Welcome to the BASF UK Group Pension Scheme newsletter

We’re pleased to send you our 2022 newsletter.

Since our last newsletter, the world has slowly returned back to normal following the pandemic and I’m pleased that many of our colleagues are now able to return to the workplace. I would once again like to thank our Pensions Team and Advisers for their hard work and dedication through such a difficult time.

In this issue we’ve included a snapshot of the Scheme’s Annual Report and Accounts, which shows the value of the all DC & DB sections of the Scheme as at 31 December 2021. You’ll see that the value of the Scheme increased from £2,082,859,000 to £2,102,192,000, this was due, in part, to an increase in employer contributions. Take a look at the Annual Report and Accounts snapshot on page 5.

We’re aware that some of you might be concerned about reports of investment market turbulence as a result of the Russia-Ukraine conflict, and how this might affect the value of your pension savings. We want to assure you that the Trustee is monitoring the situation to try to limit any adverse effects on the Scheme or its members as a result of the conflict.

The Pensions Regulator has highlighted the potential risk of increased scam activity as fraudsters look to prey on people’s concerns. You can find out how to spot a pensions scam, as well as where to get more information, on page 9.

You may also have some concerns around the rise in inflation, causing an increase in the cost of living. This is front of mind for the Trustee of the Scheme who are considering the impact of this on our members. The Government recently announced the launch of an Energy Bills Support Scheme, providing people in England and Wales with £400 off energy bills. Also, if you’re at State Pension age or older and receive a winter fuel payment you’ll receive an extra £300 on top of your annual payment. For more information on these Government initiatives, please visit the MoneyHelper website: www.moneyhelper.org.uk.

It’s important to make sure the details we hold for you are correct and we encourage you to log on to your secure Pension Portal, where you can update not only your email address and physical address but also your Expression of Wish online. Find out more on page 7.

We hope you enjoy this newsletter. As always, we welcome your feedback, so please get in touch with us using the contact details on the back page if you have any comments or suggestions on topics to be covered in future editions.

Alison Wilkins — UK & Ireland Pension Manager
For and on behalf of BASF
Pension Trustee Limited
Who’s who?

Your Trustee Board

BASF Pension Trustee Ltd is the Trustee of the Scheme and the current Trustee Directors are:

**Company-Nominated Trustee Directors**
- S Ahmed — Ross Trustees (Chair)
- D Welsh
- PC Wormald
- M Newbould

**Member-Nominated Trustee Directors**
- R Portman
- G Thomson
- K Crabtree

The law requires that members of pension schemes should be given the opportunity to nominate and select at least one-third of the trustees of their pension scheme. The role and responsibilities of all members of the Trustee Board is the same in every respect.

**In-House Pension Team**

- Alison Wilkins — UK & Ireland Pension Manager
- James Blackman — Pension Specialist
- Vimal Mistry — Pensions Officer

Vimal joined the team in March 2022 and has more than 15 years’ experience in the pensions industry. Previous roles include administering Local Government Pension Schemes for the Greater Manchester Pension Fund and more recently working for a third-party pensions administrator. In his most recent job, he was responsible for overseeing pension projects, ensuring maximum productivity and enhancing communications across multiple departments. Vimal will be responsible for managing the day-to-day administration of the Scheme. He looks forward to contributing his skills and experience to the BASF Pension Team.

**Advisers**

Managing the Scheme is a complex task, to ensure compliance with current pensions legislation so that members’ interests are best protected. To assist in this task, the Trustee calls upon the services of independent advisers, with whom the Trustee Directors work closely, to ensure that the Scheme runs smoothly.

**Buck** undertakes the day-to-day administration of members’ benefits on behalf of the Trustee.

The Scheme Actuary, who advises on the funding of the Scheme, is G Connolly of Willis Towers Watson.

**ARC Pensions Law** are the Trustee’s legal advisers, and are independent from the legal advisers used by the Company.

**PricewaterhouseCoopers LLP** continue to audit the Scheme’s accounts and are independent from the auditors used by the Company.
### Changes in the membership

<table>
<thead>
<tr>
<th>Section</th>
<th>At 1 January 2021</th>
<th>At 31 December 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Combined Sections DC</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active members</td>
<td>705</td>
<td>700</td>
</tr>
<tr>
<td>Deferred members*</td>
<td>2,611</td>
<td>2,557</td>
</tr>
<tr>
<td><strong>Group Section DB</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred members*</td>
<td>912</td>
<td>813</td>
</tr>
<tr>
<td>Pensioner members</td>
<td>2,113</td>
<td>2,132</td>
</tr>
<tr>
<td>(including insured pensioners)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BPP Section</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred members*</td>
<td>1,654</td>
<td>1,570</td>
</tr>
<tr>
<td>Pensioner members</td>
<td>1,927</td>
<td>1,950</td>
</tr>
<tr>
<td>(including insured pensioners)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Chemetall Section</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred members*</td>
<td>185</td>
<td>172</td>
</tr>
<tr>
<td>Pensioner members</td>
<td>178</td>
<td>207</td>
</tr>
<tr>
<td>(including insured pensioners)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Deferred members are those no longer paying contributions, but with benefits left in the Scheme to be taken at a later date.*
The Trustee produces a formal report and financial statements each year, including full details of all the money coming into and going out of the Scheme.

The following table is a snapshot of the financial statements for the Scheme year ended 31 December 2021.

<table>
<thead>
<tr>
<th></th>
<th>31 December 2020 £'000</th>
<th>31 December 2021 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value of the Scheme at the beginning of the year</strong></td>
<td>1,886,121</td>
<td>2,082,859</td>
</tr>
<tr>
<td><strong>Income (money coming in):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer contributions</td>
<td>7,218</td>
<td>8,950</td>
</tr>
<tr>
<td>Employees’ contributions</td>
<td>41</td>
<td>36</td>
</tr>
<tr>
<td>Transfers in</td>
<td>43,215</td>
<td>839</td>
</tr>
<tr>
<td>Other income</td>
<td>16</td>
<td>560</td>
</tr>
<tr>
<td><strong>Total income:</strong></td>
<td>50,490</td>
<td>10,385</td>
</tr>
<tr>
<td><strong>Expenditure (money paid out):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pensions paid</td>
<td>(55,113)</td>
<td>(59,373)</td>
</tr>
<tr>
<td>Expenses</td>
<td>(34,443)</td>
<td>(24,941)</td>
</tr>
<tr>
<td><strong>Total expenditure:</strong></td>
<td>(89,556)</td>
<td>(84,314)</td>
</tr>
<tr>
<td>Net returns on investment:</td>
<td>253,804</td>
<td>93,262</td>
</tr>
<tr>
<td><strong>Value of the Scheme at the end of the year:</strong></td>
<td>2,082,859</td>
<td>2,102,192</td>
</tr>
</tbody>
</table>

These figures are combined for DB & DC sections, which includes BPP DB, Chemetall DB, Group DB & all DC sections.
If you are not yet in receipt of your pension (an active or deferred member of the Scheme), you should now have received your annual benefit statement. The statement provides an update regarding the value of your pension savings and your projected benefits at retirement, helping you make informed choices about your future. You can also view your statement online by logging into www.buckhrsolutions.co.uk/basf

Viewing your statement is important as it helps you to understand the potential value of your pension in retirement.

If you are a pensioner member you can use the online portal to:
- Update your contact information;
- View your pension in payment; and
- View and print off your payslips.

If you are a deferred member you can use the online portal to:
- Update your contact information;
- View your pension benefits;
- Update your Expression of Wish; and
- View your Annual Benefit Statement.

Visit the portal today by going to: www.buckhrsolutions.co.uk/basf

If you have any problems logging in to this site please contact the BASF Pension Scheme Helpline on 0330 123 0647, alternatively email BUCK at basf@buck.com.
In the event of your death, the Trustee is responsible for deciding to whom any discretionary death benefits should be paid. You can help the Trustee with this decision by completing an expression of wish form. This is the most effective way to ensure your loved ones receive your benefits when you die.

Your personal circumstances may change over time and, also therefore, who you would like to receive your benefits when you die. It is important that you keep your expression of wish form up to date at all times. This should be done via the Pension Portal www.buckhrsolutions.co.uk/basf. There is also a facility to add any additional information you feel would be relevant for the Trustee to know when determining your beneficiaries.

Out of date information, that does not match up with your wishes when you die, can cause lengthy investigations by the Trustee into who should receive any death benefits. This can in turn cause delays in paying these benefits.

Make sure all your personal information is up to date, so we can ensure you are provided with accurate information about your pension and to help us to pay your benefits on time.

GMP is the minimum guaranteed level of pension, which a pension scheme had to provide to members if they were contracted out* of the SERPS (State Earnings-Related Pension Scheme) between 6 April 1978 and 5 April 1997. To ensure that these members did not lose out as a result, the Government guaranteed them a minimum pension broadly equivalent to the amount they would have received if still in SERPS. The GMP only applies to scheme members who were contracted out automatically by their pension scheme. If you contracted out of SERPS via a defined contribution workplace or personal pension, you are not entitled to the GMP.

* A contracted-out salary-related scheme is a defined benefit schemes that contracted out of SERPS (later called the State Second Pension) before 2016.

GMP Equalisation

In October 2018, the High Court ruled in the Lloyds Banking Group case that the Guaranteed Minimum Pension (GMP) benefits for men and women should be equalised for benefits built-up between 17 May 1990 and 6 April 1997.

The Trustee has commenced a project to review all affected members and correct benefits as required. The Trustee will communicate directly with any affected members at an appropriate time.
A new normal minimum pension age (NMPA)

The NMPA is the minimum age at which most pension savers can access their pensions without incurring an unauthorised payments tax charge (unless they are retiring due to ill-health). The NMPA is currently age 55 but will be increasing to age 57 from 2028.

Funding update

The Trustee is responsible for making sure that the Scheme has sufficient money necessary to provide all the benefits promised to members.

Every three years the Scheme Actuary checks the Scheme's ongoing funding position in a formal exercise known as a triennial valuation.

The most recent valuation was carried out as of 31 December 2020 and the Summary Funding Statements can be found on the Pension Website (www.ukpensions.basf.co.uk)

New Pension Transfer Regulations — what do they mean?

Regulations have been introduced by The Pensions Regulator to help trustees halt suspicious transfers. The regulations will empower trustees and scheme managers to prevent a transfer request when a ‘red flag’ is present; for example, if a member who is yet to take their pension from the Scheme requests a transfer after receiving unsolicited contact or has been offered an incentive to transfer.

In instances of any ‘amber flags’, such as investments that would normally only be offered to sophisticated investors, a member must obtain guidance from the Government’s MoneyHelper service before the transfer may go ahead. There’s a possibility that any potential transfer from the Scheme may be delayed while these checks are carried out.

The regulations will also be applicable to pension savings you have with other pension schemes. You can find more information about transferring your pension on the MoneyHelper website (www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/transferring-your-defined-benefit-pension).
The Pensions Regulator has highlighted the potential risk of increased pension scam activity as fraudsters look to prey on people’s concerns as a result of the Ukraine-Russia conflict.

Fraudsters are clever and know all the tricks to get you to hand over your savings. Here are some helpful tips to help protect you and your pension savings from potential scams.

**DON’T**
- Accept offers from anyone who contacts you about your pension out of the blue — these could include a ‘free pension review’, a home visit or hand-delivered paperwork;
- Be lured into overseas investment deals — well known scams include unregulated investments in things like hotels and vineyards, where your money is also more at risk because it’s difficult to access;
- Fall for ‘guaranteed’ returns — there’s no such thing; and
- Be rushed into a decision because of a ‘time-limited’ offer.

**DO**
- Speak to an authorised independent financial adviser (IFA) before making a decision that could affect the rest of your life. You can find an IFA at register.fca.org.uk;
- Ask MoneyHelper for help if you have doubts. Visit www.moneyhelper.org.uk; and
- Call Action Fraud on 0300 123 2040 if you think you’ve been scammed and be sure to let us know too. It may not be too late to stop a transfer if it hasn’t gone through.

Remember — if something sounds too good to be true, it probably is!
1. The Annual Allowance (AA)

This is the amount you can add to your pension benefits each year without incurring a tax charge. For the 2022/23 tax year, most people will have an AA of £40,000.

If you are a high earner (e.g. if your income excluding pension costs is over £200,000 per year), you may have a lower, tapered AA. You can check if this applies to you at www.tax.service.gov.uk/pension-annual-allowance-calculator

You can also carry forward any unused AA for up to three years. This allows you to have pension savings in excess of the AA in a certain year and pay no tax. The AA for the current tax year must be used before any previous years’ AA is carried forward.

2. The Lifetime Allowance (LTA)

This is the total amount of retirement savings you can build up over your working life without incurring an LTA charge.

It includes the value of the benefits you build up in all registered pension schemes, and not just the benefits in the Scheme. The State Pension does not count towards the LTA.

In the 2022/23 tax year, the standard LTA is £1,073,100, and it was announced this will be frozen until 2026. If your pension savings exceed the LTA, this could result in a tax charge of 55% on the excess (25% if you take the excess as income). Few people are likely to be affected by this, but if you think you are, you can find out more on the HM Revenue and Customs website at www.gov.uk/tax-on-your-private-pension/lifetime-allowance

3. The Money Purchase Annual Allowance (MPAA)

If you have started to access any DC retirement benefits flexibly elsewhere, such as through flexible drawdown, and want to continue paying contributions to the Scheme, your MPAA will reduce to £4,000.

You may wish to consider taking advice from a professional financial adviser. If you need help in finding a financial adviser then please visit the register.fca.org.uk website.

State Pension Increase Information

The State Pension increased by 3.1% at the start of April 2022. For those who reached the State Pension age after April 2016, this means a rise in the full State Pension of £5.55 a week, to £185.15.

Pensioners receiving the basic State Pension receive an increase of £4.25 a week, with the new rate £141.85.
The government announced the rise in contributions from 6 April 2022, to help ease the burden on the NHS following the impacts of the pandemic. This means that, instead of paying National Insurance contributions of 12% on earnings up to £50,270 and 2% on anything above that, employees will now pay 13.25% and 3.25% respectively. Those who are state pension age, and those on very low incomes, do not pay the tax at present.

Ethical investing is one of a number of terms used to identify sustainable approaches to investing. Others include Environmental, Social, Governance (ESG), Sustainable Investing and Impact Investing. This type of investing aims to exclude profiting from activities that are considered harmful to society and the environment (e.g. weapons or gambling). Instead, people, countries and pension schemes are now leaning towards investing in organisations, companies and projects that are committed to operating in a way that is sustainable for the future.

The Trustees are considering how best to further incorporate the principles of ESG within the Scheme’s investment strategy.

The first State pension (aka ‘Old Age Pension’) was paid on 1 January 1909; ‘Pensions Day’. The amount paid was 5 shillings (25p) per week for a single person or 7 shillings 6 pence (35.50p) for a couple. The state pension age was 70 years.

This was a non-contributory pension i.e. you did not need to pay the Government anything in order to receive it. However, it was means tested; to qualify for a full pension, you needed to have an annual income of £21 or less. Individuals earning between £21 and £31, qualified for a reduced pension on a sliding scale. Initially, you also needed to have lived in the UK for at least 20 years and be of ‘good character’.
Contact us

If you have any queries about your benefits please contact the Buck administration team. Please note, any changes to your bank account details must be provided in writing.

BASF UK Group Pension Scheme
Buck
PO Box 319 (Bristol)
Mitcheldean
GL14 9BF

0330 123 0647
basf@buck.com

Remember, you can also find lots of information on the BASF pension website www.ukpensions.basf.co.uk

Useful websites

You can get useful information about pensions and retirement planning from the following websites:

www.yourpension.gov.uk

For Government initiatives and information about retirement and pensions. You can also get help finding pension contact details for previous pension schemes you have lost contact with, through the Pension Tracing Service, and find out information about what State Benefits you might receive.

www.moneyhelper.org.uk

MoneyHelper makes it quick and easy to find the right help when you need it, bringing together the support and services of three Government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

Open to everyone, you can find information on clearing debt, making the most of your income, tips for building up your pension savings and lots about your options at retirement. You can get free guidance on money matters over the phone, online and face-to-face.