 [*Augmentation of Benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

4 Rule 20: Contributions Required from Members4.1 Rates

Each Member in Pensionable Service must contribute to the Plan at the following rates:

- (a) at the rate of 5% of his Pensionable Pay if he is a Manual Employee; or
- (b) at the rate of 6% of his Pensionable Pay if he is an employee who is not a Manual Employee.

5 Rule 25: Leaving and Retirement Before Normal Retirement Date5.1 Other Members

Rule 25.2 [*Leaving and Retirement Before Normal Retirement Date: Other Members*] is amended by the addition of the following option IV:

"Option IV: to draw special early retirement benefits if suffering from incapacity."

and by replacing Note 2 with the following: "The exercise of Option II requires the consent of the Principal Employer and the Trustees, and the exercise of Option IV requires the consent of the Employer".

5.2 Qualifying conditions and commencement

Rule 25.5 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Qualifying conditions and commencement*] is amended to delete the words in brackets and to provide that the consent of the Principal Employer and the Trustees is not required where the Member retires on or after age 60.

5.3 Amount

Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Amount*] is amended to provide that no reduction shall apply where retirement is at the Employer's request or on account of redundancy or severance or, in the case of a joint appointment, because the other person has left employment, in each case as the Employer determines.

SPECIFIC FINAL SALARY RULES: SECTION B5.4 Overriding condition as to amount

Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Overriding condition as to amount*] is amended by the addition of the words “or Option IV” after the words “or in respect of a Member who exercises Option I or Option II”.

5.5 Early retirement benefits on Incapacity

The following Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Early Retirement Benefits on Incapacity: Qualifying conditions and commencement*] is added immediately after Rule 25.8 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Qualifying conditions*]:

“Option IV: Early Retirement Benefits on Incapacity25.9 Qualifying conditions and commencement

A Member who leaves Service before Normal Retirement Date may exercise this Option IV if he leaves Service because he is suffering from Incapacity (and is not in receipt of or about to receive benefit under any permanent health insurance scheme of the Employer) and the Employer consents. By exercising Option IV, the Member shall become entitled to payment of immediate benefits of the Standard Amount but with Pensionable Service increased as follows:

Pensionable Service at retirement	Increase
2 years to 4 years, 364 days	No additional service
5 years to 9 years, 364 days	Doubled
10 years to 13 years, 121 days	Increased to 20 years
13 years, 122 days or more	Additional 6 years, 243 days

Pensionable Service in the above Table excludes additional Pensionable Service secured under Rule 21.4 [*Members’ Voluntary Contributions: Benefits Secured*] and Pensionable Service increased as described above cannot exceed the maximum Pensionable Service (including the increase) the Member would have completed had he stayed in Service until age 65 or completion of 40 years’ actual Pensionable Service, whichever would have occurred first.

A Member who is not a Pre-1992 Member and who is entitled to a pension under Option IV must submit evidence of continued Incapacity to the Trustees if they so require and, if he does not produce evidence which satisfies the Trustees, of his continued Incapacity, they may reduce or suspend the pension. The amount of the pension shall not be reduced to less than the amount of pension that the Member would have received under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Amount*] if he had instead exercised Option II. Any pensions payable on the Member’s death will be adjusted appropriately on the advice of the Actuary.

SPECIFIC FINAL SALARY RULES: SECTION B

No pension shall be paid under the Rules on the grounds of Incapacity before the Member's normal minimum pension age (or the Member's protected pension age, if different) for the purposes of the Finance Act 2004 unless:

- (a) The Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and
- (b) The Member has in fact ceased to carry on that occupation.

The provisions of Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Overriding condition as to amount*] also apply to any pension payable under Option IV."

6 Rule 27: Late retirement

6.1 Payment after Normal Retirement Date

If a Member (other than a Refund Only Member) with, in the case of a Member remaining in Service after having attained age 65, the consent of his Employer remains in Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;
- (c) the date on which he opts-out of Section B of this Division under Rule 23 [*Opting-Out and Re-Admission*]; and
- (d) if the Member is an Uncapped Member or HM Revenue & Customs otherwise allows, such a date as the Member agrees with the Trustees and the Employer for the purpose of Rule 6.2 [*Rule 27: Late retirement: Special Provisions for Uncapped Members*] of Section B of these Specific Final Salary Rules.

If the pension commences before he leaves Service, subject to Rule 6.2 [*Rule 27: Late retirement: Special Provisions for Uncapped Members*] of Section B of these Specific Final Salary Rules he shall be treated under the Rules as if he had left Service immediately before its commencement.

6.2 Special Provisions for Uncapped Members

An Uncapped Member to whom Rule 6.1 [*Rule 27: Late retirement: Payment after Normal Retirement Date*] of Section B of these Specific Final Salary Rules applies may, subject to the conditions set out in this Rule, choose to receive all of his benefits before the date of his actual retirement. The conditions are as follows:

- (a) he must obtain consent of the Trustees and the Employer;
- (b) the choice must be made on or after Normal Retirement Date and before the date of his actual retirement (when, if he has not exercised any of the choices available under this

SPECIFIC FINAL SALARY RULES: SECTION B

Rule, his benefits shall in any event become payable);

- (c) if he elects to receive both a lump sum and a pension benefit, no part of his benefits shall be deferred until his actual retirement; and
- (d) in calculating his benefits and the maximum limits applicable to his benefits as set out in the Revenue Limits Appendix, it shall be assumed that he retired on the date upon which such benefits are to become payable, and no further benefits may subsequently be provided for him which would exceed any limit set out in the Revenue Limits Appendix applicable to benefits on retirement at such date.

6.3 Amount

At their commencement the benefits payable under this Rule shall be equal to the Standard Amount, but calculated on the basis that the Member's Final Pensionable Pay is his Final Pensionable Pay calculated at the date immediately before his benefits commence to be paid.

The provisions of this Rule are subject to the Contracting-Out Appendix, and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.

7 Rule 28: Exchange of Benefits

7.1 Exchange of Lump Sum for Pension

A Member may, by notice in writing to the Trustees, exchange part or all of his cash lump sum for a pension payable when the Member's pension is due to commence or for a pension payable in respect of him on his death.

8 Rule 29: Lump sum benefits on death

8.1 Circumstances in which payable and amount

If a Member dies in any of the circumstances set out below the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section B of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances –

- (a) If the Member dies in Pensionable Service:

3 times the annual rate of his Pensionable Pay applicable immediately before his death or, if greater, 3 times his Final Pensionable Pay;
- (b) If the Member dies after his pension under Section B of this Division had commenced but before the fifth anniversary of the date of such commencement:

an amount equal to the total additional instalments of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced, excluding any further increases that would have applied to that person;

SPECIFIC FINAL SALARY RULES: SECTION B

- (c) If the Member dies while entitled to preserved benefits under Section B of this Division and before payment has commenced:

an amount equal to the lump sum element of the Member's preserved benefits of the Standard Amount adjusted (where appropriate) to the date of death in accordance with Rule 25.4 [*Leaving and Retirement Before Normal Retirement Date: Adjustment of preserved pension*].

8.2 Restrictions on amount of benefit

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section B of these Specific Final Salary Rules any amount of the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded.

8.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in that Rule.

9 Rule 30: Spouse's/children's/dependants' pensions

9.1 Spouse's pension

On the death of a Member, a pension shall be payable under Section B of this Division to the Member's surviving spouse in accordance with Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section B of these Specific Final Salary Rules provided that in relation to a Member who dies and subject to the Contracting-Out Appendix:

- (a) in the case of a Pre-1992 Member who has been notified in writing that this restriction applies to him, if the Member was judicially separated from spouse at the date of the Member's death (or the date when the Member first became entitled to receive a pension or left Pensionable Service, as the case may be) and in the case of a Member other than a Pre-1992 Member, if the spouse was not living with the Member at the date of the Member's death, then in those circumstances the spouse's pension will only be paid if the Trustees see fit, and if they reduce that pension (in whole or in part) they may pay the balance or (as the case may be) the whole of the pension to one or more of the Member's Dependants;
- (b) if there is more than one surviving spouse, the spouse's pension will be paid to one or more of them in such shares as the Trustees decide.

A spouse's pension shall comprise:

- (a) a short-term pension payable for the period of three months immediately following the

SPECIFIC FINAL SALARY RULES: SECTION B

Member's death; and

- (b) a long-term pension payable thereafter,

Provided that a spouse's short-term pension will not be payable under Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section B of these Specific Final Salary Rules and accordingly the spouse's long-term pension payable as mentioned in that Rule shall commence on the Member's death.

9.2 Children's pension

If a Member dies leaving one or more Children, a children's pension shall be payable to the Children in accordance with Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section B of these Specific Final Salary Rules.

The children's pension will be paid to one or more Children, or to the eldest two if there are three or more, or used for their benefit in such shares as the Trustees decide from time to time. A children's pension will continue to be payable until there is no remaining Child.

A children's pension shall comprise:

- (a) a short-term pension payable for the period of three months immediately following the Member's death; and
- (b) a long-term pension payable thereafter,

Provided that

- (a) a children's short-term pension will not be payable under Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section B of these Specific Final Salary Rules nor will it be payable if a spouse's short-term pension is being paid;
- (b) accordingly the children's long-term pension payable as mentioned in Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section B of these Specific Final Salary Rules shall commence on the Member's death; and
- (c) otherwise, if a spouse's short-term pension is being paid, the children's long-term pension will commence when the spouse's short-term pension has ceased.

9.3 Pensions payable where Member dies whilst in Pensionable Service

The pensions payable pursuant to, and subject to the provisos contained in, Rule 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section B of these Specific Final Salary Rules where a Member dies whilst in Pensionable Service are –

SPECIFIC FINAL SALARY RULES: SECTION B

- (a) the spouse's short-term pension equal to 1/12 of the Member's Final Pensionable Pay for each month for which that pension is payable;
- (b) the spouse's long-term pension equal to 1/2 of the Member's Pension;
- (c) the children's short-term pension equal to 1/12 of the Member's Final Pensionable Pay for each month for which that pension is payable;
- (d) the children's long-term pension equal to 1/4 of the pension described in paragraph (b) of the definition of "Member's Pension" below for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] of Section B of these Specific Final Salary Rules "Member's Pension" means the greater of:

- (a) the pension the Member would have received under Section B of this Division by virtue of Rule 26 [*Retirement at Normal Retirement Date*] if he had stayed in Pensionable Service until Normal Retirement Date (or if he had retired immediately before his death in a case where he had already reached Normal Retirement Date) but based on his Final Pensionable Pay at the date of death; and
- (b) the pension the Member would have received under Section B of this Division by virtue of Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Early Retirement Benefits on Incapacity: Qualifying conditions and commencement*] if he had retired through Incapacity immediately before death based on his Pensionable Service (as increased under that Rule) at the date of death.

9.4 Pensions payable where Member dies whilst on pension

The pensions payable pursuant to, and subject to the provisos contained in Rules 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section B of these Specific Final Salary Rules where a Member dies whilst entitled to receive a pension under Section B of this Division (other than a Member who was entitled to receive a preserved pension) are –

- (a) the spouse's short-term pension equal to the Member's Pension;
- (b) the spouse's long-term pension equal to 1/2 of the Member's Pension;
- (c) the children's short-term pension equal to the Member's Pension;
- (d) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.4 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst on pension*] of Section B of these Specific Final Salary Rules "Members Pension" means the pension payable under Section B of this Division to the Member immediately

SPECIFIC FINAL SALARY RULES: SECTION B

before his death (or which would have been payable if the Member had not made an election under Rule 31 [*Voluntary Dependant's Pension*]) ignoring only for the purposes of (b) and (d) above any reduction for early payment under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Amount*].

9.5 Pensions payable where Member dies whilst entitled to preserved benefits

The pension payable pursuant to, and subject to the provisos contained in, Rules 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section B of these Specific Final Salary Rules where a Member dies with an entitlement to preserved benefits under Section B of this Division by virtue of Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date : Preserved Pension: Entitlement and Commencement*] before such benefits are in payment, are –

- (a) the spouse's long-term pension equal to 1/2 of the Member's Pension (no short-term pension being payable to the spouse);
- (b) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two (no short-term pension being payable to a Child), except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section B of these Specific Final Salary Rules "Member's Pension" means the preserved pension to which the Member was entitled under Section B of this Division immediately before the Member's death, calculated in accordance with Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date : Preserved Pension: Entitlement and Commencement*] and adjusted to take account of increases required under the Rules in respect of the period between the date of the Member's ceasing to be in Pensionable Service and the date of the Member's death.

9.6 Discretionary adult Dependant's pension

If a Member dies in any of the circumstances described in Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section B of these Specific Final Salary Rules but without leaving a surviving spouse to whom the Member was married at the date of death, the Trustees in their absolute discretion may decide to pay a pension to any other adult Dependant of the Member. The amount of the pension shall not exceed the pension which would have been payable to such person had the recipient been the Member's spouse at the date of the Member's death. If there is more than one such Dependant, then the Trustees may divide the pension in such proportions as the Trustees may in their discretion decide.

10 Revenue Limits

- 10.1 The Revenue Limits apply to benefits payable under this Section B, as amended by Part 2 of Appendix 3 [*A Day Appendix: VWSCPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to Both Divisions*], Part 3 [*General Final Salary Rules*]

SPECIFIC FINAL SALARY RULES: SECTION B

and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section B.

SPECIFIC FINAL SALARY RULES**PART 4****SPECIFIC FINAL SALARY RULES****RELATING TO****AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS**

These Specific Final Salary Rules apply to former members of the Veolia Water Central Limited Final Salary Division of the VUKPP.

Sections C, D and E of these Specific Final Salary Rules apply to VUKPP Members who were former members of the Veolia Water Central Limited Final Salary Division of the VUKPP. Sections C, D and E of these Specific Final Salary Rules should be read in conjunction with Part 1 of Appendix 3 [*A Day Appendix: VUKPP Members*].

- (a) Section C applies to VUKPP Members who were not subject to the transfer referred to in (b) or (c) below;
- (b) Section D applies to VUKPP Members who transferred into the Veolia Water Central Limited Final Salary Division of the VUKPP from the Former North Surrey Water Final Salary Division of the VUKPP; and
- (c) Section E applies to VUKPP Members who transferred into the Veolia Water Central Limited Final Salary Division of the VUKPP from the Veolia Water Partnership Final Salary Division of the VUKPP.

Sections F, G and H of these Specific Final Salary Rules apply to VWSCPP Members who transferred to the Veolia Water Central Limited Final Salary Division of the VUKPP from the Veolia Water Central Limited Division of the VWSCPP. Sections F, G and H of these Specific Final Salary Rules should be read in conjunction with Part 2 of Appendix 3 [*A Day Appendix: VWSCPP Members*].

- (a) Section F applies to VWSCPP Members who were not subject to the transfer referred to in (b) or (c) below; and
- (b) Section G applies to VWSCPP Members who transferred into the Veolia Water Central Limited Final Salary Division of the VWSCPP from the Former North Surrey Water Limited Division of the VWSCPP; and
- (c) Section H applies to VWSCPP Members who transferred into the Veolia Water Central Limited Final Salary Division of the VWSCPP from the Veolia Water Partnership Division of the VWSCPP.

The provisions of these sections amend, where inconsistent, the provisions of Part 1 [*Rules Applicable to Both Divisions*] and Part 3 [*General Final Salary Rules*].

SPECIFIC FINAL SALARY RULES

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION C

CENTRAL (VUKPP THREE VALLEYS) MEMBERS

CONTENTS

Rule	Heading	
1	Application	124
2	Interpretation.....	124
3	Rule 3: Increases to pensions in payment.....	124
4	Rule 18: Definitions.....	125
5	Rule 20: Contributions Required from Members	128
6	Rule 27: Late retirement	128
7	Rule 28: Exchange of Benefits	130
8	Rule 29: Lump sum benefits on death.....	130
9	Rule 30: Spouse's/children's/dependants' pensions	132
10	Contracting-Out Benefit Underpin	133
11	Revenue Limits	133

SPECIFIC FINAL SALARY RULES: SECTION C

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION C

CENTRAL (VUKPP THREE VALLEYS) MEMBERS

1 Application

This Section C applies to VUKPP Members who were former members of the Veolia Water Central Limited Final Salary Division of the VUKPP and who were not transferred to the Veolia Water Central Limited Final Salary Division of the VUKPP under either:

- (a) an agreement dated 1 October 2010 made by Veolia Water Central Limited (1) and Veolia UK Pension Trustees Limited (2); or
- (b) an agreement dated 19 May 2011 made by Veolia Water Central Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3).

2 Interpretation

Unless otherwise stated, references to a Rule in this Section C of Part 4 [*Specific Final Salary Rules*] are to a Rule in the Part 1 [*Rules Applicable to Both Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 3: Increases to pensions in payment

3.1 The following provision replaces Rule 3.1 [*Increase to Pensions in Payment: General increases*]:

“General increases

Any pension in payment under Section C of this Division shall, subject to Rule 3.2 [*Increases to Pensions in Payment: Qualification to General Increase Rule*], be increased each year on the Increase Date by the smaller of:

- (a) five per cent; and
- (b) the annual percentage increase in the Index, as calculated by reference to the 12 months ending on the previous 30 September.

The amount of the first increase shall be adjusted in the proportion that the period from the date of commencement of the pension to the effective date of the increase, measured in complete months, bears to the period of 12 months.

SPECIFIC FINAL SALARY RULES: SECTION C

For the purposes of this Rule, the “**Increase Date**” is 6 April or such other date as the Trustees decide, except that there shall be an Increase Date in each Plan Year.”

4 Rule 18: Definitions

“**Anniversary Date**” means 1 January each year;

“**Basic Pay**” means the amount of the Member’s basic salary or wages, as notified by the Member’s Employer to the Trustees. For the avoidance of doubt, the Member’s basic salary or wages shall include his flexibility allowance, but shall not include any bonuses, commission, overtime, benefits in kind or any other fluctuating emoluments;

“**Child**” means, in relation to a person-

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement, and -

who in either case -

- (a) is under the age of 18; or
- (b) is in full-time education or full-time training for a trade, profession or vocation before attaining the age of 25; or
- (c) is wholly incapacitated before reaching the age of 18 and thereafter remains in such incapacity.

“**Final Pensionable Pay**” means the Pensionable Pay of the Member determined on the Anniversary Date coincident with or immediately preceding the date on which Pensionable Service ceases or, if higher, the Pensionable Pay determined on either of the two preceding Anniversary Dates;

Notes:

- 1 Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay (but for this limit) must be disregarded.
- 2 Where the calculation of Final Pensionable Pay would cause the benefits for or in respect of a Member to exceed the limits set out in the Revenue Limits Appendix, Final Pensionable Pay will be restricted to the amount necessary to ensure that such limits are not exceeded.

“**Normal Retirement Date**” means the date on which the Member attains age 65;

“**Pensionable Pay**” means the Member’s Basic Pay on the date on which he joined the Three Valleys Water Plc Final Salary Division of the VUKPP and at each subsequent Anniversary Date whilst he remains in Pensionable Service, and shall include (if applicable):

SPECIFIC FINAL SALARY RULES: SECTION C

- (i) in the case of a Shift Worker, with effect from 1 January 2003, his Shift Pay Premium; and/or
- (ii) where a Member receives a standby allowance (as determined by his Employer), with effect from 1 January 2005, his standby allowance; and/or
- (iii) if so determined by the Principal Employer, such other amounts of emoluments or the taxable value of benefits in kind as from time to time notified, in respect of the Member, by the Principal Employer to the Trustees.

Notes:

- 1 Where any benefit or any contribution under Rule 20 [*Contributions Required from Members*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded.
- 2 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
- 3 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

"**Pensionable Service**" means in respect of a Member the period of Service completed by the Member after joining Section C of this Division or the Three Valleys Water Plc Final Salary Division of the VUKPP (as applicable) and ending with the earlier of:

- (a) age 75,
- (b) the date the Member reaches Normal Retirement Date or, if later, leaves Pensionable Service under Rule 27 (Late Retirement),
- (c) leaves Service,
- (d) opts-out of Section C of this Division or,
- (e) (as the case may be) dies.⁶²

Notes:

1. Pensionable Service may be increased under Rule 23 [*Opting-Out and Re-Admission*], or under Rule 4 [*Augmentation of benefits*], Rule 6 [*Transfers to the Plan*], Rule 9A [*Transfers from one Section of the Final Salary Division to another Section of the Final Salary Division*] or under Rule 9B [*Transfers between divisions prior to 1 April 2015*], but the same period may not rank under more than one of such Rules.
2. Temporary absences from work can affect the calculation of Pensionable Service. Details are given in the Rule 22 [*Maternity Leave and Other Absences*].

⁶² Deed of Amendment dated 10 October 2018, clause 2.3.

SPECIFIC FINAL SALARY RULES: SECTION C

3. In the case of Part-time Members, refer to Rule 24 [*Part-time Members*].
4. Where in these Rules references are made to "being in" Pensionable Service or to Pensionable Service ending, unless the context admits otherwise such references relate to the last or only continuous period of Pensionable Service.
5. For the purposes of calculating the Standard Amount, Pensionable Service shall be calculated in complete years plus a proportionate amount for each additional complete day in an incomplete year.
6. Pensionable Service may be increased under Rule 21 [*Members' Voluntary Contributions*] where the Member, the Principal Employer and the Trustees have agreed in writing that the AVC Scheme Contributions paid by the Member are to be used in this way.

"Shift Pay Premium" means any additional pay or allowance that a Member receives solely as a result of being a Shift Worker, as notified by the Member's Employer to the Trustees.

"Shift Worker" means a Member who is employed by an Employer on a shift basis and who has received notification from his Employer that he is a Shift Worker for the purposes of Section C of this Division. In any cases of doubt as to whether a Member is a Shift Worker for the purposes of Section C of this Division, the decision of the Principal Employer shall be final.

"Standard Scale Member" means a person who became a Member of the Three Valleys Water Plc Final Salary Division of VUKPP prior to 1 April 2002 and who notified the Employer on joining that he wished to contribute and receive benefits on the basis applicable to a Standard Scale Member.

"Standard Plus Scale Member" means a person who either:

- (i) became a member of the Three Valleys Water Plc Final Salary Division of VUKPP prior to 1 April 2002 and who notified the Employer on joining that he wished to contribute and receive benefits on the basis applicable to a Standard Plus Scale Member; or
- (ii) became a Member of the Three Valleys Water Plc Final Salary Division of VUKPP on or after 1 April 2002.

"Standard Amount" in relation to a Member's annual rate of pension means:

- (i) for Standard Plus Scale Members, 1/60th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day of Pensionable Service in an incomplete year; and
- (ii) for Standard Scale Members:-
 - (a) 1/75th of Final Pensionable Pay for each complete year of Pensionable Service (with an additional proportionate amount as calculated below) prior to 1 February 2002 or 1 April 2002 (as the case may be for the Member in question); and

SPECIFIC FINAL SALARY RULES: SECTION C

- (b) 1/60th of Final Pensionable Pay for each complete year of Pensionable Service (with an additional proportionate amount as calculated below) on or after 1 February 2002 or 1 April 2002 (as the case may be for the Member in question),

provided that for a Standard Scale Member, total Pensionable Service shall be measured in complete years plus a proportionate amount for each additional complete day in any incomplete year.

Qualifications and Notes:

- 1 The maximum period of Pensionable Service (whether actual or prospective) may have to be restricted to ensure compliance with the Revenue Limits Appendix.
- 2 The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] (if applicable).
- 3 The Standard Amount in relation to any Member's pension may be increased under Rule 4.1 [*Augmentation of Benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

5 Rule 20: Contributions Required from Members5.1 Rates

Each Member in Pensionable Service must contribute to the Plan at the following rates:

- (a) 4.0% of Pensionable Pay if the Member is aged less than 35 years;
- (b) 5.0% of Pensionable Pay if the Member is aged 35 years or above but less than 50 years; and
- (c) 6.0% of Pensionable Pay if the Member is aged 50 years or above.

5.2 General provisions relating to contributions

The Member's initial contribution rate is determined by his age on joining Section C of this Division. Once determined, a Member's contribution rate shall continue to apply up to, but excluding, the payroll month in which the Member reaches the next age bracket set out above (from which time his new contribution rate shall apply).

6 Rule 27: Late retirement6.1 Member Choices on Late Retirement

- (a) A Member who remains in Service after Normal Retirement Date may, with the consent of the Principal Employer choose, by giving notice in writing to the Trustees, to either:
 - (i) continue in Pensionable Service after Normal Retirement Date until the earlier of the date he retires from Service, opts out of Section C of this Division under Rule 23 [*Opting-Out and Re-Admission*] or reaches his 75th birthday;

SPECIFIC FINAL SALARY RULES: SECTION C

- (ii) cease to be in Pensionable Service and receive a pension from Normal Retirement Date; or
- (iii) cease to be in Pensionable Service and postpone receiving his pension until his retirement from Service, unless the Member and the Principal Employer agree otherwise.

6.2 Remaining in Pensionable Service

If a Member (other than a Refund Only Member) remains in Pensionable Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;
- (c) the date on which he opts out of Section C of this Division under Rule 23 [*Opting-Out and Re-Admission*].

If the pension commences before he leaves Service, he shall be treated under the Rules as if he had left Service immediately before its commencement.

6.3 Amount

At their commencement the benefits payable under this Rule shall:

- (a) in the case of a Member to whom 6.1(a)(i) of Section C of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at the earlier date on which he retires, opts out of Section C or reaches age 75 but if commencement of the pension is postponed, it shall be increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension; or
- (b) in the case of a Member to whom 6.1(a)(ii) of Section C of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at his Normal Retirement Date; or
- (c) in the case of a Member to whom 6.1(a)(iii) of Section C of these Specific Final Salary Rules applies, the Standard Amount calculated as at the date of leaving Pensionable Service, but increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension.

SPECIFIC FINAL SALARY RULES: SECTION C

The provisions of this Rule are subject to the Contracting-Out Appendix and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.⁶³

7 Rule 28: Exchange of Benefits**Exchange of Pension for Lump Sum****7.1 Time of election**

A Member may exchange part of his pension for a cash lump sum. An election to exchange may only be made at the time the Member's pension is due to commence or, if applicable, at a time permitted by Rule 28.1 [*Exchange of Benefits: Serious ill health*] or 28.2 [*Exchange of Benefits: Trivial Pensions*]. To make an election under this Rule, the Member must give written notice to the Trustees before the first instalment of his pension is paid or at such later date as the Trustees allow, but if the Member is suffering from such physical or mental incapacity as to be in the opinion of the Trustees not competent to exercise his rights under this Rule, the Trustees may exercise them for him.

7.2 Amount

The amount of lump sum produced by the exchanged pension, including any pension attributable to AVC Scheme Contributions, shall not, unless Rule 28.1 [*Exchange of Benefits: Serious ill health*] or Rule 28.2 [*Exchange of Benefits: Trivial Pensions*] applies, exceed the greater of:-

- (a) 2.25 times the Standard Amount (before any exchange of pension under this Rule 28 [*Exchange of Benefits*]); or
- (b) 3/80ths of Final Pensionable Pay for each complete year (not exceeding 40) of Pensionable Service; or
- (c) such other amount as the Trustees may allow which shall not exceed the relevant limit in the Revenue Limits Appendix.

8 Rule 29: Lump sum benefits on death**8.1 Circumstances in which payable and amount**

If a Member dies in any of the circumstances set out below, the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section C of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances:-

- (a) If the Member dies in Pensionable Service on or before age 70 (or such other age as the

⁶³ Deed of Amendment dated 10 October 2018, clause 4.1.

SPECIFIC FINAL SALARY RULES: SECTION C

Principal Employer shall determine)⁶⁴:-

the aggregate of:-

- (i) three times his Pensionable Pay at the date of death; and
- (ii) his Contributions; and
- (iii) the value of his AVC Scheme Contributions.

- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under this Section of this Division has commenced, and in circumstances other than those specified in Rule 8.1(a):-

an amount equal to five times the annual rate of pension which would have been payable had his pension commenced on the day before the Member died but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (c) If the Member dies after the pension under this Section of this Division has commenced but before the fifth anniversary of the date of such commencement:-⁶⁵

an amount equal to the total additional instalment of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option I in Rule 25 [*Leaving and Retirement Before Normal Retirement Date*], but before such pension has commenced:-

the aggregate of:-

- (i) his Contributions; and
- (ii) the value of his AVC Scheme Contributions.

8.2 Restrictions on amount of benefit

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section C of these Specific Final Salary Rules and subject to compliance with the Equality Act 2010 and regulations made under that Act:-

- (a) any amount of the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded; and

⁶⁴ Wording in parenthesis is a new amendment as instructed by the Trustee and Employer
⁶⁵ Deed of Amendment dated 10 October 2018, clause 5.1.

SPECIFIC FINAL SALARY RULES: SECTION C

- (b) the amount otherwise payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section C of these Specific Final Salary Rules shall be restricted where necessary so as to ensure that it does not exceed the appropriate limit set out in the Revenue Limits Appendix; and
- (c) the Trustees may restrict or cancel the amount of lump sum benefit payable in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

8.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*].

9 Rule 30: Spouse's/children's/dependants' pensions**9.1 Dependant's Pension**

On the death of a Member, a pension shall be payable to the Member's surviving Dependant(s), as follows:-

- (a) If the Member dies in Pensionable Service before Normal Retirement Date:-

a pension equal to 50 per cent of the Standard Amount determined as at the Member's date of death (based on the Member's Final Pensionable Pay and Pensionable Service at date of death);

- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under Section C of this Division has commenced:-

a pension equal to 50 percent of the pension which would have been payable to the Member under Section C of this Division had he retired on the day before his death, and assuming he did not elect or had not elected to exchange any pension under Rule 28 [*Exchange of Benefits*];

- (c) If the Member dies after his pension under Section C of this Division has commenced:-

a pension equal to 50 per cent of the pension which the Member was entitled to receive under Section C of this Division at the date of his death, adjusted to cancel the effect of any exchange under Rule 28 [*Exchange of Benefits*] or surrender under Rule 31 [*Voluntary Dependant's Pension*]; and

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option I in Rule 25 [*Leaving and Retirement Before Normal Retirement Date*], but before such pension has commenced:-

a pension equal to 50 per cent of the preserved pension, revalued in such manner as the Trustees consider appropriate to take account of the period between the date on which

SPECIFIC FINAL SALARY RULES: SECTION C

the Member ceased to be in Pensionable Service and the date of his death and as will satisfy the Contracting-Out Requirements.

Any pension becoming payable under this Rule shall be paid or applied for the benefit of such of the Member's Dependants as the Trustees in their discretion think fit, subject to the Contracting-Out Requirements. If there is more than one such Dependant, the Trustees may divide the pension in such proportions as they in their discretion decide. In exercising their discretion under this Rule the Trustees shall take account, but shall not be bound by, any wishes of the Member notified in writing to them before the date of the Member's death.

No benefit shall be payable to any person under more than one of the foregoing paragraphs.

Subject to compliance with the Equality Act 2010 and regulations made under that Act, the Trustees may, if applicable, restrict or cancel the Dependant(s) pensions payable under this Rule in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

Entitlement to the pension payable under the Rule shall commence with effect from the day next following the date of death of the Member and the pension shall be paid in accordance with Rule 2.1 [*Payment of Benefits: Commencement, frequency & method*].

Any pension payable in accordance with this Rule shall be paid for the lifetime of the beneficiary, Provided that any pension payable to a Child shall be paid only for as long as that person is within the definition of Child.

10 Contracting-Out Benefit Underpin

- 10.1 If the amount of any benefit payable under Section C of this Division to the Member or the Member's spouse pursuant to Rule 30 [*Spouse's/children's/dependants' Pensions*], in so far as that benefit is attributable to Pensionable Service completed after 5 April 1998, would (but for this Rule) be less than the amount of the corresponding benefit calculated under the reference scheme in accordance with Section 12B of the Pension Schemes Act as applied in respect of the Member, the Trustees shall increase by the amount of the resulting shortfall the benefit to which the Member or the Member's spouse is entitled. This Rule shall have effect only to the extent that, and for so long as, it is necessary to ensure that Section C of this Division meets at all times the "reference scheme test" pursuant to Section 9(2B) of the Pension Schemes Act, as certified by the Actuary.

11 Revenue Limits

- 11.1 The Revenue Limits apply to benefits payable under this Section C, as amended by Part 1 of Appendix 3 [*A Day Appendix: VUKPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to Both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section C.

SPECIFIC FINAL SALARY RULES: SECTION D

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION D

CENTRAL (VUKPP NORTH SURREY) MEMBERS

CONTENTS

Rule	Heading	
1	Application	135
2	Interpretation.....	135
3	Rule 3: Increases to pensions in payment.....	135
4	Rule 18: Definitions.....	136
5	Rule 20: Contributions Required from Members	138
6	Rule 27: Late retirement	139
7	Rule 28: Exchange of Benefits	140
8	Rule 29: Lump sum benefits on death.....	141
9	Rule 30: Spouse's/children's/dependants' pensions	142
10	Contracting-Out Benefit Underpin	143
11	Revenue Limits	144

SPECIFIC FINAL SALARY RULES: SECTION D

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION D

CENTRAL (VUKPP NORTH SURREY) MEMBERS

1 Application

This Section D applies to VUKPP Members who were transferred to the Veolia Water Central Limited Final Salary Division of the VUKPP from the Former North Surrey Water Limited Final Salary Division of the VUKPP under an agreement dated 1 October 2010 made by Veolia Water Central Limited (1) and Veolia UK Pension Trustees Limited (2).

2 Interpretation

Unless otherwise stated, references to a Rule in this Section D of Part 4 [*Specific Final Salary Rules*] are to a Rule in the Part 1 [*Rules Applicable to Both Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 3: Increases to pensions in payment

3.1 The following provision replaces Rule 3.1 [*Increase to Pensions in Payment: General increases*]:

“General increases

Any pension in payment under Section D of this Division shall, subject to Rule 3.2 [*Increases to Pensions in Payment: Qualifications to General Increase Rule*], be increased each year on the Increase Date by the smaller of:

- (a) five per cent; and
- (b) the annual percentage increase in the Index, as calculated by reference to the 12 months ending on the previous 30 September.

The amount of the first increase shall be adjusted in the proportion that the period from the date of commencement of the pension to the effective date of the increase, measured in complete months, bears to the period of 12 months.

For the purposes of this Rule, the “**Increase Date**” is 6 April or such other date as the Trustees decide, except that there shall be an Increase Date in each Plan Year.”

SPECIFIC FINAL SALARY RULES: SECTION D

4 **Rule 18: Definitions**

“Anniversary Date” means 1 January each year;

“Basic Pay” means the amount of the Member’s basic salary or wages, as notified by the Member’s Employer to the Trustees. For the avoidance of doubt, the Member’s basic salary or wages shall include his flexible allowance, but shall not include any bonuses, commission, overtime, benefits in kind or any other fluctuating emoluments;

“Child” means, in relation to a person-

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement, and -

who in either case -

- (a) is under the age of 18; or
- (b) is in full-time education or full-time training for a trade, profession or vocation before attaining the age of 25; or
- (c) is wholly incapacitated before reaching the age of 18 and thereafter remains in such incapacity.

“Final Pensionable Pay” means the Pensionable Pay of the Member determined on the Anniversary Date coincident with or immediately preceding the date on which Pensionable Service ceases or, if higher, the Pensionable Pay determined on either of the two preceding Anniversary Dates;

Notes:

- 1 Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay (but for this limit) must be disregarded.
- 2 Where the calculation of Final Pensionable Pay would cause the benefits for or in respect of a Member to exceed the limits set out in the Revenue Limits Appendix, Final Pensionable Pay will be restricted to the amount necessary to ensure that such limits are not exceeded.

“Normal Retirement Date” means the date on which the Member attains age 65;

“Pensionable Pay” means the Member’s Basic Pay on the date on which he joined the Former North Surrey Water Limited Final Salary Division of VUKPP and at each subsequent Anniversary Date whilst he remains in Pensionable Service, and shall include (if applicable):

- (i) in the case of a Shift Worker, with effect from 1 January 2003, his Shift Pay Premium; and/or

SPECIFIC FINAL SALARY RULES: SECTION D

- (ii) where a Member receives a standby allowance (as determined by his Employer), with effect from 1 January 2005, his standby allowance; and/or
- (iii) if so determined by the Principal Employer, such other amounts of emoluments or the taxable value of benefits in kind as from time to time notified, in respect of the Member, by the Principal Employer to the Trustees.

Notes:

- 1 Where any benefit or any contribution under Rule 20 [*Contributions Required from Members*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded.
- 2 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
- 3 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

"**Pensionable Service**" means in respect of a Member the period of Service completed by the Member after joining Section D of this Division or the Former North Surrey Water Limited Final Salary Final Salary Division of VUKPP (as applicable) and ending with the earlier of:

- (a) age 75,
- (b) the date the Member reaches Normal Retirement Date or, if later, leaves Pensionable Service under Rule 27 (Late Retirement),
- (c) leaves Service,
- (d) opts-out of Section D of this Division or,
- (e) (as the case may be) dies.⁶⁶

Notes:

1. Pensionable Service may be increased under Rule 23 [*Opting-Out and Re-Admission*], or under Rule 4 [*Augmentation of Benefits*], under Rule 6 [*Transfers to the Plan*], under Rule 9A [*Transfers from one Section of the Final Salary Division to another Section of the Final Salary Division*] or under Rule 9B [*Transfers between divisions prior to 1 April 2015*], but the same period may not rank under more than one of such Rules.
2. Temporary absences from work can affect the calculation of Pensionable Service. Details are given in Rule 22 [*Maternity Leave and Other Absences*].
3. In the case of Part-time Members, refer to Rule 24 [*Part-time Members*].

⁶⁶ Deed of Amendment dated 10 October 2018, clause 2.4.

SPECIFIC FINAL SALARY RULES: SECTION D

4. Where in these Rules references are made to "being in" Pensionable Service or to Pensionable Service ending, unless the context admits otherwise such references relate to the last or only continuous period of Pensionable Service.
5. For the purposes of calculating the Standard Amount, Pensionable Service shall be calculated in complete years plus a proportionate amount for each additional complete day in an incomplete year.
6. Pensionable Service may be increased under Rule 21 [*Members' Voluntary Contributions*] where the Member, the Principal Employer and the Trustees have agreed in writing that the AVC Scheme Contributions paid by the Member are to be used in this way.

"Shift Pay Premium" means any additional pay or allowance that a Member receives solely as a result of being a Shift Worker, as notified by the Member's Employer to the Trustees.

"Shift Worker" means a Member who is employed by an Employer on a shift basis and who has received notification from his Employer that he is a Shift Worker for the purposes of Section D of this Division. In any cases of doubt as to whether a Member is a Shift Worker for the purposes of Section D of this Division, the decision of the Principal Employer shall be final.

"Standard Amount" in relation to a Member's annual rate of pension means 1/60th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day of Pensionable Service in an incomplete year.

Qualifications and Notes:

1. The maximum period of Pensionable Service (whether actual or prospective) may have to be restricted to ensure compliance with the Revenue Limits Appendix.
2. The Standard Amount of any Member where any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*].
3. The Standard Amount in relation to any Member's pension may be increased under Rule 4.1 [*Augmentation of Benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

5 Rule 20: Contributions Required from Members

5.1 Rates

Each Member in Pensionable Service must contribute to the Plan at the following rates:

- (a) 4.0% of Pensionable Pay if the Member is aged less than 35 years;
- (b) 5.0% of Pensionable Pay if the Member is aged 35 years or above but less than 50 years; and
- (c) 6.0% of Pensionable Pay if the Member is aged 50 years or above.

SPECIFIC FINAL SALARY RULES: SECTION D**5.2 General provisions relating to contributions**

The Member's initial contribution rate is determined by his age on joining Section D of this Division. Once determined, a Member's contribution rate shall continue to apply up to, but excluding, the payroll month in which the Member reaches the next age bracket set out above (from which time his new contribution rate shall apply).

6 Rule 27: Late retirement**6.1 Member Choices on Late Retirement**

- (a) A Member who remains in Service after Normal Retirement Date may, with the consent of the Principal Employer choose, by giving notice in writing to the Trustees, to either:
- (i) continue in Pensionable Service after Normal Retirement Date until the earlier of the date he retires from Service, opts out of Section D of this Division under Rule 23 [*Opting-Out and Re-Admission*] or reaches his 75th birthday;
 - (ii) cease to be in Pensionable Service and receive a pension from Normal Retirement Date; or
 - (iii) cease to be in Pensionable Service and postpone receiving his pension until his retirement from Service, unless the Member and the Principal Employer agree otherwise.

6.2 Remaining in Pensionable Service

If a Member (other than a Refund Only Member) remains in Pensionable Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;
- (c) the date on which he opts out of Section D of this Division under Rule 23 [*Opting-Out and Re-Admission*].

If the pension commences before he leaves Service, he shall be treated under the Rules as if he had left Service immediately before its commencement.

6.3 Amount

At their commencement the benefits payable under this Rule shall:

- (a) in the case of a Member to whom 6.1(a)(i) of Section D of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at the earlier date on which he retires, opts out of Section D or reaches age 75 but if commencement of the pension is postponed, it shall be increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of

SPECIFIC FINAL SALARY RULES: SECTION D

the Member's pension; or

- (b) in the case of a Member to whom 6.1(a)(ii) of Section D of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at his Normal Retirement Date; or
- (c) in the case of a Member to whom 6.1(a)(iii) of Section D of these Specific Final Salary Rules applies, the Standard Amount calculated as at the date of leaving Pensionable Service, but increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension.

The provisions of this Rule are subject to the Contracting-Out Appendix and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.⁶⁷

7 Rule 28: Exchange of Benefits

Exchange of Pension for Lump Sum

7.1 Time of election

A Member may exchange part of his pension for a cash lump sum. An election to exchange may only be made at the time the Member's pension is due to commence or, if applicable, at a time permitted by Rule 28.1 [*Exchange of Benefits: Serious ill health*] or 28.2 [*Exchange of Benefits: Trivial Pensions*]. To make an election under this Rule, the Member must give written notice to the Trustees before the first instalment of his pension is paid or at such later date as the Trustees allow, but if the Member is suffering from such physical or mental incapacity as to be in the opinion of the Trustees not competent to exercise his rights under this Rule the Trustees may exercise them for him.

7.2 Amount

The amount of lump sum produced by the exchanged pension, including any pension attributable to AVC Scheme Contributions, shall not, unless Rule 28.1 [*Exchange of Benefits: Serious ill health*] or 28.2 [*Exchange of Benefits: Trivial Pensions*] applies, exceed the greater of:-

- (a) 2.25 times the Standard Amount (before any exchange of pension under this Rule 28 [*Exchange of Benefits*]); or
- (b) 3/80th of Final Pensionable Pay for each complete year (not exceeding 40) of Pensionable Service; or
- (c) such other amount as the Trustees may allow which shall not exceed the relevant limit in the Revenue Limits Appendix.

⁶⁷ Deed of Amendment dated 10 October 2018, clause 4.1.

SPECIFIC FINAL SALARY RULES: SECTION D

8 Rule 29: Lump sum benefits on death8.1 Circumstances in which payable and amount

If a Member dies in any of the circumstances set out below, the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section D of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances:-

- (a) If the Member dies in Pensionable Service on or before age 70 (or such other age as the Principal Employer shall determine)⁶⁸:-

the aggregate of:-

- (i) three times his Pensionable Pay at the date of death; and
- (ii) his Contributions; and
- (iii) the value of his AVC Scheme Contributions.

- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under this Section of this Division has commenced, and in circumstances other than those specified under Rule 8.1(a):-

an amount equal to five times the annual rate of pension which would have been payable had his pension commenced on the day before the Member died but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (c) If the Member dies after the pension under this Section of this Division has commenced but before the fifth anniversary of the date of such commencement:-⁶⁹

an amount equal to the total additional instalment of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option 1 in Rule 25 [*Leaving and Retirement before Normal Retirement Date*], but before such pension has commenced:-

the aggregate of:-

- (i) his Contributions; and
- (ii) the value of his AVC Scheme Contributions.

⁶⁸ Wording in parenthesis is a new amendment as instructed by the Trustee and Employer
⁶⁹ Deed of Amendment dated 10 October 2018, clause 5.1.

SPECIFIC FINAL SALARY RULES: SECTION D**8.2 Restrictions on amount of benefit**

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section D of these Specific Final Salary Rules and subject to compliance with the Equality Act 2010 and regulations made under that Act:-

- (a) any amount of the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded; and
- (b) the amount otherwise payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section D of these Specific Final Salary Rules shall be restricted where necessary so as to ensure that it does not exceed the appropriate limit set out in the Revenue Limits Appendix; and
- (c) the Trustees may restrict or cancel the amount of lump sum benefit payable in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

8.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*].

9 Rule 30: Spouse's/children's/dependants' pensions**9.1 Dependant's Pension**

On the death of a Member, a pension shall be payable to the Member's surviving Dependant(s), as follows:-

- (a) If the Member dies in Pensionable Service before Normal Retirement Date:-
 a pension equal to 50 per cent of the Standard Amount determined as at the Member's date of death (based on the Member's Final Pensionable Pay and Pensionable Service at date of death);
- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under Section D of this Division has commenced:-
 a pension equal to 50 percent of the pension which would have been payable to the Member under Section D of this Division had he retired on the day before his death, and assuming he did not elect or had not elected to exchange any pension under Rule 28 [*Exchange of Benefits*];
- (c) If the Member dies after his pension under Section D of this Division has commenced:-

SPECIFIC FINAL SALARY RULES: SECTION D

a pension equal to 50 per cent of the pension which the Member was entitled to receive under Section D of this Division at the date of his death, adjusted to cancel the effect of any exchange under Rule 28 [*Exchange of Benefits*] or surrender under Rule 31 [*Voluntary Dependant's Pension*]; and

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option 1 in Rule 25 [*Leaving and Retirement before Normal Retirement Date*], but before such pension has commenced:-

a pension equal to 50 per cent of the preserved pension, revalued in such manner as the Trustees consider appropriate to take account of the period between the date on which the Member ceased to be in Pensionable Service and the date of his death and as will satisfy the Contracting-Out Requirements.

Any pension becoming payable under this Rule shall be paid or applied for the benefit of such of the Member's Dependants as the Trustees in their discretion think fit, subject to the Contracting-Out Requirements. If there is more than one such Dependant, the Trustees may divide the pension in such proportions as they in their discretion decide. In exercising their discretion under this Rule the Trustees shall take account of, but shall not be bound by, any wishes of the Member notified in writing to them before the date of the Member's death.

No benefit shall be payable to any person under more than one of the foregoing paragraphs.

Subject to compliance with the Equality Act 2010 and regulations made under that Act, the Trustees may, if applicable, restrict or cancel the Dependant(s) pensions payable under this Rule in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

Entitlement to the pension payable under the Rule shall commence with effect from the day next following the date of death of the Member and the pension shall be paid in accordance with Rule 2.1 [*Payment of Benefits: Commencement, frequency & method*].

Any pension payable in accordance with this Rule shall be paid for the lifetime of the beneficiary, Provided that any pension payable to a Child shall be paid only for as long as that person is within the definition of Child.

10 Contracting-Out Benefit Underpin

- 10.1 If the amount of any benefit payable under Section D of this Division to the Member or the Member's spouse pursuant to Rule 30 [*Spouse's/children's/dependants' pensions*], in so far as that benefit is attributable to Pensionable Service completed after 5 April 1998, would (but for this Rule) be less than the amount of the corresponding benefit calculated under the reference scheme in accordance with Section 12B of the Pension Schemes Act as applied in respect of the Member, the Trustees shall increase by the amount of the resulting shortfall the benefit to which the Member or the Member's spouse is entitled. This Rule shall have effect only to the extent that, and for so long as, it is necessary to ensure that Section D of this Division meets at all times the "reference scheme test" pursuant to Section 9(2B) of the Pension Schemes Act, as certified by the Actuary.

SPECIFIC FINAL SALARY RULES: SECTION D

11 Revenue Limits

- 11.1 The Revenue Limits apply to benefits payable under this Section D, as amended by Part 1 of Appendix 3 [*A Day Appendix: VUKPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to Both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section D.

SPECIFIC FINAL SALARY RULES: SECTION E

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION E

CENTRAL (VUKPP PARTNERSHIP) MEMBERS

CONTENTS

Rule	Heading	
1	Application	146
2	Interpretation.....	146
3	Rule 3: Increases to pensions in payment.....	146
4	Rule 18: Definitions.....	147
5	Rule 20: Contributions Required from Members	149
6	Rule 27: Late retirement	149
7	Rule 28: Exchange of Benefits	151
8	Rule 29: Lump sum benefits on death.....	151
9	Rule 30: Spouse's/children's/dependants' pensions	153
10	Contracting-Out Benefit Underpin	154
11	Revenue Limits	154

SPECIFIC FINAL SALARY RULES: SECTION E

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION E

CENTRAL (VUKPP PARTNERSHIP) MEMBERS

1 Application

This Section E applies to VUKPP Members who were transferred to the Veolia Water Central Limited Final Salary Division of the VUKPP from the Veolia Water Partnership Final Salary Division of VUKPP under an agreement dated 1 October 2010 made by Veolia Water Central Limited (1) and Veolia UK Pension Trustees Limited (2).

2 Interpretation

Unless otherwise stated, references to a Rule in this Section E of Part 4 [*Specific Final Salary Rules*] are to a Rule in the Part 1 [*Rules Applicable to Both Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 3: Increases to pensions in payment

3.1 The following provision replaces Rule 3.1 [*Increase to Pensions in Payment: General increases*]:

“General increases

Any pension in payment under Section E of this Division shall, subject to Rule 3.2 [*Increases to Pensions in Payment: Qualifications to General Increase Rule*], be increased each year on the Increase Date by the smaller of:

- (a) five per cent; and
- (b) the annual percentage increase in the Index, as calculated by reference to the 12 months ending on the previous 30 September.

The amount of the first increase shall be adjusted in the proportion that the period from the date of commencement of the pension to the effective date of the increase, measured in complete months, bears to the period of 12 months.

For the purposes of this Rule, the “**Increase Date**” is 6 April or such other date as the Trustees decide, except that there shall be an Increase Date in each Plan Year.”

SPECIFIC FINAL SALARY RULES: SECTION E

4 Rule 18: Definitions

“**Anniversary Date**” means 1 January each year;

“**Basic Pay**” means the amount of the Member’s basic salary or wages, as notified by the Member’s Employer to the Trustees, but shall not include any bonuses, commission, overtime, benefits in kind or any other fluctuating emoluments;

“**Child**” means, in relation to a person-

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement, and -

who in either case -

- (a) is under the age of 18; or
- (b) is in full-time education or full-time training for a trade, profession or vocation before attaining the age of 25; or
- (c) is wholly incapacitated before reaching the age of 18 and thereafter remains in such incapacity.

“**Final Pensionable Pay**” means the Pensionable Pay of the Member determined on the Anniversary Date coincident with or immediately preceding the date on which Pensionable Service ceases or, if higher, the Pensionable Pay determined on either of the two preceding Anniversary Dates;

Notes:

- 1 Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay (but for this limit) must be disregarded.
- 2 Where the calculation of Final Pensionable Pay would cause the benefits for or in respect of a Member to exceed the limits set out in the Revenue Limits Appendix, Final Pensionable Pay will be restricted to the amount necessary to ensure that such limits are not exceeded.

“**Normal Retirement Date**” means the date on which the Member attains age 65;

“**Pensionable Pay**” means the Member’s Basic Pay on the date on which he joined the Veolia Water Partnership Final Salary Division of VUKPP and at each subsequent Anniversary Date whilst he remains in Pensionable Service. If at any time the Principal Employer so determines, a Member’s Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind as from time to time notified, in respect of the Member, by the Principal Employer to the Trustees.

SPECIFIC FINAL SALARY RULES: SECTION E**Notes:**

- 1 Where any benefit or any contribution under Rule 20 [*Contributions Required from Members*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded.
- 2 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
- 3 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

"**Pensionable Service**" means in respect of a Member the period of Service completed by the Member after joining Section E of this Division or the Veolia Water Partnership Final Salary Division of VUKPP (as applicable) and ending with the earlier of:

- (a) age 75,
- (b) the date the Member reaches Normal Retirement Date or, if later, leaves Pensionable Service under Rule 27 (Late Retirement),
- (c) leaves Service,
- (d) opts-out of Section E of this Division or,
- (e) (as the case may be) dies.⁷⁰

Notes:

1. Pensionable Service may be increased under Rule 23 [*Opting-Out and Re-Admission*], or under Rule 4 [*Augmentation of benefits*], under Rule 6 [*Transfers to the Plan*], under Rule 9A [*Transfers from one Section of the Final Salary Division to another Section of the Final Salary Division*] or under Rule 9B [*Transfers between divisions prior to 1 April 2015*], but the same period may not rank under more than one of such Rules.
2. Temporary absences from work can affect the calculation of Pensionable Service. Details are given in Rule 22 [*Maternity Leave and Other Absences*].
3. In the case of Part-time Members, refer to Rule 24 [*Part-time Members*].
4. Where in these Rules references are made to "being in" Pensionable Service or to Pensionable Service ending, unless the context admits otherwise such references relate to the last or only continuous period of Pensionable Service.
5. For the purposes of calculating the Standard Amount, Pensionable Service shall be calculated in complete years plus a proportionate amount for each additional complete day in an incomplete year.

⁷⁰ Deed of Amendment dated 10 October 2018, clause 2.5.

SPECIFIC FINAL SALARY RULES: SECTION E

6. Pensionable Service may be increased under Rule 21 [*Members' Voluntary Contributions*] where the Member, the Principal Employer and the Trustees have agreed in writing that the AVC Scheme Contributions paid by the Member are to be used in this way.

"**Standard Amount**" in relation to a Member's annual rate of pension means 1/60th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day of Pensionable Service in an incomplete year.

Qualifications and Notes:

- 1 The maximum period of Pensionable Service (whether actual or prospective) may have to be restricted to ensure compliance with the Revenue Limits Appendix.
- 2 The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] (if applicable).
- 3 The Standard Amount in relation to any Member's pension may be increased under Rule 4.1 [*Augmentation of Benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

5 Rule 20: Contributions Required from Members**5.1 Rates**

Each Member in Pensionable Service must contribute to the Plan at the following rates:

- (a) 4.0% of Pensionable Pay if the Member is aged less than 35 years;
- (b) 5.0% of Pensionable Pay if the Member is aged 35 years or above but less than 50 years; and
- (c) 6.0% of Pensionable Pay if the Member is aged 50 years or above.

5.2 General provisions relating to contributions

The Member's initial contribution rate is determined by his age on joining Section E of this Division. Once determined, a Member's contribution rate shall continue to apply up to, but excluding, the payroll month in which the Member reaches the next age bracket set out above (from which time his new contribution rate shall apply).

6 Rule 27: Late retirement**6.1 Member Choices on Late Retirement**

- (a) A Member who remains in Service after Normal Retirement Date may, with the consent of the Principal Employer choose, by giving notice in writing to the Trustees, to either:
 - (i) continue in Pensionable Service after Normal Retirement Date until the earlier of the date he retires from Service, opts out of Section E of this Division under Rule 23 [*Opting-Out and Re-Admission*] or reaches his 75th birthday;

SPECIFIC FINAL SALARY RULES: SECTION E

- (ii) cease to be in Pensionable Service and receive a pension from Normal Retirement Date; or
- (iii) cease to be in Pensionable Service and postpone receiving his pension until his retirement from Service, unless the Member and the Principal Employer agree otherwise.

6.2 Remaining in Pensionable Service

If a Member (other than a Refund Only Member) remains in Pensionable Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;
- (c) the date on which he opts out of Section E of this Division under Rule 23 [*Opting-Out and Re-Admission*].

If the pension commences before he leaves Service, he shall be treated under the Rules as if he had left Service immediately before its commencement.

6.3 Amount

At their commencement the benefits payable under this Rule shall:

- (a) in the case of a Member to whom 6.1(a)(i) of Section E of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at the earlier date on which he retires, opts out of Section E or reaches age 75 but if commencement of the pension is postponed, it shall be increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension; or
- (b) in the case of a Member to whom 6.1(a)(ii) of Section E of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at his Normal Retirement Date; or
- (c) in the case of a Member to whom 6.1(a)(iii) of Section E of these Specific Final Salary Rules applies, the Standard Amount calculated as at the date of leaving Pensionable Service, but increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension.

SPECIFIC FINAL SALARY RULES: SECTION E

The provisions of this Rule are subject to the Contracting-Out Appendix and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.⁷¹

7 Rule 28: Exchange of Benefits**Exchange of Pension for Lump Sum****7.1 Time of election**

A Member may exchange part of his pension for a cash lump sum. An election to exchange may only be made at the time the Member's pension is due to commence or, if applicable, at a time permitted by Rule 28.1 [*Exchange of Benefits: Serious ill health*] or Rule 28.2 [*Exchange of Benefits: Trivial Pensions*]. To make an election under this Rule, the Member must give written notice to the Trustees before the first instalment of his pension is paid or at such later date as the Trustees allow, but if the Member is suffering from such physical or mental incapacity as to be in the opinion of the Trustees not competent to exercise his rights under this Rule the Trustees may exercise them for him.

7.2 Amount

The amount of lump sum produced by the exchanged pension, including any pension attributable to AVC Scheme Contributions, shall not, unless Rule 28.1 [*Exchange of Benefits: Serious ill health*] or Rule 28.2 [*Exchange of Benefits: Trivial Pensions*], exceed the greater of:-

- (a) 2.25 times the Standard Amount (before any exchange of pension under this Rule 28 [*Exchange of Benefits*]); or
- (b) 3/80ths of Final Pensionable Pay for each complete year (not exceeding 40) of Pensionable Service; or
- (c) such other amount as the Trustees may allow which shall not exceed the relevant limit in the Revenue Limits Appendix.

8 Rule 29: Lump sum benefits on death**8.1 Circumstances in which payable and amount**

If a Member dies in any of the circumstances set out below, the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section E of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances:-

- (a) If the Member dies in Pensionable Service on or before age 70 (or such other age as the Principal Employer shall determine)⁷²:-

the aggregate of:-

⁷¹ Deed of Amendment dated 10 October 2018, clause 4.1.

⁷² Wording in parenthesis is a new amendment as instructed by the Trustee and Employer

SPECIFIC FINAL SALARY RULES: SECTION E

- (i) three times his Pensionable Pay at the date of death; and
 - (ii) his Contributions; and
 - (iii) the value of his AVC Scheme Contributions.
- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under this Section of this Division has commenced, and in circumstances other than those specified under Rule 8.1(a):-

an amount equal to five times the annual rate of pension which would have been payable had his pension commenced on the day before the Member died but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (c) If the Member dies after the pension under this Section of this Division has commenced but before the fifth anniversary of the date of such commencement:-⁷³

an amount equal to the total additional instalment of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option I in Rule 25 [*Leaving and Retirement before Normal Retirement Date*], but before such pension has commenced:-

the aggregate of:-

- (i) his Contributions; and
- (ii) the value of his AVC Scheme Contributions.

8.2 Restrictions on amount of benefit

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section E of these Specific Final Salary Rules and subject to compliance with the Equality Act 2010 and regulations made under that Act:-

- (a) any amount of the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded; and
- (b) the amount otherwise payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section E of these Specific Final Salary Rules shall be restricted where necessary so as to ensure that it does not exceed the appropriate limit set out in the Revenue Limits Appendix; and

⁷³ Deed of Amendment dated 10 October 2018, clause 5.1.

SPECIFIC FINAL SALARY RULES: SECTION E

- (c) the Trustees may restrict or cancel the amount of lump sum benefit payable in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

8.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*].

9 **Rule 30: Spouse's/children's/dependants' pensions**

9.1 Dependant's Pension

On the death of a Member, a pension shall be payable to the Member's surviving Dependant(s), as follows:-

- (a) If the Member dies in Pensionable Service before Normal Retirement Date:-

a pension equal to 50 per cent of the Standard Amount determined as at the Member's date of death (based on the Member's Final Pensionable Pay and Pensionable Service at date of death);

- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under Section E of this Division has commenced:-

a pension equal to 50 percent of the pension which would have been payable to the Member under Section E of this Division had he retired on the day before his death, and assuming he did not elect or had not elected to exchange any pension under Rule 28 [*Exchange of Benefits*];

- (c) If the Member dies after his pension under Section E of this Division has commenced:-

a pension equal to 50 per cent of the pension which the Member was entitled to receive under Section E of this Division at the date of his death, adjusted to cancel the effect of any exchange under Rule 28 [*Exchange of Benefits*] or surrender under Rule 31 [*Voluntary Dependant's Pension*] of Part 3 [*General Final Salary Rules*]; and

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option 1 in Rule 25 [*Leaving and retirement before Normal Retirement Date*], but before such pension has commenced:-

a pension equal to 50 per cent of the preserved pension, revalued in such manner as the Trustees consider appropriate to take account of the period between the date on which the Member ceased to be in Pensionable Service and the date of his death and as will satisfy the Contracting-Out Requirements.

Any pension becoming payable under this Rule shall be paid or applied for the benefit of such of the Member's Dependants as the Trustees in their discretion think fit, subject to the Contracting-

SPECIFIC FINAL SALARY RULES: SECTION E

Out Requirements. If there is more than one such Dependant, the Trustees may divide the pension in such proportions as they in their discretion decide. In exercising their discretion under this Rule the Trustees shall take account of, but shall not be bound by, any wishes of the Member notified in writing to them before the date of the Member's death.

No benefit shall be payable to any person under more than one of the foregoing paragraphs.

Subject to compliance with the Equality Act 2010 and regulations made under that Act, the Trustees may, if applicable, restrict or cancel the Dependant(s) pensions payable under this Rule in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

Entitlement to the pension payable under the Rule shall commence with effect from the day next following the date of death of the Member and the pension shall be paid in accordance with Rule 2.1 [*Payment of Benefits: Commencement, frequency & method*].

Any pension payable in accordance with this Rule shall be paid for the lifetime of the beneficiary, Provided that any pension payable to a Child shall be paid only for as long as that person is within the definition of Child.

10 Contracting-Out Benefit Underpin

- 10.1 If the amount of any benefit payable under Section E of this Division to the Member or the Member's spouse pursuant to Rule 30 [*Spouse's/children's/dependants' Pensions*], in so far as that benefit is attributable to Pensionable Service completed after 5 April 1998, would (but for this Rule) be less than the amount of the corresponding benefit calculated under the reference scheme in accordance with Section 12B of the Pension Schemes Act as applied in respect of the Member, the Trustees shall increase by the amount of the resulting shortfall the benefit to which the Member or the Member's spouse is entitled. This Rule shall have effect only to the extent that, and for so long as, it is necessary to ensure that Section E of this Division meets at all times the "reference scheme test" pursuant to Section 9(2B) of the Pension Schemes Act, as certified by the Actuary.

11 Revenue Limits

- 11.1 The Revenue Limits apply to benefits payable under this Section E, as amended by Part 1 of Appendix 3 [*A Day Appendix: VUKPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to Both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section E.

SPECIFIC FINAL SALARY RULES: SECTION F

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION F

CENTRAL (VWSCPP THREE VALLEYS) MEMBERS

CONTENTS

Rule	Heading	
1	Application	156
2	Interpretation.....	156
3	Rule 18: Definitions.....	156
4	Rule 20: Contributions Required from Members	159
5	Rule 25: Leaving and Retirement Before Normal Retirement Date	159
6	Rule 27: Late retirement	161
7	Rule 28: Exchange of Benefits	162
8	Rule 29: Lump sum benefits on death.....	162
9	Rule 30: Spouse's/children's/dependants' pensions	163
10	Contracting-Out Benefit Underpin	166
11	Revenue Limits	167

SPECIFIC FINAL SALARY RULES: SECTION F

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION F

CENTRAL (VWSCPP THREE VALLEYS) MEMBERS

1 Application

This Section F applies to VWSCPP Members who transferred to the Veolia Water Central Limited Final Salary Division of the VUKPP under an agreement dated 19 May 2011 made by Veolia Water Central Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3) from the Veolia Water Central Limited Division of the VWSCPP. Provided that this Section F only applies to such members who were not transferred to the Veolia Water Central Final Salary Division of the VWSCPP from the Former North Surrey Water Limited Division of the VWSCPP or the Veolia Water Partnership Division of the VWSCPP by a deed dated 1 October 2010 made between Veolia Water Central Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3).

2 Interpretation

Unless otherwise stated, references to a Rule in this Section F of Part 4 [*Specific Final Salary Rules*] are to a Rule in the Part 1 [*Rules Applicable to Both Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 18: Definitions

“Calculation Year” means the year ending on the day on which the Member leaves Pensionable Service, retires or dies (or the total of 365 days before the day on which the Member leaves Pensionable Service, retires or dies in which contributions were made or deemed to have been made by or for the Member if the Member was absent from work without pay not through injury or illness).

“Child” means in relation to a person –

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has, in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement,

who (in either case) –

SPECIFIC FINAL SALARY RULES: SECTION F

- (a) is under the age of 17;
- (b) is in full-time education or full-time training for a trade, profession or vocation which is expected to last for at least two years; or
- (c) is wholly incapacitated before reaching age 17 or ceasing to be in such full-time education or training as is mentioned in (b) above and thereafter remains in such incapacity.

“Final Pensionable Pay” means –

- (i) the Pensionable Pay of the Member earned in the Calculation Year; or if greater and if either the Member so requests by notice in writing to the Trustees not later than one month after being notified of his entitlement to a benefit under the Plan, or, if he is dead, the Employer so determines
- (ii) the Pensionable Pay of the Member in one of the two years immediately before the Calculation Year.

Qualifications and Notes:

- 1 If a Member was not in Pensionable Service for the whole Calculation Year the Trustees will calculate Final Pensionable Pay in a manner which they consider equitable and which is consistent with the Contracting-out Requirements and the Preservation Requirements.
- 2 If the Employer certifies to a Member within 12 months of a reduction in his Pensionable Pay that the reduction is due to a material change in the Member’s circumstances (being a change resulting from his incapacity to continue to discharge efficiently the duties of his employment or otherwise from circumstances beyond his control) then:
 - (A) If the reduction occurred during the 13 years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Scheme that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the average of the Member’s Pensionable Pay during any three consecutive years in that 13 year period; but
 - (B) If the reduction occurred during the five years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Plan that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the amount received in any one of the last five years.
- 3 Where a Member’s Final Pensionable Pay is calculated by reference to any year other than the Calculation Year, Pensionable Pay for any year will be increased in line with increases in pensions under the Pensions (Increase) Act 1971, from the last day of that year up to the last day of the Calculation Year.

SPECIFIC FINAL SALARY RULES: SECTION F

- 4 Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay (but for this limit) must be disregarded unless otherwise agreed by the Employer and the Trustees.

“Incapacity” means permanent physical or mental deterioration in health, established by medical evidence supplied by (1) the Member’s own doctor and (2) (if so required by the Trustees) a doctor nominated by the Trustees, which in the opinion of the Trustees, after consulting the Employer, prevents the Member from following his normal occupation or seriously impairs his earning capacity.

“Manual Employee” means an employee of an Employer who is designated by written notice to the Trustees as a manual employee for the purposes of the Plan.

“Normal Retirement Date” means the date on which the Member attains age 65 or, if earlier, the date on which the Member completes 25 years’ Qualifying Service. Provided that, if the Member has completed 25 years’ Qualifying Service before attaining age 60, his Normal Retirement Date shall be the date he attains age 60 and provided further that the Normal Retirement Date of a Member whose Pensionable Service ceases before his expected Normal Retirement Date shall be determined in accordance with this definition on the assumption that he had not left early.

“Pensionable Pay” means the amount of the Member’s basic salary and contractual overtime earned in respect of the relevant pay period.

Qualifications and notes:

- 1 Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind as may from time to time be notified, in respect of a Member, by the Employers to the Trustees.
- 2 Where any benefit or any contribution under Rule 20.1 [*Contributions required from Members: Rates*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded unless otherwise agreed by the Employer and the Trustees.
- 3 In the case of a Member temporarily absent from Service, refer to Rule 22. [*Maternity leave and other Absences*].
- 4 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

“Standard Amount” means in relation to a Member –

- (i) a pension at an annual rate of 1/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day; and
- (ii) a lump sum equal to 3/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day.

SPECIFIC FINAL SALARY RULES: SECTION F

Qualification and Notes:

- 1 See note 5 of the definition of "Pensionable Service" in Rule 1.2 [*Interpretation: Meanings of specific words or expressions used in the Third Definitive Trust Deed and Rules*].
- 2 The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] (if applicable).
- 3 The Standard Amount in relation to any Member's benefits may be increased under Rule 4.1 [*Augmentation of benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

4 Rule 20: Contributions Required from Members

4.1 Rates

Each Member in Pensionable Service must contribute to the Plan at the following rates:

- (a) at the rate of 5% of his Pensionable Pay if he is a Manual Employee; or
- (b) at the rate of 6% of his Pensionable Pay if he is an employee who is not a Manual Employee.

5 Rule 25: Leaving and Retirement Before Normal Retirement Date

5.1 Other Members

Rule 25.2 [*Leaving and Retirement Before Normal Retirement Date: Other Members*] is amended by the addition of the following option IV:

"Option IV: to draw special early retirement benefits if suffering from incapacity."

and by replacing Note 2 with the following: "The exercise of Option II requires the consent of the Principal Employer and the Trustees, and the exercise of Option IV requires the consent of the Employer".

5.2 Qualifying conditions and commencement

Rule 25.5 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] is amended to delete the words in brackets and provide that the consent of the Principal Employer and the Trustees is not required where the Member retires on or after age 60.

5.3 Amount

Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*] is amended to provide that, if the Employer so determines, no reduction shall apply where retirement is at the Employer's request or on account of redundancy or severance or, in the case of a joint appointment, because the other person has left employment.

SPECIFIC FINAL SALARY RULES: SECTION F5.4 Overriding condition as to amount

Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Overriding condition as to amount*] is amended by the addition of the words “or Option IV” after the words “or in respect of a Member who exercises Option I or Option II.

5.5 Early retirement benefits on Incapacity

The following Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] is added immediately after Rule 25.8 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions*]:

“Option IV: Early Retirement Benefits On Incapacity25.9 Qualifying conditions and commencement

A Member who leaves Service before Normal Retirement Date may exercise this Option IV if he leaves Service because he is suffering from Incapacity (and is not in receipt of or about to receive benefit under any permanent health insurance scheme of the Employer) and the Employer consents. By exercising Option IV, the Member shall become entitled to payment of immediate benefits of the Standard Amount but with Pensionable Service increased as follows:

Pensionable Service at retirement	Increase
2 years to 4 years, 364 days	No additional service
5 years to 9 years, 364 days	Doubled
10 years to 13 years, 121 days	Increased to 20 years
13 years, 122 days or more	Additional 6 years, 243 days

Pensionable Service in the above Table excludes additional Pensionable Service secured under Rule 21.4 [*Members’ Voluntary Contributions: benefits secured*] and Pensionable Service increased as described above cannot exceed the maximum Pensionable Service (including the increase) the Member would have completed had he stayed in Service until age 65 or completion of 40 years’ actual Pensionable Service, whichever would have occurred first.

A Member who is not a Pre-1992 Member and who is entitled to a pension under Option IV must submit evidence of continued Incapacity to the Trustees if they so require and, if he does not produce evidence, which satisfies the Trustees, of his continued Incapacity, they may reduce or suspend the pension. The amount of the pension shall not be reduced to less than the amount of pension that the Member would have received under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*] if he had instead exercised Option II. Any pensions payable on the Member’s death will be adjusted appropriately on the advice of the Actuary.”

No pension shall be paid under the Rules on the grounds of Incapacity before the Member’s normal minimum pension age (or the Member’s protected pension age, if different) for the purposes of the Finance Act 2004 unless:

SPECIFIC FINAL SALARY RULES: SECTION F

- (a) the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and
- (b) the Member has in fact ceased to carry on that occupation.

The provisions of Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Overriding condition as to amount*] also apply to any pension payable under Option IV.

6 Rule 27: Late retirement**6.1 Payment after Normal Retirement Date**

If a Member (other than a Refund Only Member) with, in the case of a Member remaining in Service after having attained age 65, the consent of his employer, remains in Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;
- (c) the date on which he opts-out of Section F of this Division under Rule 23 [*Opting-Out and Re-Admission*]; and
- (d) if the Member is an Uncapped Member or HM Revenue & Customs otherwise allows, such a date as the Member agrees with the Trustees and the Employer for the purpose of Rule 6.2 [*Rule 27: Late retirement: Special Provisions for Uncapped Members*] of Section F of these Specific Final Salary Rules.

If the pension commences before he leaves Service, subject to Rule 6.2 [*Rule 27: Late retirement: Special Provisions for Uncapped Members*] of Section F of these Specific Final Salary Rules he shall be treated under the Rules as if he had left Service immediately before its commencement.

6.2 Special Provisions for Uncapped Members

An Uncapped Member to whom Rule 6.1 [*Rule 27: Late retirement: Payment after Normal Retirement Date*] of Section F of these Specific Final Salary Rules applies may, subject to the conditions set out in this Rule, choose to receive all of his benefits before the date of his actual retirement. The conditions are as follows:

- (a) he must obtain consent of the Trustees and the Employer;
- (b) the choice must be made on or after Normal Retirement Date and before the date of his actual retirement (when, if he has not exercised any of the choices available under this Rule, his benefits shall in any event become payable);
- (c) if he elects to receive both a lump sum and a pension benefit, no part of his benefits shall be deferred until his actual retirement; and

SPECIFIC FINAL SALARY RULES: SECTION F

- (d) in calculating his benefits and the maximum limits applicable to his benefits as set out in the Revenue Limits Appendix, it shall be assumed that he retired on the date upon which such benefits are to become payable, and no further benefits may subsequently be provided for him which would exceed any limit set out in the Revenue Limits Appendix applicable to benefits on retirement at such date.

6.3 Amount

At their commencement the benefits payable under this Rule shall be equal to the Standard Amount, but calculated on the basis that the Member's Final Pensionable Pay is his Final Pensionable Pay calculated at the date immediately before his benefits commence to be paid.

The provisions of this Rule are subject to the Contracting-Out Appendix, and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.

7 Rule 28: Exchange of Benefits**7.1 Exchange of Pension for Lump Sum**

A Member may, by notice in writing to the Trustees, exchange part or all of his cash lump sum for a pension payable when the Member's pension is due to commence or for a pension payable in respect of him on his death.

8 Rule 29: Lump sum benefits on death**8.1 Circumstances in which payable and amount**

If a Member dies in any of the circumstances set out below the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section F of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances –

(a) If the Member dies in Pensionable Service:

3 times the annual rate of his Pensionable Pay applicable immediately before his death or, if greater, 3 times his Final Pensionable Pay;

(b) If the Member dies after his pension under Section F of this Division had commenced but before the fifth anniversary of the date of such commencement:

an amount equal to the total additional instalments of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced, excluding any future increases that would have applied to that person;

(c) If the Member dies while entitled to preserved benefits under Section F of this Division and before payment has commenced:

SPECIFIC FINAL SALARY RULES: SECTION F

an amount equal to the lump sum element of the Member's preserved benefits of the Standard Amount adjusted (where appropriate) to the date of death in accordance with Rule 25.4 [*Leaving and Retirement Before Normal Retirement Date: Adjustment of preserved pension*].

8.2 Restrictions on amount of benefit

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section F of these Specific Final Salary Rules any amount of the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded.

8.3 Payment

6.1 Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in that Rule.

9 Rule 30: Spouse's/children's/dependants' pensions**9.1 Spouse's pension**

On the death of a Member, a pension shall be payable under Section F of this Division to the Member's surviving spouse in accordance with Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section F of these Specific Final Salary Rules provided that in relation to a Member who dies and subject to the Contracting-Out Appendix –

- (a) in the case of a Member other than a Pre-1992 Member, if the spouse was not living with the Member at the date of the Member's death, then in those circumstances the spouse's pension will only be paid if the Trustees see fit, and if they reduce that pension (in whole or in part) they may pay the balance or (as the case may be) the whole of the pension to one or more of the Member's Dependants;
- (b) if there is more than one surviving spouse, the spouse's pension will be paid to one or more of them in such shares as the Trustees decide.

A spouse's pension shall comprise:

- (a) a short-term pension payable for the period of three months immediately following the Member's death; and
- (b) a long-term pension payable thereafter,

Provided that a spouse's short-term pension will not be payable under Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section F of these Specific Final Salary Rules and accordingly the

SPECIFIC FINAL SALARY RULES: SECTION F

spouse's long-term pension payable as mentioned in that Rule shall commence on the Member's death.

9.2 Children's pension

If a Member dies leaving one or more Children, a children's pension shall be payable to the Children in accordance with Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section F of these Specific Final Salary Rules.

The children's pension will be paid to one or more Children, or to the eldest two if there are three or more, or used for their benefit in such shares as the Trustees decide from time to time. A children's pension will continue to be payable until there is no remaining Child.

A children's pension shall comprise:

- (a) a short-term pension payable for the period of three months immediately following the Member's death; and
- (b) a long-term pension payable thereafter,

Provided that

- (a) a children's short-term pension will not be payable under Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section F of these Specific Final Salary Rules nor will it be payable if a spouse's short-term pension is being paid;
- (b) accordingly the children's long-term pension payable as mentioned in Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section F of these Specific Final Salary Rules shall commence on the Member's death; and
- (c) otherwise, if a spouse's short-term pension is being paid, the children's long-term pension will commence when the spouse's short-term pension has ceased.

9.3 Pensions payable where Member dies whilst in Pensionable Service

The pensions payable pursuant to, and subject to the provisos contained in, Rule 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section F of these Specific Final Salary Rules where a Member dies whilst in Pensionable Service are –

- (a) the spouse's short-term pension equal to 1/12 of the Member's Final Pensionable Pay for each month for which that pension is payable;
- (b) the spouse's long-term pension equal to ½ of the Member's Pension;
- (c) the children's short-term pension equal to 1/12 of the Member's Final Pensionable Pay

SPECIFIC FINAL SALARY RULES: SECTION F

for each month for which that pension is payable.

- (d) The children's long-term pension equal to 1/4 of the "Member's Pension" for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] of Section F of these Specific Final Salary Rules "Members Pension" means the greater of:

- (a) the pension the Member would have received under this Section F of this Division by virtue of Rule 26 [*Retirement at Normal Retirement Date*] if he had stayed in Pensionable Service until Normal Retirement Date (or if he had retired immediately before his death in a case where he had already reached Normal Retirement Date) but based on his Final Pensionable Pay at the date of death; and
- (b) the pension the Member would have received under this Section F of this Division by virtue of Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] if he had retired through Incapacity immediately before death based on his Pensionable Service (as increased under that Rule) at the date of death.

9.4 Pensions payable where Member dies whilst on pension

The pensions payable pursuant to, and subject to the provisos contained in Rules 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section F of these Specific Final Salary Rules where a Member dies whilst entitled to receive a pension under Section F of this Division (other than a Member who was entitled to receive a preserved pension) are –

- (a) the spouse's short-term pension equal to the Member's Pension;
- (b) the spouse's long-term pension equal to 1/2 of the Member's Pension;
- (c) the children's short-term pension equal to the Member's Pension;
- (d) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.4 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst on pension*] of Section F of these Specific Final Salary Rules "Members Pension" means the pension payable under Section F of this Division to the Member immediately before his death (or which would have been payable if the Member had not made an election under Rule 31 [*Voluntary Dependant's Pension*]) ignoring only for the purposes of (b) and (d) above any reduction for early payment under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*].

SPECIFIC FINAL SALARY RULES: SECTION F**9.5 Pensions payable where Member dies whilst entitled to preserved benefits**

The pension payable pursuant to, and subject to the provisos contained in, Rules 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section F of these Specific Final Salary Rules where a Member dies with an entitlement to preserved benefits under Section F of this Division by virtue of Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date: Preserved Pension: Entitlement and Commencement*] before such benefits are in payment, are –

- (a) the spouse's long-term pension equal to 1/2 of the Member's Pension (no short-term pension being payable to the spouse);
- (b) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two (no short-term pension being payable to a Child), except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section F of these Specific Final Salary Rules "Member's Pension" means the preserved pension to which the Member was entitled under Section F of this Division immediately before the Member's death, calculated in accordance with Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date: Preserved Pension: Entitlement and Commencement*] and adjusted to take account of increases required under the Rules in respect of the period between the date of the Member's ceasing to be in Pensionable Service and the date of the Member's death.

9.6 Discretionary adult Dependant's pension

If a Member dies in any of the circumstances described in Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section F of these Specific Final Salary Rules but without leaving a surviving spouse to whom the Member was married at the date of death, the Trustees in their absolute discretion may decide to pay a pension to any other adult Dependant of the Member. The amount of the pension shall not exceed the pension which would have been payable to such person had the recipient been the Member's spouse at the date of the Member's death. If there are more than one such Dependant, then the Trustees may divide the pension in such proportions as the Trustees may in their discretion decide.

10 Contracting-out Underpin

- 10.1 If the amount of any benefit payable under Section F of this Division to the Member's spouse pursuant to Rule 9.4 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst on pension*] or Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section F of these Specific Final Salary Rules, in so far as that benefit is attributable to Pensionable Service completed after 5 April 1997, would (but for this Rule) be less than the amount of the corresponding benefit calculated under the reference scheme in accordance with Section 12B of the Pension Schemes Act as applied in respect of the Member, the Trustees shall increase by the amount of the resulting shortfall the benefit to which the Member's spouse is entitled. This

SPECIFIC FINAL SALARY RULES: SECTION F

Rule shall have effect only to the extent that, and for so long as, it is necessary to ensure that the Plan meets at all times the “reference scheme test” pursuant to Section 9(2B) of the Pension Schemes Act, as certified by the Actuary.

11 Revenue Limits

- 11.1 The Revenue Limits apply to benefits payable under this Section F, as amended by Part 2 of Appendix 3 [*A Day Appendix: VWSCPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to Both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section F.

SPECIFIC FINAL SALARY RULES: SECTION G

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION G

CENTRAL (VWSCPP NORTH SURREY) MEMBERS

CONTENTS

Rule	Heading	
1	Application	169
2	Interpretation.....	169
3	Rule 18: Definitions.....	169
4	Rule 20: Contributions Required from Members	172
5	Rule 25: Leaving and Retirement Before Normal Retirement Date	172
6	Rule 27: Late retirement	174
7	Rule 28: Exchange of Benefits	175
8	Rule 29: Lump sum benefits on death.....	175
9	Rule 30: Spouse's/children's/dependants' pensions	176
10	Revenue Limits	179

SPECIFIC FINAL SALARY RULES: SECTION G

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION G

CENTRAL (VWSCPP NORTH SURREY) MEMBERS

1 Application

This Section G applies to VWSCPP Members who transferred to the Veolia Water Central Limited Final Salary Division of the VUKPP under an agreement dated 19 May 2011 made by Veolia Water Central Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3) from the Veolia Water Central Limited Division of the VWSCPP and who prior to that transfer were transferred to the Veolia Water Central Limited Division of the VWSCPP from the Former North Surrey Water Limited Division of the VWSCPP by a deed dated 1 October 2010 made between Veolia Water Central Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3).

2 Interpretation

Unless otherwise stated, references to a Rule in this Section G of Part 4 [*Specific Final Salary Rules*], Section G Rules are to a Rule in the Part 1 [*Rules Applicable to All Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 18: Definitions

“**Calculation Year**” means the year ending on the day on which the Member leaves Pensionable Service, retires or dies (or the total of 365 days before the day on which the Member leaves Pensionable Service, retires or dies in which contributions were made or deemed to have been made by or for the Member if the Member was absent from work without pay not through injury or illness).

“**Child**” means in relation to a person –

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has, in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement,

who (in either case) –

- (d) is under the age of 17;

SPECIFIC FINAL SALARY RULES: SECTION G

- (e) is in full-time education or full-time training for a trade, profession or vocation which is expected to last for at least two years; or
- (f) is wholly incapacitated before reaching age 17 or ceasing to be in such full-time education or training as is mentioned in (b) above and thereafter remains in such incapacity.

“Final Pensionable Pay” means –

- (i) the Pensionable Pay of the Member earned in the Calculation Year; or if greater and if either the Member so requests by notice in writing to the Trustees not later than one month after being notified of his entitlement to a benefit under the Plan, or, if he is dead, the Employer so determines
- (ii) the Pensionable Pay of the Member in one of the two years immediately before the Calculation Year.

Qualifications and Notes:

- 1 If a Member was not in Pensionable Service for the whole Calculation Year the Trustees will calculate Final Pensionable Pay in a manner which they consider equitable and which is consistent with the Contracting-out Requirements and the Preservation Requirements.
- 2 If the Employer certifies to a Member within 12 months of a reduction in his Pensionable Pay that the reduction is due to a material change in the Member’s circumstances (being a change resulting from his incapacity to continue to discharge efficiently the duties of his employment or otherwise from circumstances beyond his control) then:
 - (A) If the reduction occurred during the 13 years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Scheme that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the average of the Member’s Pensionable Pay during any three consecutive years in that 13 year period; but
 - (B) If the reduction occurred during the five years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Plan that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the amount received in any one of the last five years.
- 3 Where a Member’s Final Pensionable Pay is calculated by reference to any year other than the Calculation Year, Pensionable Pay for any year will be increased in line with increases in pensions under the Pensions (Increase) Act 1971 from the last day of that year up to the last day of the Calculation Year.
- 4 Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay

SPECIFIC FINAL SALARY RULES: SECTION G

(but for this limit) must be disregarded unless otherwise agreed by the Employer and the Trustees.

“Incapacity” means permanent physical or mental deterioration in health, established by medical evidence supplied by (1) the Member’s own doctor and (2) (if so required by the Trustees) a doctor nominated by the Trustees, which in the opinion of the Trustees, after consulting the Employer, prevents the Member from following his normal occupation or seriously impairs his earning capacity.

“Manual Employee” means an employee of an Employer who is designated by written notice to the Trustees as a manual employee for the purposes of the Plan.

“Normal Retirement Date” means the date on which the Member attains age 65 or, if earlier, the date on which the Member completes 25 years’ Qualifying Service. Provided that, if the Member has completed 25 years’ Qualifying Service before attaining age 60, his Normal Retirement Date shall be the date he attains age 60 and Provided further that the Normal Retirement Date of a Member whose Pensionable Service ceases before his expected Normal Retirement Date shall be determined in accordance with this definition on the assumption that he had not left early.

“Pensionable Pay” means the amount of the Member’s basic salary and contractual overtime earned in respect of the relevant pay period.

Qualifications and Notes:

- 1 Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind as may from time to time be notified, in respect of a Member, by the Employers to the Trustees.
- 2 Where any benefit or any contribution under Rule 20.1 [*Contributions required from Members: Rates*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded unless otherwise agreed by the Employer and the Trustees.
- 3 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
- 4 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

“Standard Amount” means in relation to a Member –

- (i) a pension at an annual rate of 1/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day; and
- (ii) a lump sum equal to 3/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day.

SPECIFIC FINAL SALARY RULES: SECTION G

Qualification and Notes:

- 1 See note 5 of the definition of "Pensionable Service" in Rule 1.2 [*Interpretation: Meanings of specific words or expressions used in the Third Definitive Trust Deed and Rules*].
- 2 The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] (if applicable).
- 3 The Standard Amount in relation to any Member's benefits may be increased under Rule 4.1 [*Augmentation of Benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

4 Rule 20: Contributions Required from Members4.1 Rates

Each Member in Pensionable Service must contribute to the Plan at the rate of 6% of his Pensionable Pay.

5 Rule 25: Leaving and Retirement Before Normal Retirement Date5.1 Other Members

Rule 25.2 [*Leaving and Retirement Before Normal Retirement Date: Other Members*] is amended by the addition of the following option IV:

"Option IV: to draw special early retirement benefits if suffering from incapacity."

and by replacing Note 2 with the following: "The exercise of Option II requires the consent of the Principal Employer, and the exercise of Option IV requires the consent of the Employer".

5.2 Qualifying conditions and commencement

Rule 25.5 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] is amended to delete the words in brackets and to provide that the consent of the Principal Employer and the Trustees is not required where the Member retires on or after age 60.

5.3 Amount

Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*] is amended to provide that no reduction shall apply where retirement is at the Employer's request or on account of redundancy or severance or, in the case of a joint appointment, because the other person has left employment in each case as the Employer determines.

SPECIFIC FINAL SALARY RULES: SECTION G5.4 Overriding condition as to amount

Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Overriding condition as to amount*] is amended by the addition of the words “or Option IV” after the words “or in respect of a Member who exercises Option I or Option II”.

5.5 Early retirement benefits on Incapacity

The following Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] is added immediately after Rule 25.8 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Qualifying conditions*]:

“Option IV: Early Retirement Benefits On Incapacity25.9 Qualifying conditions and commencement

A Member who leaves Service before Normal Retirement Date may exercise this Option IV if he leaves Service because he is suffering from Incapacity (and is not in receipt of or about to receive benefit under any permanent health insurance scheme of the Employer) and the Employer consents. By exercising Option IV, the Member shall become entitled to payment of immediate benefits of the Standard Amount but with Pensionable Service increased as follows:

Pensionable Service at retirement	Increase
2 years to 4 years, 364 days	No additional service
5 years to 9 years, 364 days	Doubled
10 years to 13 years, 121 days	Increased to 20 years
13 years, 122 days or more	Additional 6 years, 243 days

Pensionable Service in the above Table excludes additional Pensionable Service secured under Rule 21.4 [*Members’ Voluntary Contributions: Benefits Secured*] and Pensionable Service increased as described above cannot exceed the maximum Pensionable Service (including the increase) the Member would have completed had he stayed in Service until age 65 or completion of 40 years’ actual Pensionable Service, whichever would have occurred first.

A Member who is not a Pre-1992 Member and who is entitled to a pension under Option IV must submit evidence of continued Incapacity to the Trustees if they so require and, if he does not produce evidence, which satisfies the Trustees, of his continued Incapacity, they may reduce or suspend the pension. The amount of the pension shall not be reduced to less than the amount of pension that the Member would have received under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*] if he had instead exercised Option II. Any pensions payable on the Member’s death will be adjusted appropriately on the advice of the Actuary.

No pension shall be paid under the Rules on the grounds of Incapacity before the Member’s normal minimum pension age (or the Member’s protected pension age, if different) for the purposes of the Finance Act 2004 unless:

SPECIFIC FINAL SALARY RULES: SECTION G

- (a) the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and
- (b) the Member has in fact ceased to carry on that occupation.

The provisions of Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Overriding condition as to amount*] also apply to any pension payable under Option IV.”

6 Rule 27: Late retirement

6.1 Payment after Normal Retirement Date

If a Member (other than a Refund Only Member) with, in the case of a Member remaining in Service after having attained age 65, the consent of his Employer, remains in Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;
- (c) the date on which he opts-out of Section G of this Division under Rule 23 [*Opting-Out and Re-Admission*]; and
- (d) if the Member is an Uncapped Member or HM Revenue & Customs otherwise allows, such a date as the Member agrees with the Trustees and the Employer for the purpose of Rule 6.2 [*Rule 27: Late retirement: Special Provisions for Uncapped Members*] of Section G of these Specific Final Salary Rules.

If the pension commences before he leaves Service, subject to Rule 6.2 [*Rule 27: Late retirement: Special Provisions for Uncapped Members*] of Section G of these Specific Final Salary Rules he shall be treated under the Rules as if he had left Service immediately before its commencement.

6.2 Special Provisions for Uncapped Members

An Uncapped Member to whom Rule 6.1 [*Rule 27: Late retirement: Payment after Normal Retirement Date*] of Section G of these Specific Final Salary Rules applies may, subject to the conditions set out in this Rule, choose to receive all of his benefits before the date of his actual retirement. The conditions are as follows:

- (a) he must obtain consent of the Trustees and the Employer;
- (b) the choice must be made on or after Normal Retirement Date and before the date of his actual retirement (when, if he has not exercised any of the choices available under this Rule, his benefits shall in any event become payable);
- (c) if he elects to receive both a lump sum and a pension benefit, no part of his benefits shall be deferred until his actual retirement; and

SPECIFIC FINAL SALARY RULES: SECTION G

- (d) in calculating his benefits and the maximum limits applicable to his benefits as set out in the Revenue Limits Appendix, it shall be assumed that he retired on the date upon which such benefits are to become payable, and no further benefits may subsequently be provided for him which would exceed any limit set out in the Revenue Limits Appendix applicable to benefits on retirement at such date.

6.3 Amount

At their commencement the benefits payable under this Rule shall be equal to the Standard Amount, but calculated on the basis that the Member's Final Pensionable Pay is his Final Pensionable Pay calculated at the date immediately before his benefits commence to be paid.

The provisions of this Rule are subject to the Contracting-Out Appendix, and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.

7 Rule 28: Exchange of Benefits**Exchange of Pension for Lump Sum**

- 7.1 A Member may, by notice in writing to the Trustees, exchange part or all of his cash lump sum for a pension payable when the Member's pension is due to commence or for a pension payable in respect of him on his death.

8 Rule 29: Lump sum benefits on death**8.1 Circumstances in which payable and amount**

If a Member dies in any of the circumstances set out below the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section G of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances –

- (a) If the Member dies in Pensionable Service:

4 times the annual rate of his Pensionable Pay applicable immediately before his death or, if greater, 4 times his Final Pensionable Pay;

- (b) If the Member dies after his pension under Section G of this Division had commenced but before the fifth anniversary of the date of such commencement:

an amount equal to the total additional instalments of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced, excluding any future increases that would have applied to that person;

- (c) If the Member dies while entitled to preserved benefits under Section G of this Division and before payment has commenced:

SPECIFIC FINAL SALARY RULES: SECTION G

an amount equal to the lump sum element of the Member's preserved benefits of the Standard Amount adjusted (where appropriate) to the date of death in accordance with Rule 25.4 [*Leaving and Retirement Before Normal Retirement Date: Adjustment of preserved pension*].

8.2 Restrictions on amount of benefit

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section G of these Specific Final Salary Rules any amount if the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded.

8.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in that Rule.

9 Rule 30: Spouse's/children's/dependants' pensions**9.1 Spouse's pension**

On the death of a Member, a pension shall be payable under Section G of this Division to the Member's surviving spouse in accordance with Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section G of these Specific Final Salary Rules provided that in relation to a Member who dies and subject to the Contracting-Out Appendix –

- (a) in the case of a Pre-1992 Member, if the Member was judicially separated from spouse at the date of the Member's death (or the date when the Member first became entitled to receive a pension or left Pensionable Service, as the case may be) and in the case of a Member other than a Pre-1992 Member, if the spouse was not living with the Member at the date of the Member's death, then in those circumstances the spouse's pension will only be paid if the Trustees see fit, and if they reduce that pension (in whole or in part) they may pay the balance or (as the case may be) the whole of the pension to one or more of the Member's Dependants;
- (b) if there is more than one surviving spouse, the spouse's pension will be paid to one or more of them in such shares as the Trustees decide.

A spouse's pension shall comprise:

- (a) a short-term pension payable for the period of three months immediately following the Member's death; and
- (b) a long-term pension payable thereafter.

SPECIFIC FINAL SALARY RULES: SECTION G

Provided that a spouse's short-term pension will not be payable under Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section G of these Specific Final Salary Rules and accordingly the spouse's long-term pension payable as mentioned in that Rule shall commence on the Member's death.

9.2 Children's pension

If a Member dies leaving one or more Children, a children's pension shall be payable to the Children in accordance with Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section G of these Specific Final Salary Rules.

The children's pension will be paid to one or more Children, or to the eldest two if there are three or more, or used for their benefit in such shares as the Trustees decide from time to time. A children's pension will continue to be payable until there is no remaining Child.

A children's pension shall comprise:

- (a) a short-term pension payable for the period of three months immediately following the Member's death; and
- (b) a long-term pension payable thereafter,

Provided that

- (a) a children's short-term pension will not be payable under Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section G of these Specific Final Salary Rules nor will it be payable if a spouse's short-term pension is being paid;
- (b) accordingly the children's long-term pension payable as mentions in Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section G of these Specific Final Salary Rules shall commence on the Member's death; and
- (c) otherwise, if a spouse's short-term pension is being paid, the children's long-term pension will commence when the spouse's short-term pension has ceased.

9.3 Pensions payable where Member dies whilst in Pensionable Service

The pensions payable pursuant to, and subject to the provisos contained in, Rule 9.1 and 9.2 of Section G of these Specific Final Salary Rules where a Member dies whilst in Pensionable Service are –

- (a) the spouse's short-term pension equal to 1/12 of the Member's Final Pensionable Pay for each month for which that pension is payable;
- (b) the spouse's long-term pension equal to 1/2 of the Member's Pension;

SPECIFIC FINAL SALARY RULES: SECTION G

- (c) the children's short-term pension equal to 1/12 of the Member's Final Pensionable Pay for each month for which that pension is payable.
- (d) The children's long-term pension equal to 1/4 of the pension described in paragraph (b) of the definition of "Member's Pension" below for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.3 of Section G of these Specific Final Salary Rules "Member's Pension" means the greater of:

- (a) the pension the Member would have received under Section G of this Division by virtue of Rule 26 [*Retirement at Normal Retirement Date*] if he had stayed in Pensionable Service until Normal Retirement Date (or if he had retired immediately before his death in a case where he had already reached Normal Retirement Date) but based on his Final Pensionable Pay at the date of death; and
- (b) the pension the Member would have received under Section G of this Division by virtue of Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] if he had retired through Incapacity immediately before death based on his Pensionable Service (as increased under that Rule) at the date of death.

9.4 Pensions payable where Member dies whilst on pension

The pensions payable pursuant to, and subject to the provisos contained in Rules 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section G of these Specific Final Salary Rules where a Member dies whilst entitled to receive a pension under Section G of this Division (other than a Member who was entitled to receive a preserved pension) are –

- (a) the spouse's short-term pension equal to the Member's Pension;
- (b) the spouse's long-term pension equal to 1/2 of the Member's Pension;
- (c) the children's short-term pension equal to the Member's Pension;
- (d) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.4 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst on pension*] of Section G of these Specific Final Salary Rules "Member's Pension" means the pension payable under Section G of this Division to the Member immediately before his death (or which would have been payable if the Member had not made an election under Rule 31 [*Voluntary Dependant's Pension*] ignoring only for the purposes of (b) and (d) above any reduction for early payment under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*]).

SPECIFIC FINAL SALARY RULES: SECTION G**9.5 Pensions payable where Member dies whilst entitled to preserved benefits**

The pension payable pursuant to, and subject to the provisos contained in, Rules 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section G of these Specific Final Salary Rules where a Member dies with an entitlement to preserved benefits under Section G of this Division by virtue of Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date: Preserved Benefits: Entitlement and Commencement*] before such benefits are in payment, are –

- (a) the spouse's long-term pension equal to 1/2 of the Member's Pension (no short-term pension being payable to the spouse);
- (b) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two (no short-term pension being payable to a Child), except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section G of these Specific Final Salary Rules "Member's Pension" means the preserved pension to which the Member was entitled under Section G of this Division immediately before the Member's death, calculated in accordance with Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date: Entitlement and Commencement*] and adjusted to take account of increases required under the Rules in respect of the period between the date of the Member's ceasing to be in Pensionable Service and the date of the Member's death.

9.6 Discretionary adult Dependant's pension

If a Member dies in any of the circumstances described in Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section G of these Specific Final Salary Rules but without leaving a surviving spouse to whom the Member was married at the date of death, the Trustees in their absolute discretion may decide to pay a pension to any other adult Dependant of the Member. The amount of the pension shall not exceed the pension which would have been payable to such person had the recipient been the Member's spouse at the date of the Member's death. If there is more than one such Dependant, then the Trustees may divide the pension in such proportions as the Trustees may in their discretion decide.

10 Revenue Limits

- 10.1 The Revenue Limits apply to benefits payable under this Section G, as amended by Part 2 of Appendix 3 [*A Day Appendix: VWSCPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to Both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section G.

SPECIFIC FINAL SALARY RULES: SECTION H

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION H

CENTRAL (VWSCPP PARTNERSHIP) MEMBERS

CONTENTS

Rule	Heading	
1	Application	181
2	Interpretation.....	181
3	Rule 18: Definitions.....	181
4	Rule 20: Contributions Required from Members	184
5	Rule 25: Leaving and Retirement Before Normal Retirement Date	185
6	Rule 27: Late retirement	187
7	Rule 28: Exchange of Benefits	188
8	Rule 29: Lump sum benefits on death.....	188
9	Rule 30: Spouse's/children's/dependants' pensions	189
10	Revenue Limits	193

SPECIFIC FINAL SALARY RULES: SECTION H

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (CENTRAL) MEMBERS

SECTION H

PARTNERSHIP (VWSCPP) MEMBERS

1 Application

This Section H applies to VWSCPP Members who transferred to the Veolia Water Central Limited Final Salary Division of the VUKPP under an agreement dated 19 May 2011 made by Veolia Water Central Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3) from the Veolia Water Central Limited Division of the VWSCPP and who prior to that transfer were transferred to the Veolia Water Central Limited Division of the VWSCPP from the Veolia Water Partnership Division of the VWSCPP by a deed dated 1 October 2010 made between Veolia Water Central Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3).

2 Interpretation

Unless otherwise stated, references to a Rule in this Section H of Part 4 [*Specific Final Salary Rules*] are to a Rule in the Part 1 [*Rules Applicable to Both Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 18: Definitions

“Calculation Year” means the year ending on the day on which the Member leaves Pensionable Service, retires or dies (or the total of 365 days before the day on which the Member leaves Pensionable Service, retires or dies in which contributions were made or deemed to have been made by or for the Member if the Member was absent from work without pay not through injury or illness).

“Child” means in relation to a person –

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has, in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement,

who (in either case) –

SPECIFIC FINAL SALARY RULES: SECTION H

- (a) is under the age of 17;
- (b) is in full-time education or full-time training for a trade, profession or vocation which is expected to last for at least two years; or
- (c) is wholly incapacitated before reaching age 17 or ceasing to be in such full-time education or training as is mentioned in (b) above and thereafter remains in such incapacity.

“Final Pensionable Pay” means –

- (i) the Pensionable Pay of the Member earned in the Calculation Year; or if greater and if either the Member so requests by notice in writing to the Trustees not later than one month after being notified of his entitlement to a benefit under the Plan, or, if he is dead, the Employer so determines
- (ii) the Pensionable Pay of the Member in one of the two years immediately before the Calculation Year.

Qualifications and Notes:

- 1 If a Member was not in Pensionable Service for the whole Calculation Year the Trustees will calculate Final Pensionable Pay in a manner which they consider equitable and which is consistent with the Contracting-out Requirements and the Preservation Requirements.
- 2 If the Employer certifies to a Member within 12 months of a reduction in his Pensionable Pay that the reduction is due to a material change in the Member’s circumstances (being a change resulting from his incapacity to continue to discharge efficiently the duties of his employment or otherwise from circumstances beyond his control) then:
 - (A) If the reduction occurred during the 13 years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Scheme that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the average of the Member’s Pensionable Pay during any three consecutive years in that 13 year period; but
 - (B) If the reduction occurred during the five years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Plan that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the amount received in any one of the last five years.
- 3 Where a Member’s Final Pensionable Pay is calculated by reference to any year other than the Calculation Year, Pensionable Pay for any year will be increased in line with increases in pensions under the Pensions (Increase) Act 1971 from the last day of that year up to the last day of the Calculation Year.

SPECIFIC FINAL SALARY RULES: SECTION H

- 4 Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay (but for this limit) must be disregarded unless otherwise agreed by the Employer and the Trustees.

“Former Folkestone and Dover Member” means a Member whose employment was transferred to General Utilities Projects Limited or to GU Partnership and who was employed by Folkestone and Dover Water Services Limited immediately prior to joining the Veolia Water Partnership Division of the VWSCPP, and whose benefits were subsequently transferred to the Veolia Water Partnership Final Salary Division of the VUKPP prior to him becoming a Transferring Member.

“Former North Surrey Water Member” means a Member whose employment was transferred to General Utilities Projects Limited or to GU Partnership and who was employed by North Surrey Water Limited immediately prior to joining the Veolia Water Partnership Division of the VWSCPP, and whose benefits were subsequently transferred to the Veolia Water Partnership Final Salary Division of the VUKPP prior to his becoming a Transferring Member.

“Former Tendring Hundred Member” means a Member whose employment was transferred to General Utilities Projects Limited or to GU Partnership and who was employed by Tendring Hundred Water Services Limited immediately prior to joining the Veolia Water Partnership Division of the VWSCPP, and whose benefits were subsequently transferred to the Veolia Water Partnership Final Salary Division of the VUKPP prior to his becoming a Transferring Member.

“Incapacity” means permanent physical or mental deterioration in health, established by medical evidence supplied by (1) the Member’s own doctor and (2) (if so required by the Trustees) a doctor nominated by the Trustees, which in the opinion of the Trustees, after consulting the Employer, prevents the Member from following his normal occupation or seriously impairs his earning capacity.

“Life Assurance Only Member” means a Member who joined the Water Scheme on terms that the only benefits to which he would be entitled under the Water Scheme were lump sum benefits in the event of his death whilst in service and who joined the Veolia Water Partnership Division of the VWSCPP on identical terms in relation to benefits whilst in Service under the Veolia Water Partnership Division of the VWSCPP.

“Manual Employee” means an employee of an Employer who is designated by written notice to the Trustees as a manual employee for the purposes of the Plan.

“Normal Retirement Date” means the date on which the Member attains age 65 or, if earlier, the date on which the Member completes 25 years’ Qualifying Service. Provided that, if the Member has completed 25 years’ Qualifying Service before attaining age 60, his Normal Retirement Date shall be the date he attains age 60 and provided further that the Normal Retirement Date of a Member whose Pensionable Service ceases before his expected Normal Retirement Date shall be determined in accordance with this definition on the assumption that he had not left early.

“Pensionable Pay” means the amount of the Member’s basic salary and contractual overtime earned in respect of the relevant pay period.

SPECIFIC FINAL SALARY RULES: SECTION HQualifications and Notes:

- 1 Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind as may from time to time be notified, in respect of a Member, by the Employers to the Trustees.
- 2 Where any benefit or any contribution under Rule 20.1 [*Contributions required from Members: Rates*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded unless otherwise agreed by the Employer and the Trustees.
- 3 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
- 4 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

“Standard Amount” means in relation to a Member –

- (i) a pension at an annual rate of 1/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day; and
- (ii) a lump sum equal to 3/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day.

Qualification and Notes:

- 1 See note 5 of the definition of “Pensionable Service” in Rule 1.2 [*Interpretation: Meanings of specific words or expressions used in the Third Definitive Trust Deed and Rules*].
- 2 The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] (if applicable).
- 3 The Standard Amount in relation to any Member’s benefits may be increased under Rule 4.1 [*Augmentation of Benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

“Water Scheme” means the Water Companies’ Association Pension Scheme.

4 Rule 20: Contributions Required from Members

4.1 Rates

Each Member in Pensionable Service must contribute to the Plan at the following rates of his Pensionable Pay:

- (a) in relation to Former Folkestone and Dover Members –

SPECIFIC FINAL SALARY RULES: SECTION H

- (i) in the case of a Member who has reached age 16 but has not yet reached age 20, 2.5 per cent.;
 - (ii) in the case of a Member who has reached age 20 but has not yet reached age 23, 3 per cent.;
 - (iii) in the case of a Member who has reached age 23 but has not yet reached age 25, 4 per cent.;
 - (iv) in the case of a Member who has reached age 25, 5 per cent. if he is a Manual Employee and 6 per cent. if he is an employee who is not a Manual Employee;
- (b) in relation to Former Tending Hundred Members, 5 per cent.; and
- (c) in relation to all other Members, 5 per cent. if the Member is a Manual Employee and 6 per cent. if he is an employee who is not a Manual Employee.

The Member's initial contribution rate is determined by his age on joining Section H of this Division. Once determined, a Member's contribution rate shall continue to apply up to, but excluding, the payroll month in which the Member reaches the next age bracket set out above (from which time his new contribution rate shall apply).

5 Rule 25: Leaving and Retirement Before Normal Retirement Date

5.1 Other Members

Rule 25.2 [*Leaving and Retirement Before Normal Retirement Date: Other Members*] is amended by the addition of the following option IV:

“Option IV: to draw special early retirement benefits if suffering from incapacity.”

and replacing Note 2 with the following: “The exercise of Option II requires the consent of the Principal Employer and the Trustees, and the exercise of Option IV requires the consent of the Employer”.

5.2 Qualifying conditions and commencement

Rule 25.5 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] is amended to delete the words in brackets and to provide that the consent of the Principal Employer and the Trustees is not required where the Member retires on or after age 60.

5.3 Amount

Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*] is amended to provide that no reduction shall apply where retirement is at the Employer's request or on account of redundancy or severance or, in the case of a joint appointment, because the other person has left employment in each case as the Employer determines.

SPECIFIC FINAL SALARY RULES: SECTION H

5.4 Overriding condition as to amount

Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Overriding condition as to amount*] is amended by the addition of the words “or Option IV” after the words “or in respect of a Member who exercises Option I or Option II”.

5.5 Early retirement benefits on Incapacity

The following Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] is added immediately after Rule 25.8 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Qualifying conditions*]:

“Option IV: Early Retirement Benefits On Incapacity”25.9 Qualifying conditions and commencement⁷⁴

A Member who leaves Service before Normal Retirement Date may exercise this Option IV if he leaves Service because he is suffering from Incapacity (and is not in receipt of or about to receive benefit under any permanent health insurance scheme of the Employer) and the Employer consents. By exercising Option IV, the Member shall become entitled to payment of immediate benefits of the Standard Amount but with Pensionable Service increased as follows:

Pensionable Service at retirement	Increase
2 years to 4 years, 364 days	No additional service
5 years to 9 years, 364 days	Doubled
10 years to 13 years, 121 days	Increased to 20 years
13 years, 122 days or more	Additional 6 years, 243 days

Pensionable Service in the above Table excludes additional Pensionable Service secured under Rule 21.4 [*Members’ Voluntary Contributions: Benefits Secured*] and Pensionable Service increased as described above cannot exceed the maximum Pensionable Service (including the increase) the Member would have completed had he stayed in Service until age 65 or completion of 40 years’ actual Pensionable Service, whichever would have occurred first.

A Member who is not a Pre-1992 Member and who is entitled to a pension under Option IV must submit evidence of continued Incapacity to the Trustees if they so require and, if he does not produce evidence, which satisfies the Trustees of his continued Incapacity, they may reduce or suspend the pension. The amount of the pension shall not be reduced to less than the amount of pension that the Member would have received under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*] if he had instead exercised Option II. Any pensions payable on the Member’s death will be adjusted appropriately on the advice of the Actuary.

⁷⁴ Deed of Amendment dated 14 October 2016, clause 11.

SPECIFIC FINAL SALARY RULES: SECTION H

No pension shall be paid under the Rules on the grounds of Incapacity before the Member's normal minimum pension age (or the Member's protected pension age, if different) for the purposes of the Finance Act 2004 unless:

- (a) the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and
- (b) the Member has in fact ceased to carry on that occupation.

The provisions of Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Overriding condition as to amount*] also apply to any pension payable under Option IV.

6 Rule 27: Late retirement

6.1 Payment after Normal Retirement Date

If a Member (other than a Refund Only Member) with, in the case of a Member remaining in Service after having attained age 65, the consent of his Employer remains in Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;
- (c) the date on which he opts-out of Section H of this Division under Rule 23 [*Opting-Out and Re-Admission*] of Part 3 [*General Final Salary Rules*]; and
- (d) if the Member is an Uncapped Member or HM Revenue & Customs otherwise allows, such a date as the Member agrees with the Trustees and the Employer for the purpose of Rule 6.2 [*Rule 27: Late retirement: Special Provisions for Uncapped Members*] of Section H of these Specific Final Salary Rules.

If the pension commences before he leaves Service, subject to Rule 6.2 [*Rule 27: Late retirement: Special Provisions for Uncapped Members*] of Section H of these Specific Final Salary Rules he shall be treated under the Rules as if he had left Service immediately before its commencement.

6.2 Special Provisions for Uncapped Members

An Uncapped Member to whom Rule 6.1 [*Rule 27: Late retirement: Payment after Normal Retirement Date*] Section H of these Specific Final Salary Rules applies may, subject to the conditions set out in this Rule, choose to receive all of his benefits before the date of his actual retirement. The conditions are as follows:

- (a) he must obtain consent of the Trustees and the Employer;

SPECIFIC FINAL SALARY RULES: SECTION H

- (b) the choice must be made on or after Normal Retirement Date and before the date of his actual retirement (when, if he has not exercised any of the choices available under this Rule, his benefits shall in any event become payable);
- (c) if he elects to receive both a lump sum and a pension benefit, no part of his benefits shall be deferred until his actual retirement; and
- (d) in calculating his benefits and the maximum limits applicable to his benefits as set out in the Revenue Limits Appendix, it shall be assumed that he retired on the date upon which such benefits are to become payable, and no further benefits may subsequently be provided for him which would exceed any limit set out in the Revenue Limits Appendix applicable to benefits on retirement at such date.

6.3 Amount

At their commencement the benefits payable under this Rule shall be equal to the Standard Amount, but calculated on the basis that the Member's Final Pensionable Pay is his Final Pensionable Pay calculated at the date immediately before his benefits commence to be paid.

The provisions of this Rule are subject to the Contracting-Out Appendix, and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.

7 Rule 28: Exchange of Benefits**7.1 Exchange of Pension for Lump Sum**

A Member may, by notice in writing to the Trustees, exchange part or all of his cash lump sum for a pension payable when the Member's pension is due to commence or for a pension payable in respect of him on his death.

8 Rule 29: Lump sum benefits on death**8.1 Circumstances in which payable and amount**

If a Member dies in any of the circumstances set out below the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section H of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances –

- (a) If the Member dies in Pensionable Service or (in the case of Life Assurance Only Members) in Service:

3 times the annual rate of his Pensionable Pay applicable immediately before his death or, if greater, 3 times his Final Pensionable Pay provided that –

- (i) the lump sum payable under this paragraph (a) in respect of a Life Assurance Only Member shall be equal to the annual rate of his Pensionable Pay applicable immediately before his death (and no other benefits shall be payable to or in respect of him under Section H of this Division); and

SPECIFIC FINAL SALARY RULES: SECTION H

(ii) the lump sum payable under this paragraph (a) in respect of a Former North Surrey Water Member or a Former Tendring Hundred Member shall be determined as if references in this paragraph (a) to 3 times amount were references to 4 times an amount.

(b) If the Member dies after his pension under Section H of this Division had commenced but before the fifth anniversary of the date of such commencement:

an amount equal to the total additional instalments of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced, excluding any future increases that would have applied to that person;

(c) If the Member dies while entitled to preserved benefits under Section H of this Division and before payment has commenced:

an amount equal to the lump sum element of the Member's preserved benefits of the Standard Amount adjusted (where appropriate) to the date of death in accordance with Rule 25.4 [*Leaving and Retirement Before Normal Retirement Date: Adjustment of preserved pension*].

8.2 Restrictions on amount of benefit

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section H of these Specific Final Salary Rules any amount if the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded.

8.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in that Rule.

9 Rule 30: Spouse's/children's/dependants' pensions

9.1 Spouse's pension

On the death of a Member, a pension shall be payable under Section H of this Division to the Member's surviving spouse in accordance with Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section H of these Specific Final Salary Rules provided that in relation to a Member who dies and subject to the Contracting-Out Appendix –

(a) in the case of a Member other than a Pre-1992 Member, if the spouse was not living with the Member at the date of the Member's death, the spouse's pension will only be paid if the Trustees see fit, and if they reduce that pension (in whole or in part) they may pay

SPECIFIC FINAL SALARY RULES: SECTION H

the balance or (as the case may be) the whole of the pension to one or more of the Member's Dependants;

- (b) if there is more than one surviving spouse, the spouse's pension will be paid to one or more of them in such shares as the Trustees decide.

A spouse's pension shall comprise:

- (a) a short-term pension payable for the period of three months immediately following the Member's death; and
- (b) a long-term pension payable thereafter.

Provided that a spouse's short-term pension will not be payable under Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section H of these Specific Final Salary Rules and accordingly the spouse's long-term pension payable as mentioned in that Rule shall commence on the Member's death.

9.2 Children's pension

If a Member dies leaving one or more Children, a children's pension shall be payable to the Children in accordance with Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section H of these Specific Final Salary Rules.

The children's pension will be paid to one or more Children, or to the eldest two if there are three or more, and used for their benefit in such shares as the Trustees decide from time to time. A children's pension will continue to be payable until there is no remaining Child.

A children's pension shall comprise:

- (a) a short-term pension payable for the period of three months immediately following the Member's death; and
- (b) a long-term pension payable thereafter,

Provided that

- (a) a children's short-term pension will not be payable under Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section H of these Specific Final Salary Rules nor will it be payable if a spouse's short-term pension is being paid;
- (b) accordingly the children's long-term pension payable as mentions in Rule 9.5 of Section H of these Specific Final Salary Rules shall commence on the Member's death; and
- (c) otherwise, if a spouse's short-term pension is being paid, the children's long-term pension will commence when a spouse's short-term pension has ceased.

SPECIFIC FINAL SALARY RULES: SECTION H

9.3 Pensions payable where Member dies whilst in Pensionable Service

The pensions payable pursuant to, and subject to the provisos contained in, Rule 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section H of these Specific Final Salary Rules where a Member dies whilst in Pensionable Service are –

- (a) the spouse's short-term pension equal to 1/12 of the Member's Final Pensionable Pay of each month for which that pension is payable;
- (b) the spouse's long-term pension equal to 1/2 of the Member's Pension;
- (c) the children's short-term pension equal to 1/12 of the Member's Final Pensionable Pay for each month for which that pension is payable.
- (d) The children's long-term pension equal to 1/4 of the "Member's Pension" for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] of Section H of these Specific Final Salary Rules "Member's Pension" means the greater of:

- (a) the pension the Member would have received under Section H of this Division by virtue of Rule 26 [*Retirement at Normal Retirement Date*] if he had stayed in Pensionable Service until Normal Retirement Date (or if he had retired immediately before his death in a case where he had already reached Normal Retirement Date) but based on his Final Pensionable Pay at the date of death; and
- (b) the pension the Member would have received under Section H of this Division by virtue of Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] if he had retired through Incapacity immediately before death based on his Pensionable Service (as increased under that Rule) at the date of death;

Provided that, in relation to Former Tending Hundred Members, paragraph (a) of this definition shall have effect as if the references to Normal Retirement Date were references to reaching age 65 but if such a Member is a person who previously joined the Water Scheme before 31 May 1989 Pensionable Service for the purpose of that paragraph shall not exceed 40 years.

9.4 Pensions payable where Member dies whilst on pension

The pensions payable pursuant to, and subject to the provisos contained in Rules 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section H of these Specific Final Salary Rules where a Member dies whilst entitled to receive a pension under Section H of this Division (other than a Member who was entitled to receive a preserved pension) are –

- (a) the spouse's short-term pension equal to the Member's Pension;

SPECIFIC FINAL SALARY RULES: SECTION H

- (b) the spouse's long-term pension equal to 1/2 of the Member's Pension;
- (c) the children's short-term pension equal to the Member's Pension;
- (d) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.4 *Rule 30: [Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst on pension]* of Section H of these Specific Final Salary Rules "Member's Pension" means the pension payable under Section H of this Division to the Member immediately before his death (or which would have been payable if the Member had not made an election under Rule 31 [*Voluntary Dependant's Pension*] ignoring only for the purposes of (b) and (d) above any reduction for early payment under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*]).

9.5 Pensions payable where Member dies whilst entitled to preserved benefits

The pension payable pursuant to, and subject to the provisos contained in, Rules 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section H of these Specific Final Salary Rules where a Member dies with an entitlement to preserved benefits under Section H of this Division by virtue of Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date: Preserved Pension: Entitlement and Commencement*] before such benefits are in payment, are –

- (a) the spouse's long-term pension equal to 1/2 of the Member's Pension (no short-term pension being payable to the spouse);
- (b) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two (no short-term pension being payable to a Child), except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section H of these Specific Final Salary Rules "Member's Pension" means the preserved pension to which the Member was entitled under Section H of this Division immediately before the Member's death, calculated in accordance with Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date: Preserved Pension: Entitlement and Commencement*] and adjusted to take account of increases required under the Rules in respect of the period between the date of the Member's ceasing to be in Pensionable Service and the date of the Member's death.

9.6 Discretionary adult Dependant's pension

If a member dies in any of the circumstances described in Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section H of these Specific Final Salary Rules but without leaving a surviving spouse to whom the Member was married at the date of death, the Trustees in their absolute discretion may decide to pay a pension to any

SPECIFIC FINAL SALARY RULES: SECTION H

other adult Dependant of the Member. The amount of the pension shall not exceed the pension which would have been payable to such person had the recipient been the Member's spouse at the date of the Member's death. If there is more than one such Dependant, then the Trustees may divide the pension in such proportions as the Trustees may in their discretion decide.

10 Revenue Limits

- 10.1 The Revenue Limits apply to benefits payable under this Section H, as amended by Part 2 of Appendix 3 [*A Day Appendix: VWSCPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to Both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section H.

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (EAST) MEMBERS

These Sections I and J Specific Final Salary Rules apply to former members of the Veolia Water East Limited Final Salary Division of the VUKPP.

Section I of these Specific Final Salary Rules applies to VUKPP Members who were former members of Veolia Water East Limited Final Salary Division of the VUKPP and who were not subject to the transfer referred to below. Section I of these Specific Final Salary Rules should be read in conjunction with Part 1 of Appendix 3 [*A Day Appendix: VUKPP Members*].

Section J of these Specific Final Salary Rules applies to VWSCPP Members who were former members of Veolia Water East Limited Final Salary Division of the VUKPP, and who transferred to the Veolia Water East Limited Final Salary Division of the VUKPP from the Veolia Water East Limited Division of the VWSCPP under an agreement dated 19 May 2011 made by Veolia Water East Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3). Section J of these Specific Final Salary Rules should be read in conjunction with Part 2 of Appendix 3 [*A Day Appendix: VWSCPP Members*].

The provisions of this section amend, where inconsistent, the provisions of Part 1 [*Rules Applicable to Both Divisions*] and Part 3 [*General Final Salary Rules*].

SPECIFIC FINAL SALARY RULES: SECTION I

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (EAST) MEMBERS

SECTION I

EAST (VUKPP) MEMBERS

CONTENTS

Rule	Heading	
1	Application	196
2	Interpretation.....	196
3	Rule 3: Increases to pensions in payment.....	196
4	Rule 18: Definitions.....	197
5	Rule 20: Contributions Required from Members	199
6	Rule 27: Late retirement	199
7	Rule 28: Exchange of Benefits	201
8	Rule 29: Lump sum benefits on death.....	201
9	Rule 30: Spouse's/children's/dependants' pensions	203
10	Contracting-Out Benefit Underpin	204
11	Revenue Limits	204

SPECIFIC FINAL SALARY RULES: SECTION I

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (EAST) MEMBERS

SECTION I

EAST (VUKPP) MEMBERS

1 Application

Section I of these Specific Final Salary Rules applies to VUKPP Members who were former members of Veolia Water East Limited Final Salary Division of the VUKPP and who were not transferred to the Veolia Water East Limited Final Salary Division of the VUKPP from the Veolia Water East Limited Division of the VWSCPP under an agreement dated 19 May 2011 made by Veolia Water East Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3).

2 Interpretation

Unless otherwise stated, references to a Rule in this Section I of Part 4 [*Specific Final Salary Rules*] are to a Rule in the Part 1 [*Rules Applicable to both Divisions*] or Part 3 [*General and Final Salary Rules*] Rules.

3 Rule 3: Increases to pensions in payment

3.1 The following provision replaces Rule 3.1 [*Increase to Pensions in Payment: General increases*]:

“General increases

Any pension in payment under Section I of this Division shall, subject to Rule 3.2 [*Increases to Pensions in Payment: Qualifications to General Increase Rule*], be increased each year on the Increase Date by the smaller of:

- (a) five per cent; and
- (b) the annual percentage increase in the Index, as calculated by reference to the 12 months ending on the previous 30 September.

The amount of the first increase shall be adjusted in the proportion that the period from the date of commencement of the pension to the effective date of the increase, measured in complete months, bears to the period of 12 months.

For the purposes of this Rule, the “**Increase Date**” is 6 April or such other date as the Trustees decide, except that there shall be an Increase Date in each Plan Year.”

SPECIFIC FINAL SALARY RULES: SECTION I

4 **Rule 18: Definitions**

“**Anniversary Date**” means 1 January each year;

“**Basic Pay**” means the amount of the Member’s basic salary or wages, as notified by the Member’s Employer to the Trustees, but shall not include any bonuses, commission, overtime, benefits in kind or any other fluctuating emoluments;

“**Child**” means, in relation to a person-

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement, and -

who in either case -

- (a) is under the age of 18; or
- (b) is in full-time education or full-time training for a trade, profession or vocation before attaining the age of 25; or
- (c) is wholly incapacitated before reaching the age of 18 and thereafter remains in such incapacity.

“**Final Pensionable Pay**” means the Pensionable Pay of the Member determined on the Anniversary Date coincident with or immediately preceding the date on which Pensionable Service ceases or, if higher, the Pensionable Pay determined on either of the two preceding Anniversary Dates;

Notes:

- 1 Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay (but for this limit) must be disregarded.
- 2 Where the calculation of Final Pensionable Pay would cause the benefits for or in respect of a Member to exceed the limits set out in the Revenue Limits Appendix, Final Pensionable Pay will be restricted to the amount necessary to ensure that such limits are not exceeded.

“**Normal Retirement Date**” means the date on which the Member attains age 65;

“**Pensionable Pay**” means the Member’s Basic Pay on the date on which he joined the Veolia Water East Limited Final Salary Division of VUKPP and at each subsequent Anniversary Date whilst he remains in Pensionable Service. If at any time the Principal Employer so determines, a Member’s Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind as from time to time notified, in respect of the Member, by the Principal Employer to the Trustees;

SPECIFIC FINAL SALARY RULES: SECTION I

Notes:

- 1 Where any benefit or any contribution under Rule 20 [*Contributions required from Members*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded.
- 2 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
- 3 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

"**Pensionable Service**" means in respect of a Member the period of Service completed by the Member after joining Section I of this Division or the Veolia Water East Limited Final Salary Division of VUKPP (as applicable) and ending with the earlier of:

- (a) age 75,
- (b) the date the Member reaches Normal Retirement Date or, if later, leaves Pensionable Service under Rule 27 (Late Retirement),
- (c) leaves Service,
- (d) opts-out of Section I of this Division or,
- (e) (as the case may be) dies.⁷⁵

Notes:

1. Pensionable Service may be increased under Rule 23 [*Opting-Out and Re-Admission*], or under Rule 4 [*Augmentation of benefits*], under Rule 6 [*Transfers to the Plan*], under Rule 9A [*Transfers from one Section of the Final Salary Division to another Section of the Final Salary Division*] or under Rule 9B [*Transfers between divisions prior to 1 April 2015*], but the same period may not rank under more than one of such Rules.
2. Temporary absences from work can affect the calculation of Pensionable Service. Details are given in Rule 22 [*Maternity Leave and Other Absences*].
3. In the case of Part-time Members, refer to Rule 24 [*Part-time Members*].
4. Where in these Rules references are made to "being in" Pensionable Service or to Pensionable Service ending, unless the context admits otherwise such references relate to the last or only continuous period of Pensionable Service.
5. For the purposes of calculating the Standard Amount, Pensionable Service shall be calculated in complete years plus a proportionate amount for each additional complete day in an incomplete year.

⁷⁵ Deed of Amendment dated 10 October 2018, clause 2.6.

SPECIFIC FINAL SALARY RULES: SECTION I

6. Pensionable Service may be increased under Rule 21 [*Members' Voluntary Contributions*] of Part 3 [*General Final Salary Rules*] where the Member, the Principal Employer and the Trustees have agreed in writing that the AVC Scheme Contributions paid by the Member are to be used in this way.

"**Standard Amount**" in relation to a Member's annual rate of pension means 1/60th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day of Pensionable Service in an incomplete year.

Qualifications and Notes:

- 1 The maximum period of Pensionable Service (whether actual or prospective) may have to be restricted to ensure compliance with the Revenue Limits Appendix.
- 2 The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] (if applicable).
- 3 The Standard Amount in relation to any Member's pension may be increased under Rule 4.1 [*Augmentation of Benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

5 Rule 20: Contributions Required from Members**5.1 Rates**

Each Member in Pensionable Service must contribute to the Plan at the following rates:

- (a) 4.0% of Pensionable Pay if the Member is aged less than 35 years;
- (b) 5.0% of Pensionable Pay if the Member is aged 35 years or above but less than 50 years; and
- (c) 6.0% of Pensionable Pay if the Member is aged 50 years or above.

5.2 General provisions relating to contributions

The Member's initial contribution rate is determined by his age on joining Section I of this Division. Once determined, a Member's contribution rate shall continue to apply up to, but excluding, the payroll month in which the Member reaches the next age bracket set out above (from which time his new contribution rate shall apply).

6 Rule 27: Late retirement**6.1 Member Choices on Late Retirement**

- (a) A Member who remains in Service after Normal Retirement Date may, with the consent of the Principal Employer choose, by giving notice in writing to the Trustees, to either:
 - (i) continue in Pensionable Service after Normal Retirement Date until the earlier of the date he retires from Service, opts out of Section I of this Division under Rule 23 [*Opting-Out and Re-Admission*] or reaches his 75th birthday;

SPECIFIC FINAL SALARY RULES: SECTION I

- (ii) cease to be in Pensionable Service and receive a pension from Normal Retirement Date; or
- (iii) cease to be in Pensionable Service and postpone receiving his pension until his retirement from Service, unless the Member and the Principal Employer agree otherwise.

6.2 Remaining in Pensionable Service

If a Member (other than a Refund Only Member) remains in Pensionable Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;
- (c) the date on which he opts out of Section I of this Division under Rule 23 [*Opting-Out and Re-Admission*].

If the pension commences before he leaves Service, he shall be treated under the Rules as if he had left Service immediately before its commencement.

6.3 Amount

At their commencement the benefits payable under this Rule shall:

- (a) in the case of a Member to whom 6.1(a)(i) of Section I of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at the earlier date on which he retires, opts out of Section I or reaches age 75 but if commencement of the pension is postponed, it shall be increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension; or
- (b) in the case of a Member to whom 6.1(a)(ii) of Section I of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at his Normal Retirement Date; or
- (c) in the case of a Member to whom 6.1(a)(iii) of Section I of these Specific Final Salary Rules applies, the Standard Amount calculated as at the date of leaving Pensionable Service, but increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension.

SPECIFIC FINAL SALARY RULES: SECTION I

The provisions of this Rule are subject to the Contracting-Out Appendix and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.⁷⁶

7 Rule 28: Exchange of Benefits**Exchange of Pension for Lump Sum****7.1 Time of election**

A Member may exchange part of his pension for a cash lump sum. An election to exchange may only be made at the time the Member's pension is due to commence or, if applicable, at a time permitted by Rule 28.1 [*Exchange of Benefits: Serious ill health*] or Rule 28.2 [*Exchange of Benefits: Trivial Pensions*]. To make an election under this Rule, the Member must give written notice to the Trustees before the first instalment of his pension is paid or at such later date as the Trustees allow, but if the Member is suffering from such physical or mental incapacity as to be in the opinion of the Trustees not competent to exercise his rights under this Rule the Trustees may exercise them for him.

7.2 Amount

The amount of lump sum produced by the exchanged pension, including any pension attributable to AVC Scheme Contributions, shall not, unless Rule 28.1 [*Exchange of Benefits: Serious ill health*] or Rule 28.2 [*Exchange of Benefits: Trivial Pensions*] applies, exceed the greater of:-

- (a) 2.25 times the Standard Amount (before any exchange of pension under this Rule 28 [*Exchange of Benefits*]); or
- (b) 3/80ths of Final Pensionable Pay for each complete year (not exceeding 40) of Pensionable Service; or
- (c) such other amount as the Trustees may allow which shall not exceed the relevant limit in the Revenue Limits Appendix.

8 Rule 29: Lump sum benefits on death**8.1 Circumstances in which payable and amount**

If a Member dies in any of the circumstances set out below, the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section I of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances:-

- (a) If the Member dies in Pensionable Service on or before age 70 (or such other age as the Principal Employer shall determine)⁷⁷:-

the aggregate of:-

⁷⁶ Deed of Amendment dated 10 October 2018, clause 4.1.

⁷⁷ Wording in parenthesis is a new amendment as instructed by the Trustee and Employer

SPECIFIC FINAL SALARY RULES: SECTION I

- (i) three times his Pensionable Pay at the date of death; and
 - (ii) his Contributions; and
 - (iii) the value of his AVC Scheme Contributions.
- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under this Section of this Division has commenced, and in circumstances other than those specified under Rule 8.1(a):-

an amount equal to five times the annual rate of pension which would have been payable had his pension commenced on the day before the Member died but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (c) If the Member dies after the pension under this Section of this Division has commenced but before the fifth anniversary of the date of such commencement:-⁷⁸

an amount equal to the total additional instalment of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option 1 in Rule 25 [*Leaving and Retirement before Normal Retirement Date: Preserved Pensions*], but before such pension has commenced:-

the aggregate of:-

- (i) his Contributions; and
- (ii) the value of his AVC Scheme Contributions.

8.2 Restrictions on amount of benefit

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section I of these Specific Final Salary Rules and subject to compliance with the Equality Act 2010 and regulations made under that Act:-

- (a) any amount of the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded; and
- (b) the amount otherwise payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section I of these Specific Final Salary Rules shall be restricted where necessary so as to ensure that it does not exceed the

⁷⁸

Deed of Amendment dated 10 October 2018, clause 5.1.

SPECIFIC FINAL SALARY RULES: SECTION I

appropriate limit set out in the Revenue Limits Appendix; and

- (c) the Trustees may restrict or cancel the amount of lump sum benefit payable in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

8.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*].

9 **Rule 30: Spouse's/children's/dependants' pensions**

9.1 Dependant's Pension

On the death of a Member, a pension shall be payable to the Member's surviving Dependant(s), as follows:-

- (a) If the Member dies in Pensionable Service before Normal Retirement Date:-

a pension equal to 50 per cent of the Standard Amount determined as at the Member's date of death (based on the Member's Final Pensionable Pay and Pensionable Service at date of death);

- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under Section I of this Division has commenced:-

a pension equal to 50 percent of the pension which would have been payable to the Member under Section I of this Division had he retired on the day before his death, and assuming he did not elect or had not elected to exchange any pension under Rule 28 [*Exchange of Benefits*];

- (c) If the Member dies after his pension under Section I of this Division has commenced:-

a pension equal to 50 per cent of the pension which the Member was entitled to receive under Section I of this Division at the date of his death, adjusted to cancel the effect of any exchange under Rule 28 [*Exchange Benefits*] or surrender under Rule 31 [*Voluntary Dependant's Pension*]; and

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option 1 in Rule 25 [*Leaving and Retirement Before Normal Retirement Date*], but before such pension has commenced:-

a pension equal to 50 per cent of the preserved pension, revalued in such manner as the Trustees consider appropriate to take account of the period between the date on which the Member ceased to be in Pensionable Service and the date of his death and as will satisfy the Contracting-Out Requirements.

SPECIFIC FINAL SALARY RULES: SECTION I

Any pension becoming payable under this Rule shall be paid or applied for the benefit of such of the Member's Dependants as the Trustees in their discretion think fit, subject to the Contracting-Out Requirements. If there is more than one such Dependant, the Trustees may divide the pension in such proportions as they in their discretion decide. In exercising their discretion under this Rule the Trustees shall take account, but shall not be bound by, any wishes of the Member notified in writing to them before the date of the Member's death.

No benefit shall be payable to any person under more than one of the foregoing paragraphs.

Subject to compliance with the Equality Act 2010 and regulations made under that Act, the Trustees may, if applicable, restrict or cancel the Dependant(s) pensions payable under this Rule in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

Entitlement to the pension payable under the Rule shall commence with effect from the day next following the date of death of the Member and the pension shall be paid in accordance with Rule 2.1 [*Payment of Benefits: Commencement, frequency & method*].

Any pension payable in accordance with this Rule shall be paid for the lifetime of the beneficiary, Provided that any pension payable to a Child shall be paid only for as long as that person is within the definition of Child.

10 Contracting-Out Benefit Underpin

10.1 If the amount of any benefit payable under Section I of this Division to the Member or the Member's spouse pursuant to Rule 30 [*Spouse's/children's/dependants' pensions*], in so far as that benefit is attributable to Pensionable Service completed after 5 April 1998, would (but for this Rule) be less than the amount of the corresponding benefit calculated under the reference scheme in accordance with Section 12B of the Pension Schemes Act as applied in respect of the Member, the Trustees shall increase by the amount of the resulting shortfall the benefit to which the Member or the Member's spouse is entitled. This Rule shall have effect only to the extent that, and for so long as, it is necessary to ensure that Section I of this Division meets at all times the "reference scheme test" pursuant to Section 9(2B) of the Pension Schemes Act, as certified by the Actuary.

11 Revenue Limits

11.1 The Revenue Limits apply to benefits payable under this Section I, as amended by Part 1 of Appendix 3 [*A Day Appendix: VUKPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section I.

SPECIFIC FINAL SALARY RULES: SECTION J

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (EAST) MEMBERS

SECTION J

EAST (VWSCPP) MEMBERS

CONTENTS

Rule	Heading	
1	Application	206
2	Interpretation.....	206
3	Rule 3: Increases to Pensions in Payment.....	206
4	Rule 18: Definitions.....	206
5	Rule 20: Contributions Required from Members.....	209
6	Rule 25: Leaving and Retirement Before Normal Retirement Date	209
7	Rule 27: Late retirement	211
8	Rule 28: Exchange of Benefits	213
9	Rule 29: Lump sum benefits on death.....	213
10	Rule 30: Spouse's/children's/dependants' pensions	214
11	Revenue Limits	218

SPECIFIC FINAL SALARY RULES: SECTION J

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (EAST) MEMBERS

SECTION J

EAST (VWSCPP) MEMBERS

1 Application

Section J of these Specific Final Salary Rules applies to VWSCPP Members who were former members of Veolia Water East Limited Final Salary Division of the VUKPP, and who transferred to the Veolia Water East Limited Final Salary Division of the VUKPP from the Veolia Water East Limited Division of the VWSCPP under an agreement dated 19 May 2011 made by Veolia Water East Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3).

2 Interpretation

Unless otherwise stated, references to a Rule in these Part 4, Section J Rules are to a Rule in the Part 1 [*Rules Applicable to both Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 3: Increases to Pensions in Payment

- 3.1 The minimum pensions increase mentioned in Rule 3.1 [*Increases to Pensions in Payment: General increases*] shall apply in relation to Pre-1987 Tendring Hundred Waterworks Members, and in relation to benefits payable to or in respect of them, and shall be equal to 3 per cent per annum compound.

4 Rule 18: Definitions

“**Calculation Year**” means the year ending on the day on which the Member leaves Pensionable Service, retires or dies (or the total of 365 days before the day on which the Member leaves Pensionable Service, retires or dies in which contributions were made or deemed to have been made by or for the Member if the Member was absent from work without pay not through injury or illness).

“**Child**” means in relation to a person –

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has, in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement,

who (in either case) –

SPECIFIC FINAL SALARY RULES: SECTION J

- (a) is under the age of 17;
- (b) is in full-time education or full-time training for a trade, profession or vocation which is expected to last for at least two years; or
- (c) is wholly incapacitated before reaching age 17 or ceasing to be in such full-time education or training as is mentioned in (b) above and thereafter remains in such incapacity.

Provided always that in the case of Pre-1987 Tendring Hundred Waterworks Members, references in this definition to the age of 17 shall be construed as references to the age of 17, and paragraph (b) of the definition shall not apply after the person reaches the age of 22.

“Final Pensionable Pay” means –

- (i) the Pensionable Pay of the Member earned in the Calculation Year; or if greater and if either the Member so requests by notice in writing to the Trustees not later than one month after being notified of his entitlement to a benefit under the Plan, or, if he is dead, the Employer so determines
- (ii) the Pensionable Pay of the Member in one of the two years immediately before the Calculation Year.

Provided that, in the case of Pre-1987 Tendring Hundred Waterworks Members, Final Pensionable Pay means, if greater than the amount determined by reference to paragraphs (i) and (ii) above, the amount equal to the yearly average amount of Pensionable Pay over three consecutive years ending not earlier than 10 years before Normal Retirement Date.

Qualifications and Notes:

- 1 If a Member was not in Pensionable Service for the whole Calculation Year the Trustees will calculate Final Pensionable Pay in a manner which they consider equitable and which is consistent with the Contracting-out Requirements and the Preservation Requirements.
- 2 If the Employer certifies to a Member within 12 months of a reduction in his Pensionable Pay that the reduction is due to a material change in the Member's circumstances (being a change resulting from his incapacity to continue to discharge efficiently the duties of his employment or otherwise from circumstances beyond his control) then:
 - (A) If the reduction occurred during the 13 years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Scheme that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the average of the Member's Pensionable Pay during any three consecutive years in that 13 year period; but
 - (B) If the reduction occurred during the five years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Plan that (or

SPECIFIC FINAL SALARY RULES: SECTION J

his Employer may, if the Member is dead, determine that) Pensionable Pay will be the amount received in any one of the last five years.

- 3 Where a Member's Final Pensionable Pay is calculated by reference to any year other than the Calculation Year, Pensionable Pay for any year will be increased in line with increases in pensions under the Pensions (Increase) Act 1971 from the last day of that year up to the last day of the Calculation Year.
- 4 Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay (but for this limit) must be disregarded unless otherwise agreed by the Employer and the Trustees.

"Incapacity" means permanent physical or mental deterioration in health, established by medical evidence supplied by (1) the Member's own doctor and (2) (if so required by the Trustees) a doctor nominated by the Trustees, which in the opinion of the Trustees, after consulting the Employer, prevents the Member from following his normal occupation or seriously impairs his earning capacity.

"Manual Employee" means an employee of an Employer who is designated by written notice to the Trustees as a manual employee for the purposes of the Plan.

"Normal Retirement Date" means the date on which the Member attains age 65 or, if earlier, the date on which the Member completes 25 years' Qualifying Service. Provided that, if the Member has completed 25 years' Qualifying Service before attaining age 60, his Normal Retirement Date shall be the date he attains age 60 and provided further that the Normal Retirement Date of a Member whose Pensionable Service ceases before his expected Normal Retirement Date shall be determined in accordance with this definition on the assumption that he had not left early.

"Pensionable Pay" means the amount of the Member's basic salary and contractual overtime earned in respect of the relevant pay period provided that in relation to Pre-1987 Tending Hundred Waterworks Members, Pensionable Pay shall be determined annually as at 1 August as being 12 times the Member's basic monthly salary (or, where appropriate, 52 times the Member's basic weekly pay) at that date together with the average annual amount, where applicable, of the Member's fluctuating emoluments earned during the period of three years ending immediately before that date, and for this purpose fluctuating emoluments shall be determined in accordance with the Qualification and Note 1 below.

Qualifications and Notes:

- 1 Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind as may from time to time be notified, in respect of a Member, by the Employers to the Trustees.
- 2 Where any benefit or any contribution under Rule 20.1 [*Contributions required from Members: Rates*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his

SPECIFIC FINAL SALARY RULES: SECTION J

Pensionable Pay (but for this limit) must be disregards unless otherwise agreed by the Employer and the Trustees.

- 3 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
- 4 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

“Pre-1987 Tendring Hundred Waterworks Member” means a Member who was on 1 November 1987 a member of the Tendring Hundred Waterworks Company Retirement Benefits Scheme and who joined the Veolia East Limited Division of VWSCPP from The Water Companies’ Association Pension Scheme on 1 April 1996.

“Standard Amount” means in relation to a Member –

- (i) a pension at an annual rate of 1/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day; and
- (ii) a lump sum equal to 3/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day.

Qualification and Notes:

- 1 See note 5 of the definition of “Pensionable Service” in Rule 1.2 [*Interpretation: Meanings of specific words or expressions used in the Third Definitive Trust Deed and Rules*].
- 2 The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] (if applicable).
- 3 The Standard Amount in relation to any Member’s benefits may be increased under Rule 4.1 [*Augmentation of Benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

5 Rule 20: Contributions Required from Members

5.1 Rates

Each Member in Pensionable Service must contribute to the Plan at the rate of 5% of his Pensionable Pay.

6 Rule 25: Leaving and Retirement Before Normal Retirement Date

6.1 Other Members

Rule 25.2 [*Leaving and Retirement Before Normal Retirement Date: Other Members*] is amended by the addition of the following option IV:

SPECIFIC FINAL SALARY RULES: SECTION J

“Option IV: to draw special early retirement benefits if suffering from incapacity.”

and by replacing Note 2 with the following: “The exercise of Option II requires the consent of the Principal Employer and the Trustees and the exercise of Option IV requires the consent of the Employer”.

6.2 Qualifying conditions and commencement

Rule 25.5 [*Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] is amended to delete the words in brackets and to provide that the consent of the Principal Employer and the Trustees is not required where the Member retires on or after age 60.

6.3 Amount

Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*] is amended to provide that, if the Employer so determines, no reduction shall apply where retirement is at the Employer’s request or on account of redundancy or severance or, in the case of a joint appointment, because the other person has left employment, in each case as the Employer determines.

6.4 Overriding condition as to amount

Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Overriding condition as to amount*] is amended by the addition of the words “or Option IV” after the words “or in respect of a Member who exercises Option I or Option II”.

6.5 Early retirement benefits on Incapacity

The following Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Early Retirement Benefits On Incapacity: Qualifying conditions and commencement*] is added immediately after Rule 25.8 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Qualifying conditions*]:

“Option IV: Early Retirement Benefits On Incapacity25.9 Qualifying conditions and commencement

A Member who leaves Service before Normal Retirement Date may exercise this Option IV if he leaves Service because he is suffering from Incapacity (and is not in receipt of or about to receive benefit under any permanent health insurance scheme of the Employer) and the Employer consents. By exercising Option IV, the Member shall become entitled to payment of immediate benefits of the Standard Amount but with Pensionable Service increased as follows:

SPECIFIC FINAL SALARY RULES: SECTION J

Pensionable Service at retirement	Increase
2 years to 4 years, 364 days	No additional service
5 years to 9 years, 364 days	Doubled
10 years to 13 years, 121 days	Increased to 20 years
13 years, 122 days or more	Additional 6 years, 243 days

Pensionable Service in the above Table excludes additional Pensionable Service secured under Rule 21.4 [*Members' Voluntary Contributions: Benefits Secured*] and Pensionable Service increased as described above cannot exceed the maximum Pensionable Service (including the increase) the Member would have completed had he stayed in Service until age 65 or completion of 40 years' actual Pensionable Service, whichever would have occurred first.

A Member who is not a Pre-1992 Member and who is entitled to a pension under Option IV must submit evidence of continued Incapacity to the Trustees if they so require and, if he does not produce evidence which satisfies the Trustees, of his continued Incapacity, they may reduce or suspend the pension. The amount of the pension shall not be reduced to less than the amount of pension that the Member would have received under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*] if he had instead exercised Option II. Any pensions payable on the Member's death will be adjusted appropriately on the advice of the Actuary."

No pension shall be paid under the Rules on the grounds of Incapacity before the Member's normal minimum pension age (or the Member's protected pension age, if different) for the purposes of the Finance Act 2004 unless:

- (a) the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and
- (b) the Member has in fact ceased to carry on that occupation.

The provisions of Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Overriding condition as to amount*] also apply to any pension payable under Option IV.

7 Rule 27: Late retirement

7.1 Payment after Normal Retirement Date

If a Member (other than a Refund Only Member) with, in the case of a Member remaining in Service after having attained age 65, the consent of his Employer, remains in Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;

SPECIFIC FINAL SALARY RULES: SECTION J

- (c) the date on which he opts-out of Section J of this Division under Rule 23 [*Opting-Out and Re-Admission*]; and
- (d) if the Member is an Uncapped Member or HM Revenue & Customs otherwise allows, such a date as the Member agrees with the Trustees and the Employer for the purpose of Rule 7.2 [Rule 27: Late Retirement: Special Provisions for Uncapped Members] of Section J of these Specific Final Salary Rules.

If the pension commences before he leaves Service, subject to Rule 6.2 [*Rule 25: Leaving and Retirement Before Normal Retirement Date: Qualifying conditions and commencement*] of this Section J of these Specific Final Salary Rules he shall be treated under the Rules as if he had left Service immediately before its commencement.

7.2 Special Provisions for Uncapped Members

An Uncapped Member to whom Rule 7.1 [*Transfers from a Division: Individual: Calculation and application of Cash Equivalent*] of Section J of these Specific Final Salary Rules applies may, subject to the conditions set out in this Rule, choose to receive all of his benefits before the date of his actual retirement. The conditions are as follows:

- (e) he must obtain consent of the Trustees and the Employer;
- (f) the choice must be made on or after Normal Retirement Date and before the date of his actual retirement (when, if he has not exercised any of the choices available under this Rule, his benefits shall in any event become payable);
- (g) if he elects to receive both a lump sum and a pension benefit, no part of his benefits shall be deferred until his actual retirement; and
- (h) in calculating his benefits and the maximum limits applicable to his benefits as set out in the Revenue Limits Appendix, it shall be assumed that he retired on the date upon which such benefits are to become payable, and no further benefits may subsequently be provided for him which would exceed any limit set out in the Revenue Limits Appendix applicable to benefits on retirement at such date.

7.3 Amount

At their commencement the benefits payable under this Rule shall be equal to the Standard Amount, but calculated on the basis that the Member's Final Pensionable Pay is his Final Pensionable Pay calculated at the date immediately before his benefits commence to be paid.

The provisions of this Rule are subject to the Contracting-Out Appendix, and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.

SPECIFIC FINAL SALARY RULES: SECTION J

8 Rule 28: Exchange of Benefits8.1 Exchange of Lump Sum

A Member may, by notice in writing to the Trustees, exchange part or all of his cash lump sum for a pension payable when the Member's pension is due to commence or for a pension payable in respect of him on his death.

8.2 Actuary's Certification

Rule 28.2 [*Exchange of Benefits: Trivial Pensions*] is replaced with the following: "The actual amount of the benefit exchanged under Rule 28 [*Exchange of Benefits*] shall be such amount as the Trustees, after consulting the Actuary, decide. Provided that, in relation to a Pre-1987 Tending Hundred Waterworks Member, that amount shall be decided by reference to a conversion rate of £1 for every £9 of cash lump sum exchanged on retirement at age 65 (or, if retirement is at any other age, that rate adjusted by 0.2 per month upwards or downwards depending on whether retirement is before or after age 65, as appropriate)."

9 Rule 29: Lump sum benefits on death9.1 Circumstances in which payable and amount

If a Member dies in any of the circumstances set out below the Trustees shall pay a lump sum. Subject to Rule 9.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section J of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances –

(a) If the Member dies in Pensionable Service:

4 times the annual rate of his Pensionable Pay applicable immediately before his death or, if greater, 4 times his Final Pensionable Pay;

(b) If the Member dies after his pension under Section J of this Division had commenced but before the fifth anniversary of the date of such commencement:

an amount equal to the total additional instalments of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced, excluding any further increases that would have applied to that person;

(c) If the Member dies while entitled to preserved benefits under Section J of this Division and before payment has commenced:

an amount equal to the lump sum element of the Member's preserved benefits of the Standard Amount adjusted (where appropriate) to the date of death in accordance with Rule 25.4 [*Leaving and Retirement Before Normal Retirement Date: Adjustment of preserved pension*].

SPECIFIC FINAL SALARY RULES: SECTION J**9.2 Restrictions on amount of benefit**

In calculating the lump sum payable under Rule 9.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section J of these Specific Final Salary Rules any amount if the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded.

9.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in that Rule.

10 Rule 30: Spouse's/children's/dependants' pensions**10.1 Spouse's pension**

On the death of a Member, a pension shall be payable under Section J of this Division to the Member's surviving spouse in accordance with Rules 10.3 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst in Pensionable Service*] to 10.5 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section J of these Specific Final Salary Rules provided that in relation to a Member who dies and subject to the Contracting-Out Appendix –

- (a) in the case of a Pre-1992 Member who has been notified that this restriction applies to him, if the Member was judicially separated from spouse at the date of the Member's death (or the date when the Member first became entitled to receive a pension or left Pensionable Service, as the case may be) and in the case of a Member other than a Pre-1992 Member, if the spouse was not living with the Member at the date of the Member's death, then in those circumstances the spouse's pension will only be paid if the Trustees see fit, and if they reduce that pension (in whole or in part) they may pay the balance or (as the case may be) the whole of the pension to one or more of the Member's Dependants;
- (b) if there is more than one surviving spouse, the spouse's pension will be paid to one or more of them in such shares as the Trustees decide.

A spouse's pension shall comprise:

- (a) a short-term pension payable for the period of three months immediately following the Member's death; and
- (b) a long-term pension payable thereafter.

Provided that a spouse's short-term pension will not be payable under Rule 10.5 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section J of these Specific Final Salary Rules and accordingly the

SPECIFIC FINAL SALARY RULES: SECTION J

spouse's long-term pension payable as mentioned in that Rule shall commence on the Member's death.

10.2 Children's pension

If a Member dies leaving one or more Children, a children's pension shall be payable to the Children in accordance with Rules 10.3 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst in Pensionable Service*] to 10.5 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section J of these Specific Final Salary Rules.

The children's pension will be paid to one or more Children, or to the eldest two if there are three or more, or used for their benefit in such shares as the Trustees decide from time to time. A children's pension will continue to be payable until there is no remaining Child.

A children's pension shall comprise:

- (i) a short-term pension payable for the period of three months immediately following the Member's death; and
- (ii) a long-term pension payable thereafter,

Provided that

- (a) a children's short-term pension will not be payable under Rule 10.5 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section J of these Specific Final Salary Rules nor will it be payable if a spouse's short-term pension is being paid;
- (b) accordingly the children's long-term pension payable as mentioned in Rule 10.5 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section J of these Specific Final Salary Rules shall commence on the Member's death; and
- (c) otherwise, if a spouse's short-term pension is being paid, the children's long-term pension will commence when the spouse's short-term pension has ceased.

10.3 Pensions payable where Member dies whilst in Pensionable Service

The pensions payable pursuant to, and subject to the provisos contained in, Rule 10.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 10.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section J of these Specific Final Salary Rules where a Member dies whilst in Pensionable Service are –

- (a) the spouse's short-term pension equal to 1/12 of the Member's Final Pensionable Pay of each month for which that pension is payable;
- (b) the spouse's long-term pension equal to 1/2 of the Member's Pension or, in the case of Pre-1987 Tending Hundred Waterworks Members, 2/3 of the pension described in paragraph (a) of the definition of "Member's Pension".

SPECIFIC FINAL SALARY RULES: SECTION J

- (c) the children's short-term pension equal to 1/12 of the Member's Final Pensionable Pay for each month for which that pension is payable.
- (d) The children's long-term pension equal to 1/2 of the pension described in paragraph (b) of the definition of "Member's Pension" below for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4 and, in relation to Pre-1987 Tendring Hundred Waterworks Members, if the spouse's pension ceases to be payable on the death of the spouse at a time when there is a surviving Child or if no spouse's pension is payable, the aggregate amount of the children's long-term pensions payable shall be increased to the amount of the spouse's pension for so long as there is a Child to whom a pension can be paid.

In this Rule 10.3 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst in Pensionable Service*] of Section J of these Specific Final Salary Rules "Member's Pension" means the greater of:

- (a) the pension the Member would have received under Section J of this Division by virtue of Rule 26 [*Retirement at Normal Retirement Date*] if he had stayed in Pensionable Service until reaching age 65 (or if he had retired immediately before his death in a case where he had already reached age 65) but based on his Final Pensionable Pay at the date of death provided that if the Member is a person who previously joined the Water Companies' Association Pensions Scheme before 31 May 1989 Pensionable Service for this purpose shall not exceed 40 years; and
- (b) the pension the Member would have received under Section J of this Division by virtue of Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Early Retirement Benefits On Incapacity: Qualifying conditions and commencement*] if he had retired through Incapacity immediately before death based on his Pensionable Service (as increased under that Rule) at the date of death.

10.4 Pensions payable where Member dies whilst on pension

The pensions payable pursuant to, and subject to the provisos contained in Rules 10.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 10.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section J of these Specific Final Salary Rules where a Member dies whilst entitled to receive a pension under Section J of this Division (other than a Member who was entitled to receive a preserved pension) are –

- (e) the spouse's short-term pension equal to the Member's Pension;
- (f) the spouse's long-term pension equal to 1/2 of the Member's Pension, or in the case of Pre-1987 Tendring Hundred Waterworks Members, 2/3 of the Member's Pension;
- (g) the children's short-term pension equal to the Member's Pension;
- (h) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

SPECIFIC FINAL SALARY RULES: SECTION J

In this Rule 10.4 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst on pension*] of Section J of these Specific Final Salary Rules "Member's Pension" means the pension payable under Section J of this Division to the Member immediately before his death (or which would have been payable if the Member had made an election under Rule 31 [*Voluntary Dependant's Pension*]) ignoring only for the purposes of (b) and (d) above any reduction for early payment under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*].

10.5 Pensions payable where Member dies whilst entitled to preserved benefits

The pension payable pursuant to, and subject to the provisos contained in, Rules 10.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 10.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section J of these Specific Final Salary Rules where a Member dies with an entitlement to preserved benefits under Section J of this Division by virtue of Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date: Preserved Pension: Entitlement and Commencement*] before such benefits are in payment, are –

- (a) the spouse's long-term pension equal to $\frac{1}{2}$ of the Member's Pension (no short-term pension being payable to the spouse) or, in the case of Pre-1987 Tending Hundred Waterworks Members, $\frac{2}{3}$ of the Member's Pension;
- (b) the children's long-term pension equal to $\frac{1}{4}$ of the Member's Pension for each Child up to a maximum of two (no short-term pension being payable to a Child), except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of $\frac{1}{3}$ rather than $\frac{1}{4}$.

In this Rule 10.5 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section J of these Specific Final Salary Rules "Member's Pension" means the preserved pension to which the Member was entitled under Section J of this Division immediately before the Member's death, calculated in accordance with Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date: Preserved Pension: Entitlement and Commencement*] and adjusted to take account of increases required under the Rules in respect of the period between the date of the Member's ceasing to be in Pensionable Service and the date of the Member's death.

10.6 Discretionary adult Dependant's pension

If a member dies in any of the circumstances described in Rules 10.3 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst in Pensionable Service*] to 10.5 [*Rule 30: Spouse's/children's/dependants' pension: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section J of these Specific Final Salary Rules but without leaving a surviving spouse to whom the Member was married at the date of death, the Trustees in their absolute discretion may, decide to pay a pension to any other adult Dependant of the Member. The amount of the pension shall not exceed the pension which would have been payable to such person had the recipient been the Member's spouse at the date of the Member's death. If there is more than one such Dependant, then the Trustees may divide the pension in such proportions as the Trustees may in their discretion decide.

SPECIFIC FINAL SALARY RULES: SECTION J

11 **Revenue Limits**

- 11.1 The Revenue Limits apply to benefits payable under this Section J, as amended by Part 2 of Appendix 3 [*A Day Appendix: VWSCPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section J.

PART 4
SPECIFIC FINAL SALARY RULES
RELATING TO
AFFINITY WATER PENSION PLAN FINAL SALARY (SOUTHEAST) MEMBERS

These Sections K and L Specific Final Salary Rules apply to former members of the Veolia Water Southeast Limited Final Salary Division of the VUKPP.

Section K of these Specific Final Salary Rules applies to VUKPP Members who were former members of the Veolia Water Southeast Limited Final Salary Division of the VUKPP and who were not subject to the transfer referred to below. Section K of these Specific Final Salary Rules should be read in conjunction with Part 1 of Appendix 3 [*A Day Appendix: VUKPP Members*].

Section L of these Specific Final Salary Rules applies to VWSCPP Members who were former members of the Veolia Water Southeast Limited Final Salary Division of the VUKPP, and who transferred to the Veolia Water Southeast Limited Final Salary Division of the VUKPP from the Veolia Water Southeast Limited Division of VWSCPP under an agreement dated 19 May 2011 made by Veolia Water Southeast Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3). Section L of these Specific Final Salary Rules should be read in conjunction with Part 2 of Appendix 3 [*A Day Appendix: VWSCPP Members*].

The provisions of this section amend, where inconsistent, the provisions of Part 1 [*Rules Applicable to both Divisions*] and Part 3 [*General Final Salary Rules*].

SPECIFIC FINAL SALARY RULES: SECTION K

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (SOUTHEAST) MEMBERS

SECTION K

SOUTHEAST (VUKPP) MEMBERS

CONTENTS

Rule	Heading	
1	Application	221
2	Interpretation.....	221
3	Rule 3: Increases to pensions in payment.....	221
4	Rule 18: Definitions.....	222
5	Rule 20: Contributions Required from Members	225
6	Rule 27: Late retirement	225
7	Rule 28: Exchange of Benefits	226
8	Rule 29: Lump sum benefits on death.....	227
9	Rule 30: Spouse's/children's/dependants' pensions	228
10	Contracting-Out Benefit Underpin	230
11	Revenue Limits	230

SPECIFIC FINAL SALARY RULES: SECTION K

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (SOUTHEAST) MEMBERS

SECTION K

SOUTHEAST (VUKPP) MEMBERS

1 Application

Section K of these Specific Final Salary Rules applies to VUKPP Members who were former members of the Veolia Water Southeast Limited Final Salary Division of the VUKPP and who were not transferred to the Veolia Water Southeast Limited Final Salary Division of the VUKPP from the Veolia Water Southeast Limited Division of VWSCPP under an agreement dated 19 May 2011 made by Veolia Water Southeast Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3).

2 Interpretation

Unless otherwise stated, references to a Rule in this Section K of Part 4 [*Specific Final Salary Rules*] are to a Rule in the Part 1 [*Rules Applicable to both Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 3: Increases to pensions in payment

3.1 The following provision replaces Rule 3.1 [*Increase to Pensions in Payment: General increases*]:

“General increases

Any pension in payment under Section K of this Division shall, subject to Rule 3.2 [*Increases to Pensions in Payment: Qualifications to General Increase Rule*], be increased each year on the Increase Date by the smaller of:

- (i) five per cent; and
- (ii) the annual percentage increase in the Index, as calculated by reference to the 12 months ending on the previous 30 September.

The amount of the first increase shall be adjusted in the proportion that the period from the date of commencement of the pension to the effective date of the increase, measured in complete months, bears to the period of 12 months.

For the purposes of this Rule, the “**Increase Date**” is 6 April or such other date as the Trustees decide, except that there shall be an Increase Date in each Plan Year.”

SPECIFIC FINAL SALARY RULES: SECTION K

4 **Rule 18: Definitions**

“**Anniversary Date**” means 1 January each year;

“**Basic Pay**” means the amount of the Member’s basic salary or wages, as notified by the Member’s Employer to the Trustees, but shall not include any bonuses, commission, overtime, benefits in kind or any other fluctuating emoluments;

“**Child**” means, in relation to a person-

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement, and -

who in either case -

- (a) is under the age of 18; or
- (b) is in full-time education or full-time training for a trade, profession or vocation before attaining the age of 25; or
- (c) is wholly incapacitated before reaching the age of 18 and thereafter remains in such incapacity.

“**Final Pensionable Pay**” means the Pensionable Pay of the Member determined on the Anniversary Date coincident with or immediately preceding the date on which Pensionable Service ceases or, if higher, the Pensionable Pay determined on either of the two preceding Anniversary Dates;

Notes:

1. Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay (but for this limit) must be disregarded.
2. Where the calculation of Final Pensionable Pay would cause the benefits for or in respect of a Member to exceed the limits set out in the Revenue Limits Appendix, Final Pensionable Pay will be restricted to the amount necessary to ensure that such limits are not exceeded.

“**Normal Retirement Date**” means the date on which the Member attains age 65;

“**Pensionable Pay**” means the Member’s Basic Pay on the date on which he joined the Veolia Water Southeast Limited Final Salary Division of VUKPP and at each subsequent Anniversary Date whilst he remains in Pensionable Service. If at any time the Principal Employer so determines, a Member’s Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind as from time to time notified, in respect of the Member, by the Principal Employer to the Trustees.

SPECIFIC FINAL SALARY RULES: SECTION K

Notes:

1. Where any benefit or any contribution under Rule 20 [*Contributions required from Members*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregarded.
2. In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
3. In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

"**Pensionable Service**" means in respect of a Member the period of Service completed by the Member after joining Section K of this Division or the Veolia Water Southeast Limited Final Salary Division of VUKPP (as applicable) and ending with the earlier of:

- (a) age 75,
- (b) the date the Member reaches Normal Retirement Date or, if later, leaves Pensionable Service under Rule 27 (Late Retirement),
- (c) leaves Service,
- (d) opts-out of Section K of this Division or,
- (e) (as the case may be) dies.⁷⁹

Notes:

1. Pensionable Service may be increased under the Rule 23 [*Opting-Out and Re-Admission*], or under Rule 4 [*Augmentation of benefits*], under Rule 6 [*Transfers to the Plan*], under Rule 9A [*Transfers from one Section of the Final Salary Division to another Section of the Final Salary Division*] or under Rule 9B [*Transfers between divisions prior to 1 April 2015*], but the same period may not rank under more than one of such Rules.
2. Temporary absences from work can affect the calculation of Pensionable Service. Details are given in Rule 22 [*Maternity Leave and Other Absences*].
3. In the case of Part-time Members, refer to Rule 24 [*Part-time Members*].
4. Where in these Rules references are made to "being in" Pensionable Service or to Pensionable Service ending, unless the context admits otherwise such references relate to the last or only continuous period of Pensionable Service.
5. For the purposes of calculating the Standard Amount, Pensionable Service shall be calculated in complete years plus a proportionate amount for each additional complete day in an incomplete year.

⁷⁹ Deed of Amendment dated 10 October 2018, clause 2.7.

SPECIFIC FINAL SALARY RULES: SECTION K

6. Pensionable Service may be increased under Rule 21 [*Members' Voluntary Contributions*] of Part 3 [*General Final Salary Rules*] where the Member, the Principal Employer and the Trustees have agreed in writing that the AVC Scheme Contributions paid by the Member are to be used in this way.

“Standard Scale Member” means a person who became a Member of the Veolia Water Southeast Limited Final Salary Division of VUKPP prior to 1 April 2002 and who notified the Employer in accordance with the Rules that he wished to contribute and receive benefits on the basis applicable to a Standard Scale Member.

“Standard Plus Scale Member” means a person who either:

- (i) became a member of the Veolia Water Southeast Limited Final Salary Division of the VUKPP prior to 1 April 2002 and who notified the Employer in accordance with the Rules that he wished to contribute and receive benefits on the basis applicable to a Standard Plus Scale Member; or
- (ii) became a Member of Section K of this Division or of the Veolia Water Southeast Limited Final Salary Division of VUKPP on or after 1 April 2002.

“Standard Amount” in relation to a Member's annual rate of pension means:

- (i) for Standard Plus Scale Members, $1/60^{\text{th}}$ of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day of Pensionable Service in an incomplete year; and
- (ii) for Standard Scale Members:
 - (A) $1/75^{\text{th}}$ of Final Pensionable Pay for each complete year of Pensionable Service (with an additional proportionate amount as calculated below) prior to 1 February 2002 or 1 April 2002 (as the case may be for the Member in question); and
 - (B) $1/60^{\text{th}}$ of Final Pensionable Pay for each complete year of Pensionable Service (with an additional proportionate amount as calculated below) on or after 1 February 2002 or 1 April 2002 (as the case may be for the Member in question),

Provided that for a Standard Scale Member, total Pensionable Service shall be measured in complete years plus a proportionate amount for each additional complete day in any incomplete year.

Qualifications and Notes:

1. The maximum period of Pensionable Service (whether actual or prospective) may have to be restricted to ensure compliance with the Revenue Limits Appendix.
2. The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] of Part 3 [*General Final Salary Rules*] (if applicable).

SPECIFIC FINAL SALARY RULES: SECTION K

3. The Standard Amount in relation to any Member's pension may be increased under Rule 4.1 [*Augmentation of Benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

5 Rule 20: Contributions Required from Members**5.1 Rates**

Each Member in Pensionable Service must contribute to the Plan at the following rates:

- (a) 4.0% of Pensionable Pay if the Member is aged less than 35 years;
- (b) 5.0% of Pensionable Pay if the Member is aged 35 years or above but less than 50 years; and
- (c) 6.0% of Pensionable Pay if the Member is aged 50 years or above.

5.2 General provisions relating to contributions

The Member's initial contribution rate is determined by his age on joining this Section K. Once determined, a Member's contribution rate shall continue to apply up to, but excluding, the payroll month in which the Member reaches the next age bracket set out above (from which time his new contribution rate shall apply).

6 Rule 27: Late retirement**6.1 Member Choices on Late Retirement**

- (a) A Member who remains in Service after Normal Retirement Date may, with the consent of the Principal Employer choose, by giving notice in writing to the Trustees, to either:
 - (i) continue in Pensionable Service after Normal Retirement Date until the earlier of the date he retires from Service, opts out of Section K of this Division under Rule 23 [*Opting-Out and Re-Admission*] or reaches his 75th birthday;
 - (ii) cease to be in Pensionable Service and receive a pension from Normal Retirement Date; or
 - (iii) cease to be in Pensionable Service and postpone receiving his pension until his retirement from Service, unless the Member and the Principal Employer agree otherwise.

6.2 Remaining in Pensionable Service

If a Member (other than a Refund Only Member) remains in Pensionable Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;

SPECIFIC FINAL SALARY RULES: SECTION K

- (c) the date on which he opts out of Section K of this Division under Rule 23 [*Opting-Out and Re-Admission*].

If the pension commences before he leaves Service, he shall be treated under the Rules as if he had left Service immediately before its commencement.

6.3 Amount

At their commencement the benefits payable under this Rule shall:

- (a) in the case of a Member to whom 6.1(a)(i) of Section K of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at the earlier date on which he retires, opts out of Section K or reaches age 75 but if commencement of the pension is postponed, it shall be increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension; or
- (b) in the case of a Member to whom 6.1(a)(ii) of Section K of these Specific Final Salary Rules applies, be equal to the Standard Amount calculated as at his Normal Retirement Date; or
- (c) in the case of a Member to whom 6.1(a)(iii) of Section K of these Specific Final Salary Rules applies, the Standard Amount calculated as at the date of leaving Pensionable Service, but increased by such amount as the Principal Employer and Trustees, after consulting the Actuary, may decide having regard to the period of postponement between the Member leaving Pensionable Service and commencement of the Member's pension.

The provisions of this Rule are subject to the Contracting-Out Appendix and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.⁸⁰

7 Rule 28: Exchange of Benefits

Exchange of Pension For Lump Sum

7.1 Time of election

A Member may exchange part of his pension for a cash lump sum. An election to exchange may only be made at the time the Member's pension is due to commence or, if applicable, at a time permitted by Rule 28.1 [*Exchange of Benefits: Serious ill health*] or Rule 28.2 [*Exchange of Benefits: Trivial Pensions*]. To make an election under this Rule, the Member must give written notice to the Trustees before the first instalment of his pension is paid or at such later date as the Trustees allow, but if the Member is suffering from such physical or mental incapacity as to be in the opinion of the Trustees not competent to exercise his rights under this Rule the Trustees may exercise them for him.

⁸⁰ Deed of Amendment dated 10 October 2018, clause 4.1.

SPECIFIC FINAL SALARY RULES: SECTION K**7.2 Amount**

The amount of lump sum produced by the exchanged pension, including any pension attributable to AVC Scheme Contributions, shall not, unless Rule 28.1 [*Exchange of Benefits: Serious ill health*] or Rule 28.2 [*Exchange of Benefits: Trivial Pensions*] applies, exceed the greater of:-

- (a) 2.25 times the Standard Amount (before any exchange of pension under this Rule 28 [*Exchange of Benefits*]); or
- (b) 3/80ths of Final Pensionable Pay for each complete year (not exceeding 40) of Pensionable Service; or
- (c) such other amount as the Trustees may allow which shall not exceed the relevant limit in the Revenue Limits Appendix.

8 Rule 29: Lump sum benefits on death**8.1 Circumstances in which payable and amount**

If a Member dies in any of the circumstances set out below, the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section K of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances:-

- (a) If the Member dies in Pensionable Service on or before age 70 (or such other age as the Principal Employer shall determine)⁸¹:-

the aggregate of:-

- (i) three times his Pensionable Pay at the date of death; and
 - (ii) his Contributions; and
 - (iii) the value of his AVC Scheme Contributions.
- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under this Section of this Division has commenced, and in circumstances other than those specified under Rule 8.1(a):-

an amount equal to five times the annual rate of pension which would have been payable had his pension commenced on the day before the Member died but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (c) If the Member dies after the pension under this Section of this Division has commenced but before the fifth anniversary of the date of such commencement:-⁸²

⁸¹ Wording in parenthesis is a new amendment as instructed by the Trustee and Employer
⁸² Deed of Amendment dated 10 October 2018, clause 5.1.

SPECIFIC FINAL SALARY RULES: SECTION K

an amount equal to the total additional instalment of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced but disregarding prospective increases on such pension under Rule 3 [*Increases to Pensions in Payment*];

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option 1 in Rule 25 [*Leaving and Retirement before Normal Retirement Date*], but before such pension has commenced:-

the aggregate of:-

- (i) his Contributions; and
- (ii) the value of his AVC Scheme Contributions.

8.2 Restrictions on amount of benefit

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section K of these Specific Final Salary Rules and subject to compliance with the Equality Act 2010 and regulations made under that Act:-

- (a) any amount of the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded; and
- (b) the amount otherwise payable under Rule 8.1 of Section K of these Specific Final Salary Rules shall be restricted where necessary so as to ensure that it does not exceed the appropriate limit set out in the Revenue Limits Appendix; and
- (c) the Trustees may restrict or cancel the amount of lump sum benefit payable in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

8.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*].

9 Rule 30: Spouse's/children's/dependants' pensions

9.1 Dependant's Pension

On the death of a Member, a pension shall be payable to the Member's surviving Dependant(s), as follows:-

- (a) If the Member dies in Pensionable Service before Normal Retirement Date:-

SPECIFIC FINAL SALARY RULES: SECTION K

a pension equal to 50 per cent of the Standard Amount determined as at the Member's date of death (based on the Member's Final Pensionable Pay and Pensionable Service at date of death);

- (b) If the Member dies while in Service on or after Normal Retirement Date before his pension under Section K of this Division has commenced:-

a pension equal to 50 percent of the pension which would have been payable to the Member under Section K of this Division had he retired on the day before his death, and assuming he did not elect or had not elected to exchange any pension under Rule 28 [*Exchange of Benefits*];

- (c) If the Member dies after his pension under Section K of this Division has commenced:-

a pension equal to 50 per cent of the pension which the Member was entitled to receive under Section K of this Division at the date of his death, adjusted to cancel the effect of any exchange under Rule 28 [*Exchange of Benefits*] or surrender under Rule 31 [*Voluntary Dependant's Pension*]; and

- (d) If the Member dies having ceased to be in Pensionable Service and with an entitlement to a preserved pension under Option 1 in Rule 25 [*Leaving and Retirement Before Normal Retirement Date: Option 1: Preserved Pension*], but before such pension has commenced:-

a pension equal to 50 per cent of the preserved pension, revalued in such manner as the Trustees consider appropriate to take account of the period between the date on which the Member ceased to be in Pensionable Service and the date of his death and as will satisfy the Contracting-Out Requirements.

Any pension becoming payable under this Rule shall be paid or applied for the benefit of such of the Member's Dependants as the Trustees in their discretion think fit, subject to the Contracting-Out Requirements. If there is more than one such Dependant, the Trustees may divide the pension in such proportions as they in their discretion decide. In exercising their discretion under this Rule the Trustees shall take account, but shall not be bound by, any wishes of the Member notified in writing to them before the date of the Member's death.

No benefit shall be payable to any person under more than one of the foregoing paragraphs.

Subject to compliance with the Equality Act 2010 and regulations made under that Act, the Trustees may, if applicable, restrict or cancel the Dependant(s) pensions payable under this Rule in the event that the insurer declines to make payment (in full or in part) of the amount set out in this Rule.

Entitlement to the pension payable under this Rule shall commence with effect from the day next following the date of death of the Member and the pension shall be paid in accordance with Rule 2.1 [*Payment of benefits: Commencement, frequency & method*].

SPECIFIC FINAL SALARY RULES: SECTION K

Any pension payable in accordance with this Rule shall be paid for the lifetime of the beneficiary, Provided that any pension payable to a Child shall be paid only for as long as that person is within the definition of Child.

10 Contracting-Out Benefit Underpin

- 10.1 If the amount of any benefit payable under Section K of this Division to the Member or the Member's spouse pursuant to Rule 30 [*Spouse's/children's/dependants' pensions*], in so far as that benefit is attributable to Pensionable Service completed after 5 April 1998, would (but for this Rule) be less than the amount of the corresponding benefit calculated under the reference scheme in accordance with Section 12B of the Pension Schemes Act as applied in respect of the Member, the Trustees shall increase by the amount of the resulting shortfall the benefit to which the Member or the Member's spouse is entitled. This Rule shall have effect only to the extent that, and for so long as, it is necessary to ensure that Section K of this Division meets at all times the "reference scheme test" pursuant to Section 9(2B) of the Pension Schemes Act, as certified by the Actuary.

11 Revenue Limits

- 11.1 The Revenue Limits apply to benefits payable under this Section K, as amended by Part 1 of Appendix 3 [*A Day Appendix: VUKPP Members*], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section K.

SPECIFIC FINAL SALARY RULES: SECTION L

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (SOUTHEAST) MEMBERS

SECTION L

SOUTHEAST (VWSCPP) MEMBERS

CONTENTS

Rule	Heading	
1	Application	232
2	Interpretation.....	232
3	Rule 18: Definitions.....	232
4	Rule 20: Contributions Required from Members	235
5	Rule 25: Leaving and Retirement Before Normal Retirement Date	235
6	Rule 27: Late retirement	237
7	Rule 28: Exchange of Benefits	238
8	Rule 29: Lump sum benefits on death.....	238
9	Rule 30: Spouse's/children's/dependants' pensions	239
10	Revenue Limits	243

SPECIFIC FINAL SALARY RULES: SECTION L

PART 4

SPECIFIC FINAL SALARY RULES

RELATING TO

AFFINITY WATER PENSION PLAN FINAL SALARY (SOUTHEAST) MEMBERS

SECTION L

SOUTHEAST (VWSCPP) MEMBERS

1 Application

Section L of these Specific Final Salary Rules applies to VWSCPP Members who were former members of the Veolia Water Southeast Limited Final Salary Division of the VUKPP, and who transferred to the Veolia Water Southeast Limited Final Salary Division of the VUKPP from the Veolia Water Southeast Limited Division of VWSCPP under an agreement dated 19 May 2011 made by Veolia Water Southeast Limited (1) Veolia UK Pension Trustees Limited (2) and Veolia Water UK PLC (3).

2 Interpretation

Unless otherwise stated, references to a Rule in this Section L of Part 4 [*Specific Final Salary Rules*] are to a Rule in the Part 1 [*Rules Applicable to both Divisions*] or Part 3 [*General Final Salary Rules*] Rules.

3 Rule 18: Definitions

“Calculation Year” means the year ending on the day on which the Member leaves Pensionable Service, retires or dies (or the total of 365 days before the day on which the Member leaves Pensionable Service, retires or dies in which contributions were made or deemed to have been made by or for the Member if the Member was absent from work without pay not through injury or illness).

“Child” means in relation to a person –

- (i) any child, step-child, adopted child or illegitimate child of that person; and
- (ii) any child for whom that person has, in the opinion of the Trustees, assumed parental responsibility other than pursuant to a foster care arrangement,

who (in either case) –

- (a) is under the age of 17;

SPECIFIC FINAL SALARY RULES: SECTION L

- (b) is in full-time education or full-time training for a trade, profession or vocation which is expected to last for at least two years; or
- (c) is wholly incapacitated before reaching age 17 or ceasing to be in such full-time education or training as is mentioned in (b) above and thereafter remains in such incapacity.

“Final Pensionable Pay” means –

- (i) the Pensionable Pay of the Member earned in the Calculation Year; or if greater and if either the Member so requests by notice in writing to the Trustees not later than one month after being notified of his entitlement to a benefit under the Plan, or, if he is dead, the Employer so determines
- (ii) the Pensionable Pay of the Member in one of the two years immediately before the Calculation Year.

Qualifications and Notes:

- 1 If a Member was not in Pensionable Service for the whole Calculation Year the Trustees will calculate Final Pensionable Pay in a manner which they consider equitable and which is consistent with the Contracting-out Requirements and the Preservation Requirements.
- 2 If the Employer certifies to a Member within 12 months of a reduction in his Pensionable Pay that the reduction is due to a material change in the Member's circumstances (being a change resulting from his incapacity to continue to discharge efficiently the duties of his employment or otherwise from circumstances beyond his control) then:
 - (A) If the reduction occurred during the 13 years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Scheme that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the average of the Member's Pensionable Pay during any three consecutive years in that 13 year period; but
 - (B) If the reduction occurred during the five years ending on the last day of the Calculation Year, the Member may give notice in writing not later than one month after being notified of his entitlement to a benefit under the Plan that (or his Employer may, if the Member is dead, determine that) Pensionable Pay will be the amount received in any one of the last five years.
- 3 Where a Member's Final Pensionable Pay is calculated by reference to any year other than the Calculation Year, Pensionable Pay for any year will be increased in line with increases in pensions under the Pensions (Increase) Act 1971 from the last day of that year up to the last day of the Calculation Year.
- 4 Unless the Member is an Uncapped Member, Final Pensionable Pay may not exceed the Earnings Cap and any excess of what would have been his Final Pensionable Pay

SPECIFIC FINAL SALARY RULES: SECTION L

(but for this limit) must be disregarded unless otherwise agreed by the Employer and the Trustees.

“Incapacity” means permanent physical or mental deterioration in health, established by medical evidence supplied by (1) the Member’s own doctor and (2) (if so required by the Trustees) a doctor nominated by the Trustees, which in the opinion of the Trustees, after consulting the Employer, prevents the Member from following his normal occupation or seriously impairs his earning capacity.

“Manual Employee” means an employee of an Employer who is designated by written notice to the Trustees as a manual employee for the purposes of the Plan.

“Normal Retirement Date” means the date on which the Member attains age 65 or, if earlier, the date on which the Member completes 25 years’ Qualifying Service. Provided that, if the Member has completed 25 years’ Qualifying Service before attaining age 60, his Normal Retirement Date shall be the date he attains age 60 and Provided further that the Normal Retirement Date of a Member whose Pensionable Service ceases before his expected Normal Retirement Date shall be determined in accordance with this definition on the assumption that he had not left early.

“Pensionable Pay” means the amount of the Member’s basic salary and contractual overtime earned in respect of the relevant pay period.

Qualifications and notes:

- 1 Pensionable Pay shall include such other amounts of emoluments or the taxable value of benefits in kind as may from time to time be notified, in respect of a Member, by the Employers to the Trustees.
- 2 Where any benefit or any contribution under Rule 20.1 [*Contributions required from Members: Rates*] is calculated by reference to Pensionable Pay (as distinct from Final Pensionable Pay) then, unless the Member is an Uncapped Member, Pensionable Pay may not exceed the Earnings Cap and any excess which would have been his Pensionable Pay (but for this limit) must be disregards unless otherwise agreed by the Employer and the Trustees.
- 3 In the case of a Member temporarily absent from Service, refer to Rule 22 [*Maternity Leave and Other Absences*].
- 4 In the case of a Part-time Member, refer to Rule 24 [*Part-time Members*].

“Standard Amount” means in relation to a Member –

- (i) a pension at an annual rate of 1/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day; and
- (ii) a lump sum equal to 3/80th of Final Pensionable Pay for each complete year of Pensionable Service plus a proportionate amount for each additional complete day.

SPECIFIC FINAL SALARY RULES: SECTION LQualification and Notes:

- 1 See note 5 of the definition of "Pensionable Service" in Rule 1.2 [*Interpretation: Meanings of specific words or expressions used in the Third Definitive Trust Deed and Rules*].
- 2 The Standard Amount of any Member any part of whose Pensionable Service has been Part-time shall be adjusted as required by Rule 24 [*Part-time Members*] (if applicable).
- 3 The Standard Amount in relation to any Member's benefits may be increased under Rule 4.1 [*Augmentation of Benefits: Augmentation*] or Rule 6 [*Transfers to the Plan*].

4 Rule 20: Contributions Required from Members4.1 Rates

Each Member in Pensionable Service must contribute to the Plan at the following rates of his Pensionable Pay:

- (a) in the case of a Member who has reached age 16 but has not yet reached age 20, 2.5 per cent;
- (b) in the case of a Member who has reached age 20 but has not yet reached age 23, 3 per cent;
- (c) in the case of a Member who has reached age 23 but has not yet reached age 25, 4 per cent;
- (d) in the case of a Member who has reached age 25, 5 per cent.

or at such other rate as has been notified to the Member by the Employer in writing from time to time.

The Member's initial contribution rate is determined by his age on joining this Section K. Once determined, a Member's contribution rate shall continue to apply up to, but excluding, the payroll month in which the Member reaches the next age bracket set out above (from which time his new contribution rate shall apply).

5 Rule 25: Leaving and Retirement Before Normal Retirement Date5.1 Other Members

Rule 25.2 [*Leaving and Retirement Before Normal Retirement Date: Other Members*] is amended by the addition of the following Option IV:

"Option IV: to draw special early retirement benefits if suffering from incapacity."

and by replacing Note 2 with the following: "The exercise of Option II requires the consent of the Principal Employer and the Trustees, and the exercise of Option IV requires the consent of the Employer."

SPECIFIC FINAL SALARY RULES: SECTION L**5.2 Qualifying conditions and commencement**

Rule 25.5 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Qualifying conditions and commencement*] is amended to delete the words in brackets and to provide that the consent of the Principal Employer and the Trustees is not required where the Member retires on or after age 60.

5.3 Amount

Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Amount*] is amended to provide that, if the Employer so determines, no reduction shall apply where retirement is at the Employer's request or on account of redundancy or severance or, in the case of a joint appointment, because the other person has left employment.

5.4 Overriding condition as to amount

Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Overriding condition as to amount*] is amended by the addition of the words "or Option IV" after the words "or in respect of a Member who exercises Option I or Option II".

5.5 Early retirement benefits on Incapacity

The following Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Early Retirement Benefits On Incapacity: Qualifying conditions and commencement*] is added immediately after Rule 25.8 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Qualifying conditions*]:

"Option IV: Early Retirement Benefits On Incapacity**25.9 Qualifying conditions and commencement**

A Member who leaves Service before Normal Retirement Date may exercise this Option IV if he leaves Service because he is suffering from Incapacity (and is not in receipt of or about to receive benefit under any permanent health insurance scheme of the Employer) and the Employer consents. By exercising Option IV, the Member shall become entitled to payment of immediate benefits of the Standard Amount but with Pensionable Service increased as follows:

Pensionable Service at retirement	Increase
2 years to 4 years, 364 days	No additional service
5 years to 9 years, 364 days	Doubled
10 years to 13 years, 121 days	Increased to 20 years
13 years, 122 days or more	Additional 6 years, 243 days

Pensionable Service in the above Table excludes additional Pensionable Service secured under Rule 21.4 [*Members' Voluntary Contributions: Benefits Secured*] and Pensionable Service increased as described above cannot exceed the maximum Pensionable Service (including the

SPECIFIC FINAL SALARY RULES: SECTION L

increase) the Member would have completed had he stayed in Service until age 65 or completion of 40 years' actual Pensionable Service, whichever would have occurred first.

A Member who is not a Pre-1992 Member and who is entitled to a pension under Option IV must submit evidence of continued Incapacity to the Trustees if they so require and, if he does not produce evidence, which satisfies the Trustees, of his continued Incapacity, they may reduce or suspend the pension. The amount of the pension shall not be reduced to less than the amount of pension that the Member would have received under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Amount*] if he had instead exercised Option II. Any pensions payable on the Member's death will be adjusted appropriately on the advice of the Actuary.

No pension shall be paid under the Rules on the grounds of Incapacity before the Member's normal minimum pension age (or the Member's protected pension age, if different) for the purposes of the Finance Act 2004 unless:

- (a) the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and
- (b) the Member has in fact ceased to carry on that occupation."

The provisions of Rule 25.7 [*Leaving and Retirement Before Normal Retirement Date: Ordinary Early Retirement Pension: Overriding condition as to amount*] also apply to any pension payable under Option IV.

6 Rule 27: Late retirement

6.1 Payment after Normal Retirement Date

If a Member (other than a Refund only Member) with, in the case of a Member remaining in Service after having attained age 65, the consent of his Employer remains in Service after Normal Retirement Date, payment of his benefits shall not be made until the earliest of:

- (a) his retirement from Service;
- (b) his 75th birthday;
- (c) the date on which he opts-out of Section L of this Division under Rule 23 [*Opting-Out and Re-Admission*]; and
- (d) if the Member is an Uncapped Member or HM Revenue & Customs otherwise allows, such a date as the Member agrees with the Trustees and the Employer for the purpose of Rule 6.2 [*Rule 27: Late retirement: Special Provisions for Uncapped Members*] of Section L of these Specific Final Salary Rules.

If the pension commences before he leaves Service, subject to Rule 6.2 [*Rule 27: Late retirement: Special Provisions for Uncapped Members*] of Section L of these Specific Final Salary Rules he shall be treated under the Rules as if he had left Service immediately before its commencement.

SPECIFIC FINAL SALARY RULES: SECTION L**6.2 Special Provisions for Uncapped Members**

An Uncapped Member to whom Rule 6.1 [*Rule 27: Late retirement: Payment after Normal Retirement Date*] of Section L of these Specific Final Salary Rules applies may, subject to the conditions set out in this Rule, choose to receive all of his benefits before the date of his actual retirement. The conditions are as follows:

- (a) he must obtain consent of the Trustees and the Employer;
- (b) the choice must be made on or after Normal Retirement Date and before the date of his actual retirement (when, if he has not exercised any of the choices available under this Rule, his benefits shall in any event become payable);
- (c) if he elects to receive both a lump sum and a pension benefit, no part of his benefits shall be deferred until his actual retirement; and
- (d) in calculating his benefits and the maximum limits applicable to his benefits as set out in the Revenue Limits Appendix, it shall be assumed that he retired on the date upon which such benefits are to become payable, and no further benefits may subsequently be provided for him which would exceed any limit set out in the Revenue Limits Appendix applicable to benefits on retirement at such date.

6.3 Amount

At their commencement the benefits payable under this Rule shall be equal to the Standard Amount, but calculated on the basis that the Member's Final Pensionable Pay is his Final Pensionable Pay calculated at the date immediately before his benefits commence to be paid.

The provisions of this Rule are subject to the Contracting-Out Appendix, and the amount of pension may be adjusted as the Trustees, after consulting the Actuary, may decide in order to take account of the requirements of that Appendix.

7 Rule 28: Exchange of Benefits**7.1 Exchange of Lump Sum for Pension**

A Member may, by notice in writing to the Trustees, exchange part or all of his cash lump sum for a pension payable when the Member's pension is due to commence or for a pension payable in respect of him on his death.

8 Rule 29: Lump sum benefits on death**8.1 Circumstances in which payable and amount**

If a Member dies in any of the circumstances set out below the Trustees shall pay a lump sum. Subject to Rule 8.2 [*Rule 29: Lump sum benefits on death: Restrictions on amount of benefit*] of Section L of these Specific Final Salary Rules, the amount of the lump sum shall be whichever of the following is appropriate according to the circumstances –

- (a) If the Member dies in Pensionable Service:

SPECIFIC FINAL SALARY RULES: SECTION L

3 times the annual rate of his Pensionable Pay applicable immediately before his death or, if greater, 3 times his Final Pensionable Pay;

- (b) If the Member dies after his pension under Section L of this Division had commenced but before the fifth anniversary of the date of such commencement:

an amount equal to the total additional instalments of pension which would have been paid to him, had his pension continued at the monthly rate applicable to him at the date of death until the fifth anniversary of the date on which the pension commenced, excluding any further increases that would have applied to that person;

- (c) If the Member dies while entitled to preserved benefits under Section L of this Division and before payment has commenced:

an amount equal to the lump sum element of the Member's preserved benefits of the Standard Amount adjusted (where appropriate) to the date of death in accordance with Rule 25.4 [*Leaving and Retirement Before Normal Retirement Date: Adjustment of preserved pension*].

8.2 Restrictions on amount of benefit

In calculating the lump sum payable under Rule 8.1 [*Rule 29: Lump sum benefits on death: Circumstances in which payable and amount*] of Section L of these Specific Final Salary Rules any amount of the Member's pension which is attributable to the payment of AVC Scheme Contributions shall be disregarded unless it was granted on terms that it would not be so disregarded.

8.3 Payment

Any lump sum under this Rule shall be paid or applied by the Trustees in accordance with the provisions of Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] and may be reduced on account of legal costs incurred by the Trustees as described in that Rule.

9 Rule 30: Spouse's/children's/dependants' pensions

9.1 Spouse's pension

On the death of a Member, a pension shall be payable under Section L of this Division to the Member's surviving spouse in accordance with Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section L of these Specific Final Salary Rules provided that in relation to a Member who dies and subject to the Contracting-Out Appendix –

- (a) in the case of a Pre-1992 Member, if the Member was judicially separated from the spouse at the date of the Member's death (or the date when the Member first became entitled to receive a pension or left Pensionable Service, as the case may be) and in the case of a Member other than a Pre-1992 Member, if the spouse was not living with the Member at the date of the Member's death, then in those circumstances the spouse's

SPECIFIC FINAL SALARY RULES: SECTION L

pension will only be paid if the Trustees see fit, and if they reduce that pension (in whole or in part) they may pay the balance or (as the case may be) the whole of the pension to one or more of the Member's Dependants;

- (b) if there is more than one surviving spouse, the spouse's pension will be paid to one or more of them in such shares as the Trustees decide.

A spouse's pension shall comprise:

- (a) a short-term pension payable for the period of three months immediately following the Member's death; and
- (b) a long-term pension payable thereafter.

Provided that a spouse's short-term pension will not be payable under Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section L of these Specific Final Salary Rules and accordingly the spouse's long-term pension payable as mentioned in that Rule shall commence on the Member's death.

9.2 Children's pension

If a Member dies leaving one or more Children, a children's pension shall be payable to the Children in accordance with Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section L of these Specific Final Salary Rules.

The children's pension will be paid to one or more Children, or to the eldest two if there are three or more, or used for their benefit in such shares as the Trustees decide from time to time. A children's pension will continue to be payable until there is no remaining Child.

A children's pension shall comprise:

- (c) a short-term pension payable for the period of three months immediately following the Member's death; and
- (d) a long-term pension payable thereafter.

Provided that:

- (a) a children's short-term pension will not be payable under Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section L of these Specific Final Salary Rules nor will it be payable if a spouse's short-term pension is being paid;
- (b) accordingly the children's long-term pension payable as mentioned in Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section L of these Specific Final Salary Rules shall commence on the Member's death; and

SPECIFIC FINAL SALARY RULES: SECTION L

- (c) otherwise, if a spouse's short-term pension is being paid, the children's long-term pension will commence when the spouse's short-term pension has ceased.

9.3 Pensions payable where Member dies whilst in Pensionable Service

The pensions payable pursuant to, and subject to the provisos contained in, Rule 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section L of these Specific Final Salary Rules where a Member dies whilst in Pensionable Service are –

- (e) the spouse's short-term pension equal to 1/12 of the Member's Final Pensionable Pay for each month for which that pension is payable;
- (f) the spouse's long-term pension equal to ½ of the Member's Pension;
- (g) the children's short-term pension equal to 1/12 of the Member's Final Pensionable Pay for each month for which that pension is payable;
- (h) The children's long-term pension equal to ¼ of the pension described in paragraph (b) of the definition of "Member's Pension" below for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than ¼.

In this Rule 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] of Section L of these Specific Final Salary Rules "Member's Pension" means the greater of:

- (a) the pension the Member would have received under Section L of this Division by virtue of Rule 26 [*Retirement at Normal Retirement Date*] if he had stayed in Pensionable Service until Normal Retirement Date (or if he had retired immediately before his death in a case where he had already reached Normal Retirement Date) but based on his Final Pensionable Pay at the date of death; and
- (b) the pension the Member would have received under Section L of this Division by virtue of Rule 25.9 [*Leaving and Retirement Before Normal Retirement Date: Early Retirement Benefits On Incapacity: Qualifying conditions and commencement*] if he had retired through Incapacity immediately before death based on his Pensionable Service (as increased under that Rule) at the date of death.

9.4 Pensions payable where Member dies whilst on pension

The pensions payable pursuant to, and subject to the provisos contained in Rules 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section L of these Specific Final Salary Rules where a Member dies whilst entitled to receive a pension under Section L of this Division (other than a Member who was entitled to receive a preserved pension) are –

- (i) the spouse's short-term pension equal to the Member's Pension;
- (j) the spouse's long-term pension equal to 1/2 of the Member's Pension;

SPECIFIC FINAL SALARY RULES: SECTION L

- (k) the children's short-term pension equal to the Member's Pension;
- (l) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two, except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.4 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst on pension*] of Section L of these Specific Final Salary Rules "Member's Pension" means the pension payable under Section L of this Division to the Member immediately before his death (or which would have been payable if the Member had made an election under Rule 31 [*Voluntary Dependant's Pension*]) ignoring only for the purposes of (b) and (d) above any reduction for early payment under Rule 25.6 [*Leaving and Retirement Before Normal Retirement Date: Transfer of Cash Equivalent: Amount*].

9.5 Pensions payable where Member dies whilst entitled to preserved benefits

The pension payable pursuant to, and subject to the provisos contained in, Rules 9.1 [*Rule 30: Spouse's/children's/dependants' pensions: Spouse's pension*] and 9.2 [*Rule 30: Spouse's/children's/dependants' pensions: Children's pension*] of Section L of these Specific Final Salary Rules where a Member dies with an entitlement to preserved benefits under Section L of this Division by virtue of Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date: Preserved Pension: Entitlement and Commencement*] before such benefits are in payment, are –

- (m) the spouse's long-term pension equal to 1/2 of the Member's Pension (no short-term pension being payable to the spouse);
- (n) the children's long-term pension equal to 1/4 of the Member's Pension for each Child up to a maximum of two (no short-term pension being payable to a Child), except that if no spouse's pension is payable the children's long-term pension shall be calculated using a fraction of 1/3 rather than 1/4.

In this Rule 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section L of these Specific Final Salary Rules "Member's Pension" means the preserved pension to which the Member was entitled under Section L of this Division immediately before the Member's death, calculated in accordance with Rule 25.3 [*Leaving and Retirement Before Normal Retirement Date: Preserved Pension: Entitlement and Commencement*] and adjusted to take account of increases required under the Rules in respect of the period between the date of the Member's ceasing to be in Pensionable Service and the date of the Member's death.

9.6 Discretionary adult Dependant's pension

If a Member dies in any of the circumstances described in Rules 9.3 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst in Pensionable Service*] to 9.5 [*Rule 30: Spouse's/children's/dependants' pensions: Pensions payable where Member dies whilst entitled to preserved benefits*] of Section L of these Specific Final Salary Rules but without leaving a surviving spouse to whom the Member was married at the date of death, the Trustees in their absolute discretion may decide to pay a pension to any other adult Dependant of the Member. The amount of the pension shall not exceed the pension which would have been payable to such person had the recipient been the Member's spouse at

SPECIFIC FINAL SALARY RULES: SECTION L

the date of the Member's death. If there is more than one such Dependant, then the Trustees may divide the pension in such proportions as the Trustees may in their discretion decide.

10 **Revenue Limits**

- 10.1 The Revenue Limits apply to benefits payable under this Section L, as amended by Part 2 of Appendix 3 [A Day Appendix: VWSCPP Members], which shall override all inconsistent provisions in the Part 1 [*Rules Applicable to both Divisions*], Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] Rules applicable to this Section L.

APPENDIX 1

CONTRACTING-OUT APPENDIX

PRE-1997 RIGHTS

CONTENTS

Paragraph	Heading	
1	Definitions	245
2	Overriding Effects of These Paragraphs	246
3	Alterations to These Paragraphs	246
4	Entitlement to GMP.....	246
5	Revaluation of GMP.....	247
6	Increase of GMP.....	248
7	Anti-Franking	248
8	Transfers into the Plan.....	249
9	Transfers out of the Division.....	249
10	Commutation and the GMP	250
11	Winding-Up the Division or the Plan.....	251
12	Division ceases to be a Contracted-Out Salary Related Scheme	251
13	Suspension of GMP.....	251
14	Forfeiture of GMP	252
15	Contributions Equivalent Premiums	252

APPENDIX 1CONTRACTING-OUT APPENDIXPRE-1997 RIGHTS

Interpretation: References to any legislation or any provision includes references to any previous legislation or provision relating to the same subject matter and to any modification or re-enactment for the time being in force. This Appendix continues to apply in so far as any Member continues to be entitled to a GMP.

1 Definitions

In the following paragraphs of this Appendix 1, the following words have the following meanings:

"Contracted-out Employment" means a Member's contracted-out employment by reference to the Plan (as referred to in Section 14(1) of the Pension Schemes Act).

"Fixed Rate Revaluation" means the method of revaluing a GMP before State Pensionable Age described in Paragraph 5.1(a) [*Revaluation of GMP: Revaluation before State Pensionable Age*] below.

"GMP" means the guaranteed minimum pension of a Member, Widow or Widower as defined in the Pension Schemes Act.

"Inland Revenue" means the Government department of that name which now forms part of HM Revenue & Customs.

"Normal Retirement Date" has the meaning given to it in Part 1 [*Rules Applicable to Both Divisions*] of the Rules.

"Paragraph" (followed by a number) means the paragraph (with that number) of this Appendix.

"Section 53 salary related scheme" means a scheme which was a contracted-out scheme, providing guaranteed minimum pensions and satisfying Section 9(2)(a) of the Pension Schemes Act, and to which Section 53 of the Pension Schemes Act applies.

"Section 148 Revaluation" means the method of revaluing a GMP before State Pensionable Age described in Paragraph 5.1(b) [*Revaluation of GMP: Revaluation before State Pensionable Age*] below.

"Short Service Benefit" means the benefit to which an early leaver who satisfies the qualifying conditions must be entitled under the preservation requirements.

"Widow" and **"Widower"** means respectively the widow and the widower of a Member. If a Member has married under a law which allows polygamy and, on the day of the Member's death, has more than one spouse, the Trustees must decide which, if any, survivor is the Widow or Widower. In reaching that decision, the Trustees must have regard to the practice of the

Department for Work and Pensions and any relevant provisions of existing social security legislation, in particular Section 17(5) of the Pension Schemes Act and Regulation 2 of the Social Security and Family Allowance (Polygamous Marriages) Regulations 1975 (S.I 1975/561).

2 **Overriding Effects of These Paragraphs**

- 2.1 These Paragraphs will apply on and from 6 April 1997 and only for so long as anyone has a GMP or a prospective right to receive a GMP under a Division which subjects the Division (or part of it) to the continuing supervision of the Commissioners of HM Revenue & Customs.
- 2.2 In respect of a Division which has Members or other beneficiaries to which this Appendix applies, these Paragraphs override any inconsistent provisions elsewhere in the Third Definitive Trust Deed and the Rules except provisions which are necessary for the status of the Plan as a Registered Pension Scheme or provisions necessary to comply with any Pension Sharing Order.

3 **Alterations to these Paragraphs**

- 3.1 The persons or bodies having the power of alteration in relation to the rest of the Rules may at any time in writing make any alteration to these Paragraphs permitted by regulation 42(2B) of the Occupational Pension Schemes (Contracting-out) Regulations 1996. For this purpose, this Appendix shall be deemed to form part of the Rules and not the Third Definitive Trust Deed.

4 **Entitlement to GMP**

4.1 **Guaranteed Minimum**

This Paragraph 4 [*Entitlement to GMP*] applies to a Member, Widow or Widower where the Member has a guaranteed minimum in relation to the pension provided for the Member under the Division in accordance with Section 14 of the Pension Schemes Act.

4.2 **Member's GMP**

The Member shall be entitled to a pension for life paid at a rate equivalent to a weekly rate of not less than that guaranteed minimum. The pension will be paid from State Pensionable Age but commencement of the pension may be postponed for any period during which the Member remains in employment after State Pensionable Age:

- (a) if the employment is employment to which the Division relates and the postponement is not for more than 5 years after State Pensionable Age; or
- (b) if the Member consents to the postponement.

4.3 **Widow's GMP**

Where the Member is a man and dies at any time leaving a Widow, she shall be entitled, to receive a pension from the Plan for her lifetime paid at a rate equivalent to a weekly rate of not less than half that guaranteed minimum.

4.4 Widower's GMP

Where the Member is a woman and dies at any time on or after 6 April 1989 leaving a Widower, he shall be entitled to receive a pension from the Plan for his lifetime paid at a rate equivalent to a weekly rate of not less than half of that part of the guaranteed minimum which is attributable to earnings for the tax year 1988-1989 and subsequent tax years up to and including the tax year 1996-1997.

4.5 Offsetting pension against GMP

Any pension payable to the Member, Widow or Widower under any other provision of the Rules may be offset against the pension entitlement under this Paragraph 4 [*Entitlement to GMP*] except to the extent that:

- (a) any part of the pension is an equivalent pension benefit within the meaning of the National Insurance Act 1965; or
- (b) any part of the pension is an increase, calculated in accordance with Schedule 3 of the Pension Schemes Act and added to the amount that would be payable but for Chapter II of Part IV of the Pension Schemes Act or regulations made under it; or
- (c) offsetting would contravene the anti-franking legislation (see Paragraph 7 [*Anti-Frinking*] below); or
- (d) offsetting would contravene Regulation 55 of the Occupational Pension Schemes (Contracting-Out) Regulations 1996.

5 Revaluation of GMP

5.1 Revaluation before State Pensionable Age

The Member's GMP at State Pensionable Age or at the Member's earlier death will be calculated by increasing the accrued rights to GMP as follows.

- (a) In the case of a VUKPP Member, the increase will be the aggregate increase of the earnings factors for each relevant Tax Year as determined in accordance with the last order under Section 21 of the Social Security Pensions Act 1975 or Section 148 of the Social Security Administration Act 1992 to come into force before the Tax Year in which the Member ceases to be in Contracted-out Employment. The amount of the GMP as so increased shall then be increased by 6.25% or by such other rate as regulations made under Section 16(3) of the Pension Schemes Act may specify as being relevant at the date of cessation of Contracted-out Employment, for each relevant Tax Year after the Tax Year containing that date up to and including the last Tax Year before the Member reaches State Pensionable Age (or dies, if earlier).
- (b) In the case of a VWSCPP Member, the increase will be the aggregate increase of the earnings factors for each relevant Tax Year as determined in accordance with the last order under Section 21 of the Social Security Pensions Act 1975 or Section 148 of the Social Security Administration Act 1992 to come into force before the Tax Year in which the Member reaches State Pensionable Age (or dies, if earlier).

5.2 Transfers in

Where a transfer payment is received in respect of a Member from another scheme ("the transferring scheme") which includes accrued rights of the Member to a GMP the earnings factors used in calculating that GMP will normally be revalued using Section 148 Revaluation. The Trustees may, however, decide, if the provisions of the transferring scheme so allow, to use Fixed Rate Revaluation from the date of which the Member ceased to be in Contracted-out Employment by reference to the transferring scheme until the Member attains State Pensionable Age (or dies, if earlier).

Where the Plan accepts the proceeds of, or the assignment of, an insurance policy which consists of, or includes, accrued rights to GMP, the Trustees may use either Section 148 Revaluation or the method of revaluation that was in use under the policy.

5.3 Transfers out

Where a Member's accrued rights to GMP are transferred to a contracted-out salary related scheme, the Trustees may agree with the administrator of that scheme that the Member's GMP shall, instead of being revalued using the method prescribed in Paragraph 5.1 [*Revaluation of GMP: Revaluation before State Pensionable Age*] above, be revalued using the other method which would be permitted if that scheme contained a rule in the same terms as Paragraph 5.2 [*Revaluation of GMP: Transfers in*] above.

6 Increase of GMP

6.1 Increase after State Pensionable Age

If the commencement of any Member's GMP is postponed for any period after State Pensionable Age, that GMP shall be increased to the extent, if any, specified in Section 15 of the Pension Schemes Act.

6.2 Increase after State Pensionable Age or Member's death

Any GMP to which a Member, Widow or Widower is entitled under Paragraph 4 [*Entitlement to GMP*] above shall, insofar as it is attributable to earnings in the Tax Years from and including 1988-1989, be increased in accordance with the requirements of Section 109 of the Pension Schemes Act.

7 Anti-Franking

7.1 Except as provided in Sections 87-92 and 110 of the Pension Schemes Act, no part of a Member's, Widow's or Widower's pension under the Division may be used to frank an increase in the Member's, Widow's or Widower's GMP under Paragraph 5 [*Revaluation of GMP*] or Paragraph 6 [*Increase of GMP*] above.

8 Transfers into the Plan

8.1 Acceptance of transfers

The Trustees may accept:

- (a) a transfer payment in respect of the Member's accrued rights to GMPs under a contracted-out salary related scheme, a Section 53 salary related scheme or a policy of insurance or an annuity contract of the type described in Section 19 of the Pension Schemes Act;
- (b) a transfer of the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them.

Transfers may be accepted only as provided in the appropriate regulations.

8.2 Effect of transfers

Where a transfer is accepted under Paragraph 8.1(a) [*Transfers into the Plan: Acceptance of transfers*] above, the Trustees shall comply with Regulation 5 of the Contracting-out (Transfer and Transfer Payment) Regulations 1996 to the extent that it is relevant.

9 Transfers out of the Division

9.1 Conditions for transfer of GMPs

A transfer payment made out of the Division may include a Member's accrued rights to GMPs or the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them only if the following conditions are fulfilled. These conditions depend on the type of scheme, policy or contract to which the transfer is being made.

- (a) All schemes and arrangements

The Member must consent to the transfer unless:

- (i) it is a connected employer transfer as defined in the Contracting-out (Transfer and Transfer Payment) Regulations 1996 (S.I. 1996/1462). The transfer must be made in accordance with the appropriate regulations which may involve an actuarial certificate;
- (ii) it is to allow benefits to be bought out where the Member has less than 5 years Qualifying Service, or to allow the Trustees to buy out the benefits of the Widow or Widower of such a Member.

The transfer will be subject to any requirements of the Inland Revenue.

The receiving scheme, policy or contract must be an appropriate personal pension scheme, a contracted-out occupational pension scheme, an overseas occupational pension scheme, or an insurance policy or annuity contract of the type described in Section 19 of the Pension Schemes Act.

APPENDIX 1

- (b) Contracted-out salary related schemes and Section 19 insurance policies or annuity contracts

The receiving scheme, policy or contract must provide the Member and the Member's Widow or Widower with GMPs equal to their accrued GMPs under the Division up to the date of transfer, together with revaluation until the Member reaches State Pensionable Age (or dies, if earlier). In the case of GMPs already in payment, the receiving scheme must provide for the pensions to commence from the date from which liability for payment has been assumed by it, and for the conditions of payment relating to its own GMPs to apply equally to such pensions.

- (c) All occupational pension schemes (except overseas schemes covered by (e))

If the employment is not contracted-out, the transfer must be in accordance with Regulation 3(c) of S.I. 1996/1462.

- (d) Appropriate personal pension schemes and occupational pension schemes which are or were contracted-out by the money purchase test

The Member must be employed by an employer which is a contributor to the receiving scheme or the Member must previously have been a Member of the receiving scheme.

That part of the transfer payment which relates to the Member's accrued rights to GMPs must be of an amount at least equal to the cash value of those accrued rights and applied by the receiving scheme in providing money purchase benefits for, or in respect of, the Member.

- (e) Overseas occupational pension schemes not covered by (b) or (d) above

The transfer must be in accordance with Regulation 6 of S.I. 1996/1462.

9.2 Effect of such transfers

Where the Member's accrued rights to GMPs or liability for GMPs already in payment are transferred in accordance with Paragraph 9.1 [*Transfers out of the Division: Conditions for transfer of GMPs*] above, the Member and the Member's Widow or Widower will cease to have any entitlement to a GMP under the Division. If the transfer does not relate to the whole of the Member's rights to benefits under the Division, the Member's remaining benefits under the Division may be reduced to allow for the fact that the Member's GMP rights have been transferred.

10 Commutation and the GMP

10.1 Circumstances in which GMP may be commuted

Where Section 21 of the Pension Schemes Act permits the Member's GMP and the Widow's or Widower's GMP may be commuted.

10.2 Conditions attaching to GMP

A Member may not exchange under the relevant provisions of Part 3 [*General Final Salary Rules*] and Part 4 [*Specific Final Salary Rules*] of the Rules so much of his pension that the amount remaining would be less than his GMP. If a Member's pension would otherwise commence before State Pensionable Age and the level of pension which would be payable for life would be less than the amount of the prospective GMP payable to the Member from State Pensionable Age as estimated by the Actuary having regard to Paragraph 5 [*Revaluation of GMP*] above, then the Trustees may either:

- (a) defer commencement of the pension until on commencement its amount would not be less than such prospective GMP; and/or
- (b) arrange with the consent of the Member for the pension to commence at a rate lower than the rate of such prospective GMP on the basis that the pension shall be increased as necessary at State Pensionable Age in order to comply with the requirements of Paragraph 5 [*Revaluation of GMP*] above

but so that in either case the Trustees are reasonably satisfied that the total value of the benefits provided to the Member, when they become payable, is at least equal to the value of the benefits that would have been payable to the Member at Normal Retirement Date.

11 Winding-Up the Division or the Plan

- 11.1 If the Division or the Plan winds-up for any reason, the assets must be applied to provide benefits in accordance with Section 73 of the 1995 Act and the Occupational Pension Schemes (Winding-up) Regulations 1996 and (subject thereto) in accordance with the Third Definitive Trust Deed and the Rules.

12 Division ceases to be a Contracted-Out Salary Related Scheme

- 12.1 If the Division (or part of it) ceases to be a contracted-out salary related scheme, the Trustees must seek the approval of the Inland Revenue National Insurance Contributions Officer to any proposed arrangement for securing GMPs.

13 Suspension of GMP

- 13.1 Payment of a GMP may be suspended during any period when:
 - (a) the person receiving the GMP is unable to act (by reason of mental disorder or otherwise) but the amount of the GMP must either be paid or applied for the maintenance of the recipient or his dependants, or paid to the recipient when that recipient is again able to act, or paid to the recipient's estate after that recipient's death.
 - (b) the recipient of the GMP is in prison or detained in legal custody but the amount of the GMP must then be paid or applied for the maintenance of such one or more of the recipient's dependants as the Trustees shall determine.

14 Forfeiture of GMP

- 14.1 Any instalment of a GMP may be forfeited if it is not paid within 6 years of the date on which the instalment became due and the Trustees do not know the whereabouts of the recipient.

15 Contributions Equivalent Premiums

- 15.1 The Trustees may elect to pay a contributions equivalent premium in accordance with and subject to the conditions of Sections 55-57 of the Pension Schemes Act. An amount equal to the contributions equivalent premium shall be deducted from the refund of Contributions otherwise payable to a Refund Only Member.
- 15.2 Payment of the contributions equivalent premium extinguishes the Member's accrued rights to GMPs under the Division.

APPENDIX 2REVENUE LIMITS APPENDIXCONTENTS

Paragraph	Heading	
	Interpretation.....	254
	Definitions	254
I	Aggregate Retirement Benefits: Members Other than Special Capped Members.....	259
II	Lump Sum Retirement Benefit: Members Other than Special Capped Members.....	259
IA	Aggregate Retirement Benefit: Special Capped Members.....	260
IIA	Lump Sum Retirement Benefit: Special Capped Members.....	261
III	The Lump Sum Death Benefit	261
IV	Dependant's Pension.....	262
V	Allowance for Increases.....	263
VI	Special Directors.....	263
VII	Reduced Benefits	264
VIII	Pension Sharing on Divorce	264
	Special Conditions	266

APPENDIX 2**REVENUE LIMITS APPENDIX****Interpretation**

References to any legislation or any provision includes references to any previous legislation or provision relating to the same subject matter and to any modification or re-enactment for the time being in force. This Appendix and the Revenue Limits apply to (and limits) the benefits payable to all Members, but subject to the provisions of Appendix 3 [*A Day Appendix*].

Definitions

In this Revenue Limits Appendix the following expressions have the following meanings:

"Aggregate Retirement Benefit" means the aggregate of -

- (i) the Member's pension under the Plan and all Associated Schemes; and
- (ii) the pension equivalent of the Member's Lump Sum Retirement Benefit.

"Associated Employer" an employer is associated with another employer for the purposes of this definition if it is controlled by the other, or both are controlled by a third party. Control has the meaning given in Section 840 of the Taxes Act or, in the case of a close company, Section 416 of the Taxes Act.

"Associated Employment" means two or more concurrent employments held by the Member which are associated, that is where-

- (i) there is a period during which the Member has held all of them;
- (ii) the period counts under the Plan in the case of all of them as a period in respect of which benefits are payable; and
- (iii) during the period all the employers in question are Associated Employers.

"Associated Scheme" means either (1) or (2) below as appropriate-

- (1) In respect of a Capped Member, any Relevant Scheme which is a Connected Scheme or which provides benefits in respect of Service.
- (2) In respect of an Uncapped Member, any Relevant Scheme providing benefits in respect of Service.

"Capped Member" means a Member who joined the Plan on or after 1 June 1989. Provided that at any time before the date which is earliest as mentioned in proviso (b) of Rule 3.4 [*Increases to Pensions in Payment: Election to become a Special Capped Member*] -

APPENDIX 2

- (A) such a Member may be deemed to be an Uncapped Member either in respect of that part (if any) of his benefits which derives from a transfer to the Plan under Rule 6.1 [*Transfers to the Plan: Trustees' power to accept transfers*] or for all the purposes of the Rules, in the circumstances and subject to any conditions set out in or made by virtue of regulations made under paragraph 19(2) of Schedule 6 to the Finance Act 1989; or
- (B) a Member who joined the Plan before 1 June 1989 and who would otherwise be an Uncapped Member may elect to be deemed to have become a Capped Member on 1 June 1989, if -
- (i) he joined the Plan after 16 March 1987 and gives notice in accordance with paragraph 29 of Schedule 6 to the Finance Act 1989, in which event he shall be treated as a Member who joined the Plan on 1 June 1989 for the purposes of Part II of that Schedule only; or
 - (ii) he joined the Plan at any time before 1 June 1989 and the Trustees, subject to such conditions as the Trustees may require and provided Tax Approval would not be prejudiced thereby, so allow, in which event he will be treated for all the purposes of the Rules as if he had become a Capped Member on the date of his election.

Where in this Revenue Limits Appendix reference is made to a Capped Member, unless otherwise specified such reference shall include a Special Capped Member.

"Connected Scheme" means any Relevant Scheme which is connected with the Plan in relation to the Member, that is, if -

- (i) there is a period during which the Member has been the employee of two Associated Employers;
- (ii) that period counts under both the Relevant Scheme and the Plan as a period in respect of which benefits are payable; and
- (iii) the period counts under the Relevant Scheme for service with one Associated Employer and under the Plan for service with the other Associated Employer.

"DSS" means the Department of Social Security, now part of the Department for Work and Pensions.

"Inland Revenue" means the Government department of that name which now forms part of HM Revenue & Customs.

"Lump Sum Retirement Benefit" means the total value of all benefits payable in any form other than non-commutable pension under the Plan and all Associated Schemes.

"Maximum Pensionable Remuneration" means the greater of -

- (a) the highest remuneration for anyone of the 5 years preceding the Relevant Date, being the aggregate of -

APPENDIX 2

- (i) the basic pay for the year in question; and
 - (ii) the yearly average over 3 or more consecutive years ending with the expiry of the corresponding basic pay year of any fluctuating emoluments, provided that fluctuating emoluments for a year other than a basic pay year may be increased in proportion to any increase in the Index from the last day of that year up to the last day of the basic pay year; and
- (b) the yearly average of the total emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date

Provided that -

- (A) Directors' fees shall be treated as basic pay or as fluctuating emoluments according to the basis on which they are voted and non-monetary amounts chargeable to income tax under Schedule E (as defined in Section 19(1) of the Taxes Act) shall be treated as fluctuating emoluments;
- (B) where Maximum Pensionable Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the amount ascertained under (a) or (b) above (as the case may be) may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date but this Proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with Section II or IIA below unless the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this Proviso and the Proviso to (a)(ii) above and then only to the same proportionate extent;
- (C) remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or any interest in shares or from a right to acquire shares (except where such shares, interests or rights were acquired before 17 March 1987) or anything in respect of which tax is chargeable by virtue of Section 148 of the Taxes Act (payments on retirement or removal from office or employment);

and in respect of a Capped Member only, provided further that -

- (D) in relation to a Member who is a Special Director, Maximum Pensionable Remuneration shall (subject to Proviso (E) below) be the amount ascertained in accordance with (b) above and (a) above shall not apply;
- (E) notwithstanding any of the foregoing Provisos, this definition shall be subject to the overriding condition that there shall be disregarded any excess of what would be the Member's Maximum Pensionable Remuneration (apart from this Proviso (E)) over the Permitted Maximum for the Tax Year in which the Member's Relevant Date falls;

and in respect of an Uncapped Member only, provided further that -

- (F) in relation to a Member who is a Special Director or whose remuneration in any year subsequent to 5 April 1987 has exceeded £100,000 or such other amount as may be prescribed in an order made by the Treasury in this respect, Maximum Pensionable Remuneration shall be the amount ascertained in accordance with (b) above and (a)

APPENDIX 2

above shall not apply unless the Member is not a Special Director and he elects that his Maximum Pensionable Remuneration shall be restricted to £100,000 (or such other amount which may be prescribed as the relevant limit in an order made by the Treasury) and such election would not prejudice Tax Approval; and

- (G) for the purposes of calculating the maximum Lump Sum Retirement Benefit in accordance with Section II below in relation to a Member who is not exempt from the scope of this restriction to the satisfaction of the Inland Revenue, Maximum Pensionable Remuneration shall not in any event exceed £100,000 or such other amount as may be prescribed in an order made by the Treasury in this respect.

“Negative Deferred Pension” has the meaning given in Appendix 4.

“Pension Debit” has the meaning given in Appendix 4.

“Pension Debit Member” has the meaning given in Appendix 4.

“Permitted Maximum” means in relation to a Capped Member the figure specified for each Tax Year in an order made by the Treasury under Section 590C(6) of the Taxes Act.

“the Relevant Date” means the date a Member retires, dies or otherwise ceases to be in Pensionable Service, provided that if a Member has, on grounds of ill health, injury, accident or Incapacity, been in receipt of much reduced remuneration for a period of more than ten years ending upon attainment of Normal Retirement Date, and has been in Service or has been treated as if he were in Service throughout such period, “the Relevant Date” for the purposes of paragraphs (a) and (b) in the definition of Maximum Pensionable Remuneration shall be date of cessation of his normal pay.

“Relevant Scheme” means any other scheme approved or seeking Tax Approval.

“Remuneration” in relation to any year means -

- (a) as regards a Capped Member, the aggregate of the total emoluments for the year in question -
- (i) from the Employer; and
 - (ii) in respect of any Associated Employment or any Connected Scheme which are assessable to Income Tax under Schedule E but excluding any amounts which arise from the acquisition or disposal of shares or an interest in shares or a right to acquire shares or anything in respect of which tax is chargeable by virtue of Section 148 of the Taxes Act

Provided that in arriving at such emoluments there shall be disregarded any emoluments in excess of the Permitted Maximum; or

- (c) as regards an Uncapped Member, total emoluments from the Employer in the year in question which are assessable to Income Tax under Schedule E but excluding any amounts which arise from the acquisition or disposal of shares or

APPENDIX 2

an interest in shares or a right to acquire shares or anything in respect of which tax is chargeable by virtue of Section 148 of the Taxes Act.

"**Service**" has the meaning given in Part 1 [*Rules Applicable to both Divisions*] of the Rules (as modified, if applicable, by Part 2 [*Money Purchase Rules*] or Parts 3 [*General Final Salary Rules*] and 4 [*Specific Final Salary Rules*] of the Rules) except that -

- (a) in relation to an Uncapped Member Service is not required to be aggregated with any period which counts in respect of any Associated Employment or any Connected Scheme; and
- (b) in relation to a Special Director who is a Capped Member the definition of Service may not be interpreted as including a period of service for an employer who is associated with the Senior Company by virtue of a permanent community of interest rather than because one employer is controlled by the other or both are controlled by a third party. Where both such employers are participating in the Plan separate calculations of maximum benefits are required in respect of the separate periods of Service. Control has the meaning in Section 840 of the Taxes Act or, in the case of a close company, Section 416 of the Taxes Act.

"**Special Capped Member**" means a Member who has elected to be treated as a Special Capped Member to qualify for different early and late retirement provisions in accordance with Rule 3.4 [*Increases to Pensions in Payment: Election to become a Special Capped Member*].

"**Special Director**" means a Member who at any time after 16 March 1987 and within the last ten years before retirement has been a director as defined in Section 612 of the Taxes Act and who is within paragraph (b) of Section 417(5) of the Taxes Act in both such cases in relation to the Employer.

"**Tax Approval**" means the requirements for approval of the Plan by the Inland Revenue and its treatment as an exempt approved scheme under Chapter I Part XIV of the Taxes Act as at 5 April 2006.

"**Taxes Act**" means the Income and Corporation Taxes Act 1988.

"**Uncapped Member**" means a Member who is not, and who is not deemed to be, a Capped Member.

Limits on Contributions

The total contributions paid by a Member in a Tax Year to the Plan and to any Associated Scheme providing benefits by virtue of Service shall not exceed 15 per cent of his Remuneration for that year and (in respect of a Capped Member) in respect of that Service or (in the case of a Member who has been temporarily absent from normal Service during his membership) such greater amount as will not prejudice Tax Approval. No alteration may be made to the rate(s) at which Members are required to contribute to the Plan before the expiry of a period of not less than 12 months from the date on which the first payment at the current rate became due, without the specific agreement of the Inland Revenue.

Limits on Aggregate Benefits

Notwithstanding anything to the contrary in the Rules (other than as set out in Paragraph 2 of the Pension Sharing on Divorce Appendix), the benefits payable to a Member or to his Dependents or other beneficiaries in respect of him shall not, when aggregated with all benefits of a like nature provided under all Associated Schemes, exceed the limits set out below.

The limits set out in Sections I and II below apply only to Uncapped Members and to Capped Members who are not Special Capped Members, and the limits set out in Sections IA and IIA below apply only to Special Capped Members. Subject thereto, the limits apply equally to all Members, except where indicated otherwise.

I Aggregate Retirement Benefits: Members Other than Special Capped Members

I.1 On retirement at or before Normal Retirement Date, a pension of 1/60th of Maximum Pensionable Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Tax Approval.

I.2 On retirement after Normal Retirement Date, a pension of the greatest of -

- (i) the amount calculated in accordance with I.1 above on the basis that the actual date of retirement was the Member's Normal Retirement Date; or
- (ii) the amount which could have been provided at Normal Retirement Date in accordance with I.1 above increased actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period; or
- (iii) for a VWSCPP Member,⁸³ where the Member's total Service has exceeded 40 years, the aggregate of 1/60th of Maximum Pensionable Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further 1/60th of Maximum Pensionable Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years,

Maximum Pensionable Remuneration being computed in respect of (i) and (iii) above as at the actual date of retirement.

I.3 On leaving Pensionable Service before Normal Retirement Date, a preserved pension payable at Normal Retirement Date of 1/60th of Maximum Pensionable Remuneration for each year of that Service (not exceeding 40 years) or such greater amount as will not prejudice Tax Approval. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between the Relevant Date and the date the pension comes into payment.

II Lump Sum Retirement Benefit: Members Other than Special Capped Members

⁸³ Deed of Amendment dated 10 October 2018, clause 2.8.

APPENDIX 2

- II.1 On retirement at or before Normal Retirement Date, 3/80ths of Maximum Pensionable Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Tax Approval.
- II.2 On retirement after Normal Retirement Date, the greatest of -
- (i) the amount calculated in accordance with paragraph II.1 [*Lump Sum Retirement Benefit: Members Other than Special Capped Members*] above on the basis that the actual date of retirement was the Member's Normal Retirement Date; or
 - (ii) the amount which could have been provided at Normal Retirement Date in accordance with paragraph II.1 above, together with an amount representing interest thereon; or
 - (iii) for a VWSCPP Member,⁸⁴ where the Member's total Service has exceeded 40 years, the aggregate of 3/80ths of Maximum Pensionable Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further 3/80ths of Maximum Pensionable Remuneration for each year of Service after Normal Retirement Date with an overall maximum of 45 reckonable years,

Maximum Pensionable Remuneration being computed in respect of (i) and (iii) above as at the actual date of retirement.

- II.3 On leaving Pensionable Service before Normal Retirement Date, a lump sum payable at Normal Retirement Date of 3/80ths of Maximum Pensionable Remuneration for each year of that Service (not exceeding 40 years) or such greater amount as will not prejudice Tax Approval. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between the Relevant Date and the date the pension comes into payment, but if and only to the same extent as the total benefits have been increased under paragraph I.3 [*Aggregate Retirement Benefits: Members Other than Special Capped Members*] above.

IA. **Aggregate Retirement Benefit: Special Capped Members**

- IA.1 On retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Date on grounds of Incapacity, a pension of 1/60th of Maximum Pensionable Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Tax Approval.
- IA.2 On retirement at any time before Normal Retirement Date on grounds of Incapacity, a pension of the amount which could have been provided at Normal Retirement Date in accordance with paragraph IA.1 [*Aggregate Retirement Benefits: Special Capped Members*] above, Maximum Pensionable Remuneration being computed as at the actual date of retirement.
- IA.3 On leaving Pensionable Service before attaining age 75, a pension of 1/60th of Maximum Pensionable Remuneration for each year of that Service (not exceeding 40

⁸⁴ Deed of Amendment dated 10 October 2018, clause 2.8.

APPENDIX 2

years) or such greater amount as will not prejudice Tax Approval. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between the Relevant Date and the date on which the pension comes into payment.

- IA.4 Benefits for a Special Capped Member are further restricted to ensure that his total retirement benefit from the Plan and from any Associated Scheme or Connected Scheme does not exceed a pension of 1/30th of the Permitted Maximum for each year of service, subject to a maximum of 20/30ths. For the purpose of this limit, service is the aggregate of Service and any period of service which gives rise to benefits under a Connected Scheme provided that no period is to be counted more than once.
- IA.5 When calculating the Aggregate Retirement Benefit, the pension equivalent of the Special Capped Member's Lump Sum Retirement Benefit shall be one twelfth of its total cash value.

IIA **Lump Sum Retirement Benefit: Special Capped Members**

- IIA.1 On retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Date on grounds of Incapacity, 3/80ths of Maximum Pensionable Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Tax Approval.
- IIA.2 On retirement at any time on grounds of Incapacity, the amount which could have been provided at Normal Retirement Date in accordance with paragraph IIA.1 [*Lump Sum Retirement Benefit: Special Capped Members*] above, Maximum Pensionable Remuneration being computed as at the actual date of retirement.
- IIA.3 On leaving Pensionable Service before attaining age 75, a lump sum of 3/80ths of Maximum Pensionable Remuneration for each year of that Service (not exceeding 40 years) or such greater amount as will not prejudice Tax Approval. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between the Relevant Date and the date on which the pension commences to be payable but only if and to the same extent as the total benefits have been increased under paragraph IA.3 [*Aggregate Retirement Benefits: Special Capped Members*] above.

III **The Lump Sum Death Benefit**

The following limits apply to the lump sum benefit (exclusive of any refund of contributions) payable on the death of a Member while in Service or (having left Service with a preserved pension) before the commencement of his pension.

The greater of-

- (a) £5,000 or such greater amount as will not prejudice Tax Approval; and
- (b) four times whichever is the greatest of-
- (i) the Member's Maximum Pensionable Remuneration;

APPENDIX 2

(ii) his basic pay at the annual rate being received immediately before death plus the yearly average over the three years (or the whole period of Service if less) up to the date of death, of any fluctuating emoluments; or

(iii) his total emoluments paid during a period of 12 months selected by the Trustees and ending on or within 36 months prior to the date of death,

less -

(iv) any lump sum (other than a refund of contributions) payable on the death of the Member under all Relevant Schemes in respect of service with previous employers; and

(v) any lump sum life assurance benefit payable on the death of the Member under a retirement annuity contract or trust scheme approved under Section 621 of the Taxes Act, or a Personal Pension Scheme if the lump sum, or their aggregate if more than one, exceeds £2,500 or such greater amount as will not prejudice Tax Approval,

Provided that -

(A) in (ii) and (iii) above where the lump sum benefit is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's actual emoluments for that year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date; and

(B) in relation to a Capped Member there shall be disregarded, in arriving at the figure for paragraphs (ii) and (iii) above and for the purposes of paragraph (c) of Section IV below, any excess in such figure (apart from this Proviso) above the Permitted Maximum.

IV **Dependant's Pension**

The following limit applies to any pension for a Dependant, when aggregated with the pensions (other than any provided by surrender of the Member's own pension) payable to that Dependant under all Associated Schemes.

An amount equal to 2/3rds of the Aggregate Retirement Benefit -

(a) being paid to the Member at the date of his death (including any pension increases given under Rule 3 [*Increases to pensions in payment*]); or

(b) being a preserved pension payable to a Member other than a Special Capped Member at Normal Retirement Date or to a Special Capped Member at any time between attaining age 50 and attaining age 75;

(c) prospectively payable to the Member who dies in Service had he remained in Service up to Normal Retirement Date at the rate of pay in force immediately before his death (such

APPENDIX 2

rate of pay to be subject, except in the case of an Uncapped Member, to the Permitted Maximum); or

- (d) prospectively payable to the Member who dies in Service after Normal Retirement Date on the basis that he had retired on the date before he died

or such greater amount as will not prejudice Tax Approval.

If pensions are payable to more than one Dependant of a Member, the aggregate of all Dependents' pensions payable in respect of him under the Plan and all Associated Schemes shall not exceed the full amount of whichever is the appropriate Aggregate Retirement Benefit under (a), (b), (c) or (d) above or such greater sum as will not prejudice Tax Approval.

V **Allowance for Increases**

The maximum amount of a pension ascertained in accordance with Sections I or IA and IV above less any pension exchanged under the Rule in Part 2 [*Money Purchase Rules*] and/or Parts 3 [*General Final Salary Rules*] and 4 [*Specific Final Salary Rules*] (as applicable) of the Rules dealing with the exchange of pension for lump sum may (subject to satisfying any requirements of the DSS in this respect) be increased by 3 % (or such other rate of increase as may from time to time be specified by the Inland Revenue for this purpose) for each complete year since the date the pension came into payment or (if the increase would then be greater) in proportion to the increase in the Index since that date (or as otherwise permitted by the Inland Revenue).

VI **Special Directors**

The preceding provisions of this Revenue Limits Appendix shall be modified in their application to a Member who is a Special Director as follows -

the amount of the maximum Aggregate Retirement Benefit in Section I or IA (as appropriate) and of the maximum Lump Sum Retirement Benefit in Section II or IIA (as appropriate) shall be reduced, where necessary for Tax Approval, so as to take account of any corresponding benefits under either a retirement annuity contract or trust scheme approved under Section 621 of the Taxes Act or a Personal Pension Scheme approved under Chapter IV Part XIV of the Taxes Act

and in relation to a Member (other than a Special Capped Member) who at his Normal Retirement Date is also a Special Director, as follows-

where retirement takes place after Normal Retirement Date but not later than the Member's 70th birthday, Section I.2(ii) and (iii) and Section II.2(ii) and (iii) shall apply, and if retirement is later than the attainment of that age, the said paragraphs shall apply as if the Member's 70th birthday had been specified in the Rules as his Normal Retirement Date, so as not to treat as Service after Normal Retirement Date any Service before the Member reaches the age of 70.

VII **Reduced Benefits**

Where any benefit under one Division of the Plan has to be reduced so that it does not exceed the limit set out in this Revenue Limits Appendix or in any relevant undertaking given by the

APPENDIX 2

Trustees to the Inland Revenue, the Trustees after consulting the Actuary may, but need not, apply the value of such reduction in increasing within such limits any other benefit under the same Division of the Plan. To the extent that the value of such reduction is not so applied the Trustees may, but need not, subsequently apply it in increasing benefits as, within the said limits at that subsequent time and after consulting the Actuary, they decide. Only the benefits of the person entitled to the reduced benefit may be increased under this paragraph, the benefits of a Member's Dependants or other beneficiaries being treated for this purpose as part of his benefits.

VIII **Pension Sharing on Divorce**

Subject to the Contracting-out Requirements, the following limits shall apply to the benefit of a Pension Debit Member:

- (a) The pension shall not exceed the Aggregate Retirement Benefit less the Negative Deferred Pension in the Plan and the Negative Deferred Pension in any Associated Scheme.
- (b) The lump sum from the Plan and any Associated Scheme shall not exceed:
 - (i) for Pension Debit Members who are Capped Members, an amount determined by 2.25 x the initial annual pension payable; and
 - (ii) for Pension Debit Members who are Uncapped Members, an amount of the greater of:
 - (A) 2.25 x the initial annual pension payable; or
 - (B) an amount determined in accordance with the Rule in Part 2 [*Money Purchase Rules*] or Parts 3 [*General Final Salary Rules*] and 4 [*Specific Final Salary Rules*] of the Rules (as appropriate) dealing with the exchange of pension for lump sum as if there had been no Pension Debit, less 2.25 x the Negative Deferred Pension.

For the purposes of this paragraph VIII, the initial annual pension should be calculated on the following bases:

- (aa) if the pension payable for the year changes, the initial pension payment should be taken;
- (bb) it should be assumed that the Pension Debit Member will survive a year;
- (cc) the effect of commutation should be ignored.
- (c) On the death of the Pension Debit Member, any pension for a Dependant shall not exceed two-thirds of an amount determined in accordance with this Revenue Limits Appendix as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, in the case of a Capped Member, the Negative Deferred Pension in any Connected Scheme (the Maximum Amount). Where more than one pension is to be paid the total of all the

APPENDIX 2

pensions cannot exceed 100% of the Maximum Amount.

Special Conditions

1 Augmentation of Benefits by Member

Where in addition to being a Member of the Plan the Member is also a member of an approved scheme ("the Voluntary Scheme") which provides additional benefits to supplement those provided by the Plan and to which no contributions are made by any employer of his, the provisions of the paragraph that follows shall apply in relation to any augmentation of the benefits provided for him by the Plan after he has ceased to participate in it.

Any provisions of the Plan imposing a limit on the amount of a benefit provided for the Member shall have effect (notwithstanding anything in them to the contrary) as if they provided for the limit to be reduced by the amount of any like benefit provided for the Member by the Voluntary Scheme.

2 Return of Surplus Fund

Where the application of the limits in this Revenue Limits Appendix requires the quantum of the Aggregate Retirement Benefit to be restricted and the Member has paid additional voluntary contributions to supplement scheme benefits, that restriction shall first be effected on those supplementary benefits so as to permit the repayment of the surplus additional voluntary contributions subject to Section 599A of the Taxes Act.

The administrator of the Plan shall comply with the requirements of Regulation 5 of The Retirement Benefit Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 [S.I 1993 No. 3016] and where the Plan is the "leading scheme" in relation to a Member, with the requirements of Regulation 6 of those Regulations so far as they concern main schemes. If these Regulations are amended or replaced by any other Regulations then this Rule will have effect as if it had been amended or replaced accordingly.

3 Payment of Benefits: Special Capped Members

The provisions of the Plan shall have effect (notwithstanding anything in them to the contrary) as if they provided -

- (a) that a Special Capped Member's retirement benefit shall commence to be paid no earlier than the date upon which the Member attains age 55, except on retirement on grounds of Incapacity, nor later than the date on which he attains age 75; and
- (b) subject to (a) above, that no part of a Special Capped Member's retirement benefit shall be paid in advance of actual retirement or leaving Service except to the extent necessary to comply with the requirements of the Pension Schemes Act.

4 Transfers: Members other than Special Capped Members

Any retirement benefits arising by virtue of the receipt by the Plan of a transfer value (other than from another scheme providing benefits in respect of Service) shall not be capable of commutation unless and then only to the extent that a certificate has been obtained from the administrator of the transferring scheme showing the maximum lump sum payable from the

transfer value. The amount so certified may be increased in proportion to any increase in the Index since the date the transfer payment was received.

When, on or after a transfer having been made to another occupational pension scheme, the administrator of that scheme requests such a certificate as is referred to in the preceding paragraph, the Administrator shall calculate as at the date of the transfer the maximum lump sum payable on retirement from the transfer value and certify that amount to the receiving scheme.

5 Transfers: All Members

The benefits arising on retirement from a transfer value shall not be capable of being exchanged for a lump sum nor shall they be paid in lump sum form if the transfer is accompanied by a certificate from the administrator of the transferring scheme to the effect that the transfer value is not to be used to provide benefits in lump sum form.

When making a transfer to an approved personal pension scheme the Plan administrator shall provide a certificate of the maximum lump sum payable on retirement from the transfer value if the transferring Member -

- (a) was aged 45 or more at the time that the transfer payment was made; or
- (b) has at any time within the 10 years preceding the date on which the right to the cash equivalent being transferred arose, been, in respect of any employment to which the transfer payment or any part of it relates, either:
 - (i) a Special Director; or
 - (ii) in receipt of annual remuneration in excess of £60,000 or, if greater, the allowable maximum (i.e. the equivalent for personal pension schemes of the Permitted Maximum) for the year of assessment in which the date of transfer falls; or
- (c) is entitled to benefits included in the transfer payment which arise from an occupational pension scheme under which the normal retirement age is 45 or less.

APPENDIX 3

A DAY APPENDIX

CONTENTS

Part	Heading	
Part 1	VUKPP Members	270
Part 2	VWSCPP Members	274
Part 3	Money Purchase Division	277

APPENDIX 3**A DAY APPENDIX****PART 1****VUKPP MEMBERS****CONTENTS**

Paragraph	Heading	
1	Revenue Limits.....	270
2	Eligibility.....	270
3	Unauthorised payments.....	270
4	Power to make payments.....	270
5	Early retirement under the Plan.....	271
6	Limits on member contributions	271
7	Tax free lump sum.....	271
8	Serious ill health lump sum	271
9	Trivial commutation and winding-up lump sums	271
10	Lifetime allowance excess lump sum	272
11	Flexible retirement.....	272
12	Paying lump sum death benefits as pension.....	272
13	Retained benefits.....	272

APPENDIX 3**A DAY APPENDIX****PART 1****VUKPP MEMBERS**

For the avoidance of doubt, this Appendix 3 [*A Day Appendix*] amends the Revenue Limits. In the event of any conflict between the provisions of Appendix 2 [*Revenue Limits Appendix*] and this Appendix 3 [*A Day Appendix*], Appendix 3 [*A Day Appendix*] shall take precedence.

1 Revenue Limits

Subject to the later provisions in this Part:

- (a) where a benefit or contribution payable under or to the Division would have been restricted by the Revenue Limits if those limits had applied to the Division, then those restrictions will apply to the Division; and
- (b) the Trustees and the Principal Employer may in any particular case disapply any restriction imposed by the Revenue Limits in whole or in part on such terms as they may agree.

2 Eligibility

No one shall be ineligible for membership of the Plan purely as a result of contributing to a stakeholder or personal pension scheme.

3 Unauthorised payments

No payment shall be made under the Plan if it would be an unauthorised payment (as defined in Section 160(5) of the Finance Act 2004) unless the Trustees and the Principal Employer agree. If an amount that would otherwise be payable would be an unauthorised payment, the Trustees and the Principal Employer may agree to provide an alternative benefit of equivalent value for the pension concerned on such terms as they think fit.

4 Power to make payments

The Trustees may with the consent of the Principal Employer pay:

- (a) any short service refund lump sum charge or special lump sum death benefits charge under Sections 205 and 206 of the Finance Act 2004 for which they are liable; and
- (b) any lifetime allowance charge for which, under Section 217 of the Finance Act 2004, they are jointly and severally liable with the individual to whom the charge relates.

5 Early retirement under the Plan

No pension shall be paid under the Third Definitive Trust Deed and Rules on the grounds of Incapacity before the Member's normal minimum pension age (or the Member's protected pension age, if different) for the purpose of the Finance Act 2004 unless:

- (a) the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and
- (b) the Member has in fact ceased to carry on that occupation.

6 Limits on member contributions

- (a) Any provision in the Third Definitive Trust Deed and Rules (including the Revenue Limits) limiting the contributions that a Member may pay to the Plan may be disapplied on such basis as the Trustees and the Principal Employer may agree.
- (b) A Member in Pensionable Service who has ceased accruing further pension entitlement under the Plan by virtue of having completed 40 years' Pensionable Service⁸⁵ shall be required to pay contributions at only half the normal rate applicable to him.

7 Tax free lump sum

The Trustees may allow a Member to increase the lump sum payable to him under the Third Definitive Trust Deed and Rules up to the maximum pension commencement lump sum for the purpose of the Finance Act 2004, notwithstanding any restriction in the Third Definitive Trust Deed and Rules (including the Revenue Limits). The Trustees may also allow part or all of any Member's AVC Benefits to be paid as a cash lump sum on such basis as they may decide.

8 Serious ill health lump sum

The Trustees may allow a pension to be commuted on grounds of serious ill health under the Third Definitive Trust Deed and Rules only where the lump would be a serious ill-health lump sum for the purpose of the Finance Act 2004 and the Trustees have received evidence from a registered medical practitioner that the Member is expected to live for less than one year.

This Clause does not apply to lump sums falling within article 39 of the Taxation of Pension Schemes (Transitional Provisions) Order 2006.

9 Trivial commutation and winding-up lump sums

The Trustees may allow a pension to be commuted on grounds of triviality only where the lump sum would be a trivial commutation lump sum or a winding-up lump sum for the purpose of the Finance Act 2004.

⁸⁵ Deed of Amendment dated 10 October 2018, clause 2.9.

Any reference to the pension not exceeding £260 per annum (or any other specified amount) in order to be eligible for commutation on the grounds of triviality shall be ignored if the Trustees and the Principal Employer so agree.

This Clause does not apply to lump sums falling within article 38 of the Taxation of Pension Schemes (Transitional Provisions) Order 2006.

10 Lifetime allowance excess lump sum

Where a benefit entitlement crystallises where none of a Member's lifetime allowance is available, the Trustees and the Principal Employer may allow payment of all (or part) of any funds held in the Plan, or may commute all (or part) of any pension entitlements that are going to arise under the Plan, as a lifetime allowance excess lump sum as defined in the Finance Act 2004.

11 Flexible retirement

The Trustees may allow Members to receive all of their benefits under the Plan before they leave Service on such basis as the Trustees agree with the Principal Employer and notify to the Member. The benefits payable on the death of a Member in Service who is in receipt of all of his benefits in accordance with this provision shall be of such amount and in such form as the Trustees and the Principal Employer shall decide.

12 Paying lump sum death benefits as pension

Where a lump sum is payable to a person ("the Recipient") under the Third Definitive Trust Deed and Rules, the Trustees may, with the Recipient's consent, agree to the payment of a pension of equivalent value to the Recipient instead of the lump sum on such terms as the Trustees think fit.

13 Retained benefits

All reductions under the Plan by reference to retained rights to relevant benefits (according to the definition as at 5 April 2006 in Section 612(1) of the Income and Corporation Taxes Act 1988) or retained death benefits (as defined in the Inland Revenue Model Rules PS 123M 8/2002 as at 5 April 2006) shall be disapplied.

APPENDIX 3

A DAY APPENDIX

PART 2

VWSCPP MEMBERS

CONTENTS

Paragraph	Heading	
1	Revenue Limits	274
2	Eligibility	274
3	Unauthorised payments	274
4	Power to make payments	274
5	Early retirement under the Rules	275
6	Serious ill health lump sum	275
7	Trivial commutation and winding-up lump sums	275
8	Paying lump sum death benefits as pension	275
9	Retained Benefits	275

APPENDIX 3**A DAY APPENDIX****PART 2****VWSCPP MEMBERS****1 Revenue Limits**

Subject to the later provisions in this Part:

- (a) where a benefit or contribution payable under or to the Division would have been restricted by the Revenue Limits if those limits had applied to the Division, then those restrictions will apply to the Division; and
- (b) the Trustees and the Principal Employer may in any particular case disapply any restriction imposed by the Revenue Limits in whole or in part on such terms as they may agree.

2 Eligibility

A former member of the VWSCPP in Service who pays contributions to a stakeholder or personal pension scheme with effect on and from 6 April 2006 shall, unless the Trustees and the Principal Employer determine otherwise, be treated as having opted-out of continuing Pensionable Service in accordance with the Rules in relation to the Plan.

3 Unauthorised payments

No payment shall be made under the Plan if it would be an unauthorised payment (as defined in Section 160(5) of the Finance Act 2004) unless the Trustees and the Principal Employer agree. If an amount that would otherwise be payable would be an unauthorised payment, the Trustees and the Principal Employer may agree to provide an alternative benefit of equivalent value for the person concerned on such terms as they think fit.

4 Power to make payments

The Trustees may with the consent of the relevant Principal Employer pay:

- (a) any short service refund lump sum charge or special lump sum death benefits charge under sections 205 and 206 of the Finance Act 2004 for which they are liable; and
- (b) any lifetime allowance charge for which, under Section 217 of the Finance Act 2004, they are jointly and severally liable with the individual to whom the charge relates.

5 Early retirement under the Rules

No pension shall be paid under the Third Definitive Trust Deed and Rules on the grounds of Incapacity before the Member's normal minimum pension age (or the Member's protected pension age, if different) for the purpose of the Finance Act 2004 unless:

(c) the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and

(d) the Member has in fact ceased to carry on that occupation.

6 Serious ill health lump sum

The Trustees may allow a pension to be commuted on grounds of serious ill health only where the lump sum would be a serious ill-health lump sum for the purpose of the Finance Act 2004 and the Trustees have received evidence from a registered medical practitioner that the Member is expected to live for less than one year.

This Clause does not apply to lump sums falling within article 39 of the Taxation of Pension Schemes (Transitional Provisions) Order 2006.

7 Trivial commutation and winding-up lump sums

The Trustees may allow a pension to be commuted on grounds of triviality only where the lump sum would be a trivial commutation lump sum or a winding-up lump sum for the purpose of the Finance Act 2004.

Any reference to the pension not exceeding £260 per annum (or any other specified amount) in order to be eligible for commutation on the grounds of triviality shall be ignored if the Trustees and the relevant Principal Employer so agree.

This Clause does not apply to lump sums falling within article 38 of the Taxation of Pension Schemes (Transitional Provisions) Order 2006.

8 Paying lump sum death benefits as pension

Where a lump sum is payable to a person ("the Recipient") under the Third Definitive Trust Deed and Rules, the Trustees and the Principal Employer may, with the Recipient's consent, agree to the payment of a pension of equivalent value to the Recipient instead of the lump sum on such terms as the Trustees and the Principal Employer think fit.

9 Retained Benefits

All reductions under the Plan by reference to retained rights to relevant benefits (according to the definition as at 5 April 2006 in Section 612(1) of the Income and Corporation Taxes Act 1988) or retained death benefits (as defined in the Inland Revenue Model Rules PS 123M 8/2002 as at 5 April 2006) shall continue to apply, except where the Trustees and the Principal Employer agree otherwise and notify the Member of this.

APPENDIX 3

A DAY APPENDIX

PART 3

MONEY PURCHASE DIVISION

CONTENTS

Paragraph	Heading	
1	Revenue Limits	277
2	Eligibility	277
3	Unauthorised payments	277
4	Power to make payments	277
5	Early retirement under the Money Purchase Division	277
6	Limits on member contributions	278
7	Tax free lump sum	278
8	Serious ill health lump sum	278
9	Trivial commutation and winding-up lump sums	278
10	Lifetime allowance excess lump sum	278
11	Flexible retirement	279
12	Paying lump sum death benefits as pension	279
13	Retained benefits	279

APPENDIX 3**A DAY APPENDIX****PART 3****MONEY PURCHASE MEMBERS****1 Revenue Limits**

Subject to the later provisions in this Part:

- (a) where a benefit or contribution payable under or to the Division would have been restricted by the Revenue Limits if those limits had applied to the Division, then those restrictions will apply to the Division; and
- (b) the Trustees and the Principal Employer may in any particular case disapply any restriction imposed by the Revenue Limits in whole or in part on such terms as they may agree.

2 Eligibility

No one shall be ineligible for membership of the Money Purchase Division purely as a result of contributing to a stakeholder or personal pension scheme.

3 Unauthorised payments

No payment shall be made under the Money Purchase Division if it would be an unauthorised payment (as defined in Section 160(5) of the Finance Act 2004) unless the Trustees and the Principal Employer agree. If an amount that would otherwise be payable would be an unauthorised payment, the Trustees and the Principal Employer may agree to provide an alternative benefit of equivalent value for the pension concerned on such terms as they think fit.

4 Power to make payments

The Trustees may with the consent of the Principal Employer pay:

- (a) any short service refund lump sum charge or special lump sum death benefits charge under Sections 205 and 206 of the Finance Act 2004 for which they are liable; and
- (b) any lifetime allowance charge for which, under Section 217 of the Finance Act 2004, they are jointly and severally liable with the individual to whom the charge relates.

5 Early retirement under the Money Purchase Division

No pension shall be paid under the Third Definitive Trust Deed and Rules on the grounds of Incapacity before the Member's normal minimum pension age (or the Member's protected pension age, if different) for the purpose of the Finance Act 2004 unless:

(a) the Trustees have received evidence from a registered medical practitioner that the Member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment; and

(b) the Member has in fact ceased to carry on that occupation.

6 Limits on member contributions

Any provision in the Third Definitive Trust Deed and Rules (including the Revenue Limits) limiting the contributions that a Member may pay to the Money Purchase Division may be disapplied on such basis as the Trustees and the Principal Employer may agree.

7 Tax free lump sum

The Trustees may allow a Member to increase the lump sum payable to him under the Third Definitive Trust Deed and Rules up to the maximum pension commencement lump sum for the purpose of the Finance Act 2004, notwithstanding any restriction in the Third Definitive Trust Deed and Rules (including the Revenue Limits). The Trustees may also allow part or all of any Member's AVC Benefits to be paid as a cash lump sum on such basis as they may decide.

8 Serious ill health lump sum

The Trustees may allow a pension to be commuted on grounds of serious ill health under the Third Definitive Trust Deed and Rules only where the lump would be a serious ill-health lump sum for the purpose of the Finance Act 2004 and the Trustees have received evidence from a registered medical practitioner that the Member is expected to live for less than one year.

This Clause does not apply to lump sums falling within article 39 of the Taxation of Pension Schemes (Transitional Provisions) Order 2006.

9 Trivial commutation and winding-up lump sums

The Trustees may allow a pension to be commuted on grounds of triviality only where the lump sum would be a trivial commutation lump sum or a winding-up lump sum for the purpose of the Finance Act 2004 or the payment is made in any other circumstances provided by HM Revenue & Customs which would not prejudice the Plan's registration with HM Revenue & Customs in accordance with Chapter 2 of Part 4 of the Finance Act 2004 (registration of pension schemes) and subject to such conditions as prescribed by legislation from time to time.

Any reference to the pension not exceeding £260 per annum (or any other specified amount) in order to be eligible for commutation on the grounds of triviality shall be ignored if the Trustees and the Principal Employer so agree.

This Clause does not apply to lump sums falling within article 38 of the Taxation of Pension Schemes (Transitional Provisions) Order 2006.

10 Lifetime allowance excess lump sum

Where a benefit entitlement crystallises where none of a Member's lifetime allowance is available, the Trustees and the Principal Employer may allow payment of all (or part) of any

funds held in the Plan, or may commute all (or part) of any pension entitlements that are going to arise under the Money Purchase Division, as a lifetime allowance excess lump sum as defined in the Finance Act 2004.

11 Flexible retirement

The Trustees may allow Members to receive all of their benefits under the Money Purchase Division before they leave Service on such basis as the Trustees agree with the Principal Employer and notify to the Member. The benefits payable on the death of a Member in Service who is in receipt of all of his benefits in accordance with this provision shall be of such amount and in such form as the Trustees and the Principal Employer shall decide.

12 Paying lump sum death benefits as pension

Where a lump sum is payable to a person ("the Recipient") under the Third Definitive Trust Deed and Rules, the Trustees may, with the Recipient's consent, agree to the payment of a pension of equivalent value to the Recipient instead of the lump sum on such terms as the Trustees think fit.

13 Retained benefits

All reductions under the Money Purchase Division by reference to retained rights to relevant benefits (according to the definition as at 5 April 2006 in Section 612(1) of the Income and Corporation Taxes Act 1988) or retained death benefits (as defined in the Inland Revenue Model Rules PS 123M 8/2002 as at 5 April 2006) shall be disapplied.

APPENDIX 4

PENSION SHARING ON DIVORCE APPENDIX

CONTENTS

Paragraph	Heading	
1	Definitions	281
2	Separation	282
3	Ex-spouse	282
4	Participation	283
5	Details of the pension debit	285
6	Transfers in with pension credit	285
7	Transfers in with pension debit	286
8	Death of ex-spouse.....	286
9	Charges	286

APPENDIX 4**PENSION SHARING ON DIVORCE APPENDIX****1 Definitions**

Definitions relating to contracting-out under the Pension Schemes Act 1993 are given in the Contracting-out Appendix. Definitions which are relevant only for the purposes of Inland Revenue Limits on contributions and benefits are given in the Revenue Limits Appendix.

In this Appendix the following expressions have the following meanings:-

Contracting-out Requirements means the requirements of Part III of the Pension Schemes Act 1993 and any other requirements under that Act which relate to contracted-out schemes (as defined in Section 7 of that Act).

Ex-Spouse means an individual to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order.

Ex-Spouse Participant is an Ex-Spouse who participates in the Division, either:

- (i) solely for the provision of Pension Credit Benefits, or,
- (ii) for the wholly separate provision of Pension Credit Benefits, where benefits accrue or have accrued to that individual under the Division for any other reason.

Insurance Company has the meaning in section 275(1) FA 2004.

Negative Deferred Pension means the amount by which a Member's pension or preserved pension under the Division or Plan (as the context requires) is reduced at the Relevant Date pursuant to a Pension Sharing Order and in accordance with Section 31 of the 1999 Act.

Pension Credit means a credit under Section 29(1)(b) of the 1999 Act.

Pension Credit Benefits means the benefits payable under the Division to or in respect of a person by virtue of Pension Credit Rights under the Division.

Pension Credit Rights means the rights to benefits or to future benefits under a scheme which are attributable (directly or indirectly) to a Pension Credit.

Pension Debit means a debit under Section 29(1)(a) of the 1999 Act.

Pension Debit Member means a Member whose benefits have been permanently reduced by a Pension Debit and either:

- (i) who is a controlling director of a company which is his employer if he is a director of the company to whom Section 452 of the Corporation Tax Act 2010 applies either at the date on which the marriage was dissolved or annulled, or at any time within the period of ten years

before that date; or

- (ii) whose earnings at the date at which his marriage was dissolved or annulled exceeded $\frac{1}{4}$ of the Permitted Maximum for the year of assessment in which the dissolution or annulment occurred. Earnings for these purposes shall be taken to be the total emoluments:
 - (a) which were paid to the Member in consequence of Pensionable Service during the year of assessment before the year of assessment in which the marriage was dissolved or annulled; and
 - (b) from which tax was deducted in accordance with the Income Tax (Pay As You Earn) Regulations 2003.

Pension Sharing Order means any order or provision as is mentioned in Section 28(1) of the 1999 Act.

Qualifying Arrangement means a qualifying arrangement as defined in paragraph 6 of Schedule 5 of the 1999 Act and not disqualified pursuant to paragraph 7 of that schedule.

Relevant Date shall mean the date of retirement, leaving Pensionable Service or death, as the case may be.

1999 Act means the Welfare Reform and Pensions Act 1999.

In this Appendix, all references to Acts of Parliament and regulations made under them are deemed to include references to corresponding Northern Ireland legislation and if the context admits the equivalent provisions thereof.

2 **Separation**

The Trustees must ensure that any Pension Credit Benefits are treated as if they were provided separately from the benefits (if any) provided under the Division for an Ex-Spouse Participant in such individual's capacity as an employee or as the widow or widower of an employee. The provisions of the Revenue Limits Appendix shall not apply to any Pension Credit Benefits.

3 **Ex-Spouse**

- 3.1 The Trustees may at their discretion, in accordance with the powers conferred on it under the 1999 Act, allow the Ex-Spouse to participate in the Division. If the Trustees so determine or if the Trustees are required under the 1999 Act to allow the Ex-Spouse to participate, the provisions of paragraphs 4 [*Participation*] and 5 [*Details of the pension debit*] of this Appendix shall apply to the Pension Credit of such Ex-Spouse.
- 3.2 Where the Trustees have determined that an Ex-Spouse shall not be permitted to participate in the Division (and is permitted under the 1999 Act to do so), the Trustees shall discharge their liability in respect of the Pension Credit by paying the value of the Pension Credit to a Qualifying Arrangement which is able and willing to accept payment in respect of the Pension Credit.

4 Participation

- 4.1 This paragraph applies where an Ex-Spouse is allowed to or where the Trustees are required to allow him to participate in the Division pursuant to paragraph 3.1 [*Ex-Spouse*] of this Appendix.
- 4.2 The Ex-Spouse shall participate in the Division in respect of his Pension Credit Benefits with effect from such date as the Trustees shall determine.
- 4.3 The Trustees shall determine, on the advice of the Actuary, after consulting the Senior Company, and in accordance with the 1999 Act and the Contracting-out Requirements, which of the following voluntary options will be available to an Ex-Spouse Participant in relation to his Pension Credit Benefits and also the amount of such benefits. The Trustees must allow the compulsory options in paragraphs (vii) and (viii) to be exercised by an Ex-Spouse Participant.

Voluntary options

- (i) A pension may be paid to the Ex-Spouse Participant. This may commence at such time as the Trustees shall permit between the Ex-Spouse Participant attaining age 55 and 75, or earlier on the grounds of incapacity where he is simultaneously taking benefits on the grounds of Incapacity arising from Service. If the Ex-Spouse Participant is age 75 or over at the date the Pension Sharing Order is implemented, the pension must come into payment immediately. Any pension paid under this paragraph may not be commuted, surrendered or assigned except in accordance with the Rules. Such a pension must be payable for life unless it is fully commuted under sub-paragraph (vi) of this paragraph 4.3 [*Participation*], and may be guaranteed.
- (ii) The Ex-Spouse Participant may choose to take a lump sum in commutation of part of the pension, at the time the pension becomes payable except where:
- (a) the Member (who was formerly married to the Ex-Spouse Participant) has already received a Lump Sum Retirement Benefit from the Division before the date of the implementation by the Division of the Pension Sharing Order; or
- (b) all of the Pension Credit Rights under the Division have been transferred into the Division with a lump sum nil certificate.

A lump sum payable under this option is limited to a maximum of 2.25 times the initial annual pension. For this purpose, the initial annual pension should be calculated on the same bases as the initial annual pension is calculated under paragraph VIII(b) [*Pension Sharing on Divorce*] of the Revenue Limits Appendix, but as if references to a Pension Debit Member were to the Ex-Spouse Participant.

- (iii) Where the Ex-Spouse Participant dies before benefits have come into payment a lump sum death benefit may be paid.

The lump sum is limited to 25% of what would have been the cash equivalent of the Pension Credit Rights of the Ex-Spouse Participant at the date of death. The balance of such cash equivalent may be used to provide a non-commutable pension to such one or more Dependants of the Ex-Spouse Participant as the Trustees in their absolute discretion shall determine. The amount of pension payable to a Dependant is limited to a

APPENDIX 4

maximum of two thirds of the amount of the pension that could have been paid to the Ex-Spouse Participant at the date of death had the whole of the cash equivalent of the Pension Credit Rights been used to purchase an annuity at an available market rate. For the purpose of determining the pension which would have been paid to the Ex-Spouse Participant, the actual age of the Ex-Spouse Participant shall be used except where he was under age 55 at death, in which case it should be assumed that he was then aged 55. Where more than one pension is to be paid the total of all the pensions cannot exceed the amount of the pension that could have been paid to the Ex-Spouse Participant.

Such pensions must be payable for life, except that pensions paid to Children must cease on the attainment of age 18 or, if later, on the cessation of full time education. Such pensions may, however, be fully commuted for a lump sum on the grounds of triviality at the time that such a pension becomes payable.

- (iv) Where the Ex-Spouse Participant dies after his pension has come into payment, a non-commutable pension may be payable to such one or more Dependants of the Ex-Spouse Participant as the Trustees shall in their absolute discretion determine.

The amount of pension payable to a Dependant is limited to a maximum of two thirds of the initial annual pension which was paid to the Ex-Spouse Participant as increased by any rise in the Index since the commencement of the Ex-Spouse Participant's pension. Where more than one pension is to be paid, the total of all the pensions cannot exceed the amount of the initial annual pension which was paid to the Ex-Spouse Participant, as so increased. For these purposes the initial annual pension should be calculated on the basis set out in sub-paragraph (ii) of this paragraph 4.3 [*Participation*].

Such pensions must be payable for life except that pensions paid to Children must cease on the attainment of age 18 or, if later, on the cessation of full time education. Such pensions may, however, be fully commuted for a lump sum on the grounds of triviality at the time that such a pension becomes payable.

The Trustees may determine that a pension to the Ex-Spouse Participant shall be guaranteed to be paid for such number of years as it shall specify from the date on which the pension first came into payment.

Where a pension in payment is guaranteed to be paid for a period not exceeding five years from the date on which the pension first comes into payment and the Ex-Spouse Participant dies before the end of this period, the remaining balance of the pension instalments may be paid as a lump sum. Where the pension in payment is guaranteed to be paid for period exceeding five years from the date on which the pension first comes into payment and the guarantee period has not expired, the remaining balance of the pension instalments must be paid in pension form to a person at the discretion of the Trustees.

- (v) The Ex-Spouse Participant may make such arrangements with the Trustees as they may determine whereby on the date the Ex-Spouse Participant's pension becomes payable (but not where the pension is paid in the form of income drawdown), part of this pension may be surrendered for the provision on the death of the Ex-Spouse Participant, of a pension payable to a Dependant of the Ex-Spouse Participant. The amount of pension

APPENDIX 4

surrendered should not exceed the reduced pension that the Ex-Spouse Participant retains.

- (vi) When the Ex-Spouse Participant's pension first becomes payable the Pension Credit Rights may be fully commuted on the grounds of triviality or exceptional circumstances of serious ill health. Where the Ex-Spouse Participant is also entitled to benefits under the Division arising from Service:
 - (a) for the purpose of determining the aggregate value of the total benefits payable to the Member under the Rule in Part 2 [*Money Purchase Rules*] or Part 3 [*General Final Salary Rules*] of the Rules (as appropriate) dealing with the exchange of trivial pension for a lump sum, benefits from Pension Credit Rights must be included; and
 - (b) full commutation of the Pension Credit Rights on the grounds of triviality will only be permitted where benefits arising from Service are simultaneously commuted.

Compulsory options

- (vii) Subject to compliance with the Contracting-out Requirements, the Trustees must, if the Ex-Spouse Participant so requests, arrange a transfer of his Pension Credit Rights to a Qualifying Arrangement if he is already a member of that scheme or an ex-spouse participant in that scheme or to a Qualifying Arrangement. The Trustees must confirm to the receiving scheme or arrangement, that the transfer value consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant.
- (viii) If the Ex-Spouse Participant so requests, at the point the pension becomes payable the Trustees must arrange for the purchase of an annuity from an Insurance Company of his choice.

4.4 Any lump sum payable on the death of an Ex-Spouse Participant under this paragraph shall be paid in accordance with Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] of Part 1 [*Rules Applicable to Both Divisions*] as if the Ex-Spouse Participant were a Member and the lump sum had become payable under the Rule in Part 2 [*Money Purchase Rules*] or Part 3 [*General Final Salary Rules*] of the Rules (as appropriate) dealing with the provision of lump sum benefits on death.

5 Details Of The Pension Debit

Where the fund underlying the benefits for a Pension Debit Member is transferred to another Qualifying Arrangement, the Trustees must give full details of the Pension Debit and a lump sum certificate specifying the maximum permissible lump sum, to the receiving scheme or arrangement.

6 Transfers In With Pension Credit

Where the Trustees accept a transfer payment for an individual who is already a Member or is already an Ex-Spouse Participant and is informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights in the former scheme or arrangement, then the Trustees must separately identify the transfer payment (or part thereof) relating to the Pension Credit Rights from other funds held for the benefit of the Member. Furthermore, the Trustees must comply with the requirements of Paragraph 2

[*Separation*] in respect of the transferred-in Pension Credit Rights. Where not already an Ex-Spouse Participant, the person in respect of whom the transfer is received shall become an Ex-Spouse Participant in relation to his transferred-in Pension Credit Benefits.

7 Transfers In With Pension Debit

Where the Trustees accepts a transfer payment into the Division and is informed by the transferor of the details of a Pension Debit relating to the transfer payment, the Trustees must take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for that Member or other person.

8 Death Of Ex-Spouse

If the Ex-Spouse dies after a Pension Sharing Order is made but before it is acted upon by the Trustees, the Trustees must secure the whole of the value of the Pension Credit of such Ex-Spouse, in one of the following ways:

- (a) by paying such of the following benefits as it shall determine
 - (i) a lump sum; or
 - (ii) a pension; or
 - (iii) both a lump sum and a pension; or
- (b) by entering into an annuity contract or taking out a policy of insurance with an Insurance Company provided that the annuity contract or policy of insurance must satisfy the requirements of regulation 6(3) of the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000 [S.2000 No. 1053]; or
- (c) by a combination of (a) and (b).

Any lump sum death benefit is limited to 25% of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights for the Ex-Spouse. It shall be paid in accordance with Rule 2.2 [*Payment of Benefits: Payment of lump sums on death*] of Part 1 [*Rules Applicable to Both Divisions*] as if the Ex-Spouse were a Member and as if the lump sum had become payable under the Rule in Part 2 [*Money Purchase Rules*] of the Rules dealing with the provision of lump sum benefits on death. The balance of the fund may be used to provide a non-commutable pension to a Dependant of the Ex-Spouse under the same provisions as apply in sub-paragraph (iii) of paragraph 4.3 [*Participation*] but as if the references to the "Ex-Spouse Participant" were to the Ex-Spouse and references to the cash equivalent were to the cash equivalent of the fund which would have provided Pension Credit Rights.

9 Charges

The Trustees may, where permitted under Section 41 of the 1999 Act, make a reasonable charge for:

- (a) any information provided in connection with the divorce of a Member;
- (b) complying with any Pension Sharing Order or order specified in Section 24 of the 1999 Act; or

APPENDIX 4

- (c) any pension sharing activity prescribed under regulation 2 of the Pensions on Divorce etc (Charging) Regulations 2000 [S.I. 2000 No. 1049] (**the Charging Regulations**).

The Trustees shall determine how such charges should be recovered but must comply with any requirement for recovery contained in the Charging Regulations. The Trustees may subsequently agree to waive any such charges.

**EXECUTED AS A DEED by
AFFINITY WATER LIMITED**

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Director

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Director/Secretary

**EXECUTED AS A DEED by
AFFINITY WATER PENSION
TRUSTEES LIMITED**

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Director/Secretary

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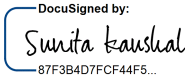
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