



Veolia Energy Pension Scheme (the Scheme)

Summary Funding Statement – June 2023

Why have you issued this Statement?

Veolia UK Pension Trustees Limited (the Trustee) must, by law, provide you with a funding statement of how the Scheme is funded and remind you of the results of the last formal actuarial (funding) valuation and any plans in place to improve the funding position.

Do I need to do anything because of this Statement?

No. You do not need to take any action as a result of this Statement, but I do recommend that you take time to read it and raise questions with the appropriate contact if there is anything you do not understand – see the “Where can I get more information?” section at the end of this Statement. You may wish to keep a copy of this Statement together with any other papers that you have received in connection with the Scheme.

If you are considering leaving the Scheme for any reason, you should first consider obtaining independent financial advice. Please note that the Trustee is not able to give you any financial advice.

How is my pension funded?

The Scheme aims to provide members and their dependants with defined pensions and lump sums when members retire or die. Those benefits are provided by the assets of the Scheme allowing for investment income as well as contributions paid into the Scheme.

The assets of the Scheme are invested for the benefit of all members in a communal fund, which is completely separate from the Company (Veolia Energy UK Plc). It would be very unusual for any of the assets to be paid from the Scheme to the Company and we are required to confirm that no such payment was made since we last issued a funding statement.

Investments: The Trustee currently employs Schroders to manage the Scheme’s assets and Schroders invest in a wide range of asset classes aiming for a target level of return within the risk profile set by the Trustee. There is no separate earmarking of funds for individuals (other than for Additional Voluntary Contributions, which are earmarked for the benefit of the member who paid them).

A copy of the Statement of Investment Principles and Implementation Statement regarding the Scheme can be found at <https://pensions.veolia.co.uk/explore> (please scroll down to the Infosheets section).

Funding assessment: The Trustee obtains formal actuarial valuations every three years from the Scheme Actuary which provide an estimate of the monies needed today to meet the payment of benefits as they fall due, allowing for future investment returns. Actuarial update reports are prepared in the two intervening years between triennial valuations.

The actuarial valuations include two main tests, both of which are summarised in the remainder of this statement:

- i Does the Scheme have enough money assuming that it carries on in the long term, as intended? This is known as the long-term position.
- ii Does the Scheme have enough money if the Scheme were to wind up? This is known as the solvency position.

Company contributions: Based on the actuarial valuations, the Trustee comes to an agreement with the Company on how much it should pay to keep the Scheme’s funding on track against this target.

Veolia UK Pension Trustees Limited

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www.veolia.co.uk

Registered Office:

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Registered in England & Wales: 2957327

A group company of
Veolia UK Limited



Summary of the Long-Term Funding Position

The last full actuarial valuation was carried out as at 31 December 2019 and updated actuarial reports have been prepared as at 31 December 2020 and 31 December 2021. In summary:

£m as at 31 December	2019	2020	2021
Liabilities	256.4	276.3	270.1
Assets	250.3	278.0	276.8
Funding level	98%	101%	102%
Surplus / (Deficit)	(6.1)	1.7	6.7

31 December 2019 valuation: The 98% funding level at the 31 December 2019 triennial valuation was an improvement on the 86% position as at the previous 31 December 2016 triennial valuation. In the main, the improvement reflected better than expected investment performance as well as Company contributions which helped to offset the negative impact of falling yields which pushed up the value of the liabilities.

Year to 31 December 2020: The funding level improved over the year to 31 December 2020 reflecting Company contributions and better than expected asset returns. These benefits were partially offset by the fall in market yields which increased the value placed on the liabilities.

Year to 31 December 2021: The funding level further improved over the year to 31 December 2021, reflecting Company contributions and investment returns. The increase in market yields reduced the value placed on the liabilities although this was partially offset by increased inflation expectations.

Funding the deficit: The Trustee and Company agreed a funding plan as part of the triennial actuarial valuation as at 31 December 2019. In particular:

- £3.23 million in respect of 2020
- £0.6 million pa in respect of the years 2021, 2022 and 2023

The contributions are being reviewed again as part of the 31 December 2022 triennial valuation. The Company also meets all Scheme expenses and levies. The Scheme Actuary, Trustee and Company are currently considering the 31 December 2022 valuation and we will provide details on that valuation within the next summary funding statement.

As well as the significant contributions being paid to the Scheme, a guarantee of support has also been provided within the wider Veolia group to assist the Company in meeting the pension obligations. The Trustee appreciates the continued support of the Company and the guarantee arrangement.

With the continued support of the Company, the funding level does not affect the pensions being paid even if at times the funding level may be below 100%.

The Trustee is required to confirm to members that the Scheme is not subject to any modifications or directions imposed by The Pensions Regulator.

Summary of the Solvency Position

The extent to which a scheme can pay for pension rights which have built up if the scheme were to wind-up is known as its solvency position. The valuation includes a test of the Scheme's solvency position. **This does not mean that the Company is thinking of winding-up the Scheme.**

The solvency position is a much harsher test than the long-term funding plan because it takes into account the prudent terms imposed by insurance companies. Virtually all schemes have substantial shortfalls based on insurance company terms.

At 31 December 2019, the actuary had estimated that there would have been enough money to secure about 75% of the members' benefits earned up to that date with an insurance company, representing a shortfall of around £82 million based on insurance company terms. The solvency position is being reviewed again as part of the triennial actuarial valuation as at 31 December 2022.

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What happens if the Scheme winds up?

If the Scheme were to wind-up, the Trustee would try to recover as much of this amount from the Company as possible. If the Company was unable to provide these funds and there is insufficient money in the Scheme, the Pension Protection Fund may be able to take over the Scheme and pay compensation to members.

The Pension Protection Fund does not provide full protection, so members would still see a reduction in benefits even if the Pension Protection Fund provides compensation. A summary of the compensation available from the Pension Protection Fund is available on their website at www.ppf.co.uk

Where can I get further information?

Whether you are a deferred member or a pensioner member, if you have any queries, you may contact the Scheme Administrator, Premier Pensions Management Limited on:

Telephone: 0800 122 3590

Email: veolia@premiercompanies.co.uk

Please remember to quote your name or National Insurance Number and the name of the Scheme in full when contacting Premier to help them deal with your call more quickly.

If Premier is unable to help with your query or you are not happy with Premier's response to you then you can contact the Veolia Pensions Department via email on pensions.vesuk@veolia.com or by phone via the Shared Service Centre on 0800 028 7000.

Additional formal Scheme documents such as the full Actuarial Valuation Report and Annual Report and Accounts, are available on request. Please note that a small fee for copying may apply.

Thank you for taking time to read this Statement.

Phil Chattle

Trustee Chair on behalf of the Veolia Energy Pension Scheme

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