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Dated: 27 November

2019

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**Rules of The Arconic Pension Plan**

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Constitutional Rules

I hereby certify  
that this is a  
true copy of the  
original document  
which I have seen.

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Eversheds Sutherland  
(International) LLP  
12 June 2020.

# CONTENTS

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<b>C Rules</b>	<b>Page</b>
1	MEANING OF DEFINED TERMS .....5
2	REGISTERED AND CONTRACTED-OUT PENSION SCHEME .....5
3	TRUSTEES .....6
3.1	Appointment and removal .....6
3.2	Pay .....6
3.3	Liability .....6
3.4	Indemnity .....6
3.5	Insurance .....7
3.6	Administration of the Scheme .....7
3.7	Quorum .....7
3.8	Casting vote .....7
3.9	Delegation .....7
3.10	Disputes .....7
3.11	Advisers .....7
4	FUNDING AND ACCOUNTS .....8
4.1	Valuations and surplus .....8
4.2	Auditing accounts .....8
5	SCHEME EXPENSES .....9
6	SCHEME ASSETS .....10
6.1	Assets held on trust .....10
6.2	Investment of Scheme assets .....10
6.3	Fund manager .....10
7	PARTICIPATING EMPLOYERS .....11
7.1	Process for starting to participate .....11
8	INSOLVENCY OF THE PRINCIPAL EMPLOYER .....12
9	CHANGE OF PRINCIPAL EMPLOYER .....13
10	TRUSTEE DISCRETION TO MAKE UNAUTHORISED PAYMENTS .....14
12	PENSION SHARING .....16
12.1	Effect of pension sharing orders .....16
12.2	Benefits for a former Spouse under the Scheme .....16
13	ASSIGNMENT AND REDUCTION OF BENEFITS .....17
13.1	General prohibition .....17
13.2	Power to withhold a benefit .....17
13.3	Reduction of benefits for offences and other acts or omissions .....17
13.4	Unclaimed benefits .....17
14	TRANSFERS TO AND FROM THE SCHEME .....18
14.1	Transfers to the Scheme .....18

14.2	Transfers from the Scheme.....	18
14.3	Buy-outs .....	18
15	WINDING-UP .....	19
15.1	Power to wind-up the Scheme.....	19
15.2	Winding-up events .....	19
15.3	Effect of winding up on the provisions of the Scheme.....	19
15.4	Use of Scheme assets .....	19
15.5	Expenses.....	19
15.6	Securing benefits with an Insurance Company .....	19
15.7	Transfers to other schemes .....	20
15.8	Winding up lump sums.....	20
15.9	Surplus assets .....	20
15.10	Funding deficit .....	20
16	AMENDMENT .....	22
17	TAXATION .....	23
17.1	Reduction of benefits for the payment of tax.....	23
17.2	Incomplete or incorrect information provided to Trustees .....	23
17.3	Members with lifetime allowance protection .....	23
18	LAWS .....	24

THESE RULES are made as a deed on

27 November

2019

**BY**

- (1) **Arconic Manufacturing (GB) Limited** (registered number 633328) whose registered office is at 170 Kitts Green Road, Kitts Green, Birmingham, England, B33 9QR (the "**Principal Employer**"); and
- (2) **Ross Trustees Services Limited** (registered number 7904277) whose registered office is at 5th Floor, Thames Tower, Station Road, Reading, Berkshire, England, RG1 1LX (the "**Trustee**").

**BACKGROUND**

- (A) The Principal Employer wishes to establish an occupational pension scheme to be known as the Arconic Pension Plan (the "**Scheme**") on and from the date tax registration is granted by HM Revenue & Customs.
- (B) This deed establishes the Scheme under irrevocable trust as an occupational pension scheme for the provision of such benefits as are authorised under the Finance Act 2004 for the beneficiaries of the Scheme.
- (C) The Scheme is established as a new scheme to provide benefits to former members of the Arconic Britain Pension Scheme (the "**Former Scheme**").
- (D) The Principal Employer is the principal employer of the Scheme. The Trustee has agreed to act as the trustee of the Scheme and the scheme administrator for the purposes of the Finance Act 2004.

**EFFECT OF THIS DEED**

1. The Scheme is hereby established by the Principal Employer under irrevocable trust under these Rules (the "**Rules**") with effect on and from the date tax registration is granted by HM Revenue & Customs (the "**Effective Date**") and this deed shall come into operation on the Effective Date.
2. The purpose of the Scheme is to be an occupational pension scheme for the provision of benefits in accordance with the Finance Act 2004, which are particularised in the Benefit Sections.
3. The Trustee agrees to act as the trustee of the Scheme and to hold all assets of the Scheme for the purposes set out in the Rules.
4. The Principal Employer and the Trustee agree to operate the Scheme in accordance with the Rules (as amended from time to time) and to observe and comply with all their obligations under the Rules and under any relevant legislation.
5. The Rules as set out below are divided into three parts:
  - (a) the Constitutional Rules (the "**C Rules**"), which apply to all Members;
  - (b) the Alcoa Britain 2002 Section, which set out the benefits payable in respect of Members who were members of the Alcoa Britain 2002 Section of the Former Scheme immediately before they joined the Scheme; and
  - (c) the Alcoa Britain (Pre-2002) Section Rules, which set out the benefits payable in respect of Members who were members of the Alcoa Britain Section of the Former Scheme prior to 1 January 2002.

(The Alcoa Britain 2002 Section and the Alcoa Britain (Pre-2002) Section are each a "**Section**" and together referred to as the "**Sections**" of the Scheme).

6. This deed may be executed in any number of counterparts, each of which will constitute an original, but which will together constitute one agreement. This deed will not be effective until each party has executed at least one counterpart. The term "counterpart" includes a facsimile or scanned copy of this deed.

7. This deed and any non-contractual obligations arising out of or in connection with it will be governed by the law of England and Wales, and the courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with this deed (including in relation to any non-contractual obligations).

## THE CONSTITUTIONAL RULES

These C Rules set out the Rules common to all Sections of the Scheme. They should be read together with the Rules for each Section of the Scheme.

1. **Meaning of defined terms**

Words with a capital first letter are defined in the first Rule of each of the Sections of the Scheme.

2. **Registered and contracted-out pension scheme**

This C Rule confirms that the Scheme is a registered pension scheme and provides contracted-out benefits. This Rule confirms that the Scheme is subject to various statutory requirements which override the provisions of these Rules.

The Scheme is a registered pension scheme for the purposes of section 150(2) of the Finance Act 2004.

In operating the Scheme, the Trustees and the Employers must comply with all relevant legal requirements applicable to the Scheme, including the Preservation Laws, the Revaluation Laws, the Transfer Value Laws, the Contracting-out Laws, the Registration Requirements, 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.

The Scheme has contracted-out benefits and the Rules are therefore deemed to incorporate any mandatory provision that the Contracting-out Laws require to be incorporated in respect of benefits held within the Scheme which were accrued during a Member's contracted-out employment, and any optional provision that must under the Contracting-out Laws be incorporated in the Rules in order for the Trustees' administration of such benefits to comply with the Contracting-out Laws.

This **C Rule 2** overrides all other Rules in the event of any inconsistency.

### 3. **Trustees**

This Rule sets out the powers relating to the appointment and liability of the Trustees, and certain administrative matters relating to them.

#### 3.1 **Appointment and removal**

The Principal Employer may at any time by deed appoint and remove trustees. Any such appointment or removal must comply with the requirements of sections 241 to 243 of the Pensions Act 2004 (member-nominated trustees and directors).

A body corporate may be appointed as sole trustee.

If at any time there is not a sole corporate trustee, the minimum number of trustees shall be three and the maximum number of trustees shall be nine.

A trustee may resign by giving one month's notice in writing to the Principal Employer and the remaining Trustees, provided that this requirement may be waived by the Principal Employer in writing. Immediately on expiry of the notice or on the granting of the written waiver the Principal Employer shall by deed give effect to the trustee's resignation. The retiring trustee need not be a party to that deed.

#### 3.2 **Pay**

Any trustee (or officer of a corporate trustee) may be paid any fees and expenses for his or her services agreed with the Principal Employer. These fees and expenses will be treated as a Scheme expense under C Rule 5 (scheme expenses).

#### 3.3 **Liability**

Subject to section 33 of the Pensions Act 1995 (investment powers: duty of care), a trustee (or officer of a corporate trustee) will only be liable for the consequences of any act or omission of the Trustees or their delegates or advisers if the liability is incurred as a result of his or her own wilful wrongdoing (and his or her negligence if so agreed between the trustee and the Principal Employer).

#### 3.4 **Indemnity**

The Employers will jointly and severally indemnify each trustee and former trustee (or officer or former officer of a corporate trustee) against any liability and expense incurred by him or her as a trustee (except where otherwise agreed between the trustee and the Principal Employer). If the Employer fails to indemnify in full any such person within a reasonable period set from time to time by the Trustees, they will be indemnified from the Scheme's assets instead, to the extent of the shortfall.

However, this indemnity does not apply to:

- 3.4.1 any liability incurred as a result of wilful wrongdoing, or covered and met by insurance either under C Rule 3.5 (insurance) or a separate insurance arrangement; or
- 3.4.2 any liability of an officer or former officer of a corporate trustee to pay a fine imposed in criminal proceedings, or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature; or
- 3.4.3 any liability of an officer or former officer of a corporate trustee incurred in defending criminal proceedings in which he or she is convicted.

### 3.5 **Insurance**

The Trustees (and officers of a corporate Trustee) may take out indemnity insurance to cover any liability which they may incur under the Scheme (unless incurred as a result of wilful wrongdoing). The Trustees may pay for this from the Scheme's assets except:

3.5.1 in the case of a Trustee where this is otherwise agreed between him or her and the Principal Employer; or

3.5.2 if the insurance covers fines or penalties of a kind mentioned in section 256 of the Pensions Act 2004.

### 3.6 **Administration of the Scheme**

The Trustees are granted all the powers that are necessary in order to administer the Scheme. The Trustees will administer the Scheme on terms which they decide are appropriate, subject to the Rules and any legislation which applies to them.

### 3.7 **Quorum**

The quorum for any meeting of the Trustees will be a majority of the Trustees.

Where a company (whether a trust corporation or otherwise) is acting as sole Trustee of the Scheme, it must exercise its powers, duties and discretions under these Rules through its board of directors or its duly authorised officers, employees or agents, and must conduct its proceedings in accordance with its articles of association.

### 3.8 **Casting vote**

At each meeting the Chairman, who shall be appointed by the Principal Employer, shall have a casting vote in the event of equality of voting.

### 3.9 **Delegation**

The Trustees may delegate, or authorise the sub-delegation of, any of their powers, duties and discretions to any person or a committee consisting of any two or more of themselves, and on terms which they decide are appropriate.

### 3.10 **Disputes**

The Trustees will make arrangements for the resolution of disagreements in relation to the Scheme.

### 3.11 **Advisers**

The Trustees may seek advice from professional advisers on terms which the Trustees agree with those advisers, subject to section 47 of the Pensions Act 1995 (professional advisers). The fees of any adviser will be treated as a Scheme expense under C Rule 5 (scheme expenses).



#### 4. **Funding and accounts**

This Rule sets out the Trustees' key duties to get funding valuations and reports carried out, and audited accounts prepared.

##### 4.1 **Valuations and surplus**

The Trustees will arrange for an actuarial valuation of the Scheme to be carried out at least once every three years, and (to the extent required by the Pensions Act 2004) for an actuarial report of the Scheme to be carried out for any year in which a valuation is not carried out. The Trustees will ensure that any such valuations and reports comply with the requirements of section 224 of the Pensions Act 2004 (actuarial valuations and reports).

If a valuation discloses that the value of the Scheme's assets exceeds the value of its liabilities, the Trustees may (if the Principal Employer agrees) reduce this surplus by paying all or part of it to the Employers (less tax) in such proportions as the Principal Employer and Trustees agree, and to the extent permitted by section 37 of the Pensions Act 1995 (payment of surplus to employer).

##### 4.2 **Auditing accounts**

The Trustees will appoint an auditor to the Scheme and ensure that Scheme accounts are prepared and audited once a year.

5. **Scheme expenses**

This Rule sets out the terms on which expenses of the Scheme will be paid.

The expenses of the Scheme shall be borne by the Employers or from the Scheme's assets in such shares as the Trustees and Principal Employer decide. However, no amount may be paid from the Scheme's assets to reimburse a Trustee or former Trustee for:

5.1.1 expenses or liabilities incurred through wilful wrongdoing (or negligence in the case of a paid Trustee) or which are covered and met by insurance under **C** Rule 3.5 (insurance); or

5.1.2 fines or penalties of a kind mentioned in section 256 of the Pensions Act 2004.

6. **Scheme assets**

This Rule sets out the basis on which the Trustees can invest the Scheme's assets.

6.1 **Assets held on trust**

The Trustees will hold the assets and income of the Scheme on trust for the purposes of the Scheme.

Any assets of the Scheme that relate to the provision of money purchase benefits under the Scheme (including additional voluntary contributions) will only be used to provide those benefits.

6.2 **Investment of Scheme assets**

The Trustees will invest or apply all or any part of the assets of the Scheme as they decide is appropriate and as if they were absolutely and beneficially entitled to the assets. In exercising this power, the Trustees must ensure that the restrictions on employer-related investment set out in section 40 of the Pensions Act 1995 are not exceeded.

The Trustees may (without limitation to the general power above):

- 6.2.1 make a contract or take on any obligation;
- 6.2.2 grant a charge or mortgage over any of the Scheme's assets, or give any right of recourse against,;
- 6.2.3 insure Scheme assets against risk for any amount;
- 6.2.4 borrow and lend money or other property;
- 6.2.5 pool any or all of the Scheme's assets with the assets of any other occupational pension schemes, including in a common investment fund;
- 6.2.6 sell, convert, vary or transpose any assets of the Scheme; and
- 6.2.7 acquire any property (whether with a view to it producing income or a capital gain).

6.3 **Fund manager**

The Trustees must appoint one or more fund managers for the purposes of section 47(2) of the Pensions Act 1995.

**7. Participating Employers**

This Rule sets out the terms on which an employer can participate and cease to participate in the Scheme.

**7.1 Process for starting to participate**

The Principal Employer with the consent of the Trustees may agree that an employer can participate in the Scheme. Such an employer must however agree by deed to comply with the Rules in respect of any period of participation in the Scheme.

**7.2 Ceasing to participate**

An Employer (including the Principal Employer, but excluding any Employer which is a "defined contribution employer" as defined in regulation 2(1) of the Occupational Pension Schemes (Employer Debt) Regulations 2005) must cease participating in the Scheme if an Insolvency Event occurs in relation to it. Any Employer must also cease to participate if the Principal Employer requires it to do so by written notice. Where an Employer ceases to participate on the date set out in the notice or (if not date is specified) the date the notice is given.

Any Employer (including the Principal Employer) may also opt to cease participating in the Scheme at any time by giving 3 months' prior notice in writing to the Trustees. The Employer will cease to participate on the date on which the notice expires.

The Trustees will treat any Active Members employed by the relevant Employer on the date it ceases to participate as having left Pensionable Service at that date.

8. **Insolvency of the Principal Employer**

This Rule sets out what happens to the powers of the Principal Employer in the event of its insolvency.

If the Principal Employer enters insolvency, or goes into liquidation or administrative receivership then all the powers of the Principal Employer and the other Employers under the Rules whether fiduciary or not shall vest in and be exercisable by the Trustees.

The Trustees shall relinquish any powers under this **C Rule 8** if another person takes over the role of the Principal Employer under **C Rule 9**.

9. **Change of Principal Employer**

This Rule sets out the terms on which the Principal Employer of the Scheme can change.

9.1 Another person may take over the role of Principal Employer under the Scheme if:

- (a) the Principal Employer's undertaking is acquired by (or vested in) any other party and that party enters into a deed with the Trustees and the Principal Employer in which it agrees to perform the Principal Employer's obligations under the Rules;
- (b) the Principal Employer's powers are vested in the Trustees under **C Rule 8** and its undertaking is acquired by any other party and that party enters into a deed with the Trustees in which it agrees to perform the Principal Employer's obligations under the Rules and the powers vested in the Trustees under **C Rule 8** are transferred to that party as Principal Employer; and
- (c) in any other circumstances, any other party enters into a deed with the Trustees and the Principal Employer in which it agrees to perform the Principal Employer's obligations under the Rules.

9.2 If the Principal Employer is to continue to participate in the Scheme following its release as Principal Employer it shall enter into a deed in the form provided for by **C Rule 7.1** (process for starting to participate) or in such other form as the Trustees may require.

10. **Trustee discretion to make unauthorised payments**

If a benefit paid under these Rules is an unauthorised payment under the Finance Act 2004, the benefit will be reduced by a tax charge and might prejudice the registered tax status of the Scheme. This Rule gives the Trustees the discretion to decide not to pay this benefit.

Where any provision in the Rules requires the Trustees to make a payment which by virtue of section 160 of the Finance Act 2004 (payments by registered pension schemes) would be an unauthorised payment, the Trustees will have the discretion whether or not to make that payment. The Trustees will exercise this discretion subject to the other requirements of the Rules, including obtaining the consent of any other person to the relevant payment.

11. **Admission to membership on special terms**

This Rules sets out the terms on which the Principal Employer may admit a person to the Scheme.

- 11.1 The Scheme is closed to new Members, with the exception of any person whom the Principal Employer decides at any time to admit to membership of it.
- 11.2 The Principal Employer may direct the Trustees to permit a particular employee or group of employees to be admitted or remain in membership of the Scheme on such special terms (if any) as the Principal Employer determines, provided that the Principal Employer has first notified the relevant person or persons and the Trustees in writing of the special terms on which those persons are to be admitted to membership. The Principal Employer will pay any additional contributions which the Trustees shall notify to the Principal Employer as in the opinion of the Actuary are required to fund the relevant benefits.



## 12. Pension sharing

This Rule sets out the basic legal framework that applies when a Member is a party to a pension sharing order.

### 12.1 Effect of pension sharing orders

If a Member's benefits must be transferred to his or her former Spouse as a result of an order made under the Welfare Reform and Pensions Act 1999 ("**WRPA**"), the Trustees must comply with the requirements of the WRPA when discharging their liability to the former Spouse.

The Trustees may recover charges in respect of their costs in this regard in accordance with the Pensions on Divorce etc (Charging) Regulations 2000.

The Trustees must treat only the "safeguarded percentage" of a former Spouse's rights as his or her "safeguarded rights" (as defined in Part IIIA of the Pension Schemes Act 1993) when discharging their liability to that former Spouse.

The provisions of this **C Rule 12.1** will apply with the necessary changes in respect of equivalent Northern Ireland laws.

### 12.2 Benefits for a former Spouse under the Scheme

The Trustees may decide that a former Spouse should be provided with benefits from the Scheme on the following conditions:

- 12.2.1 the benefits must be provided separately from any other benefits to which the former Spouse may be entitled under the Scheme;
- 12.2.2 the Trustees must provide the former Spouse with written details of the benefits that will be provided in respect of him or her; and
- 12.2.3 if a former Spouse dies before a transfer payment to another pension arrangement can be made in respect of him or her, the Trustees may instead provide benefits in respect of the former Spouse under the Scheme from any or all of the intended transfer payment. These benefits must comply with the WRPA, and any unpaid amount will form part of the Scheme assets.

### 13. **Assignment and reduction of benefits**

This Rule sets out the terms on which a Member's benefits may be reduced or cease to be payable.

#### 13.1 **General prohibition**

Benefits under the Scheme cannot be assigned, charged, surrendered, forfeited or paid for the benefit of anyone except the person entitled under these Rules, subject to the remainder of this **C Rule 13**, **C Rule 12** (pension sharing) and any relevant provision of the Sections of the Scheme which permit a Member to exchange part of his or her pension for a Dependant's pension.

This **C Rule 13** is subject to the Contracting-out Laws (where appropriate).

#### 13.2 **Power to withhold a benefit**

Subject to sections 91 to 94 of the Pensions Act 1995 (assignment, forfeiture, bankruptcy etc), the Trustees may withhold payment of a benefit if either the person entitled to the benefit tries to assign or charge it, or anything else happens as a result of which the benefit or any part of it would become payable for the benefit of another person.

The Trustees may pay all or part of any benefit withheld to or for the benefit of the person entitled to the benefit, so long as no payment is made to the purported assignee.

#### 13.3 **Reduction of benefits for offences and other acts or omissions**

The Trustees may decide that any part of a benefit payable or prospectively payable shall be forfeited or cease to be payable if the person entitled to the benefit has been convicted of an offence listed in section 92 of the Pensions Act 1995 (forfeiture, etc).

If a Member owes money to the Scheme as a result of his or her criminal, negligent or fraudulent act or omission, the Trustees may reduce the Member's benefits, subject to the requirements of sections 91 to 94 of the Pensions Act 1995 (assignment, forfeiture, bankruptcy etc).

If a Member owes money to an Employer as a result of his or her criminal, negligent or fraudulent act or omission, the Employer and the Trustees may agree to reduce the Member's benefits, subject to the requirements of sections 91 to 94 of the Pensions Act 1995 (assignment, forfeiture, bankruptcy etc). If the Member's benefits are reduced under this **C Rule 13**, the Trustees will pay to the Employer an amount equal to any debt owed by the Member to the Employer or, if less, the value of the Member's benefits.

#### 13.4 **Unclaimed benefits**

The entitlement to any benefit which the Trustees have been unable to pay and which remains unclaimed for 6 years from the date it became payable will, subject to the Contracting-out Laws, cease.

The Trustees will keep the unpaid amount in the Scheme assets.

#### 14. Transfers to and from the Scheme

This Rule sets out the terms on which transfers may be made to and from the Scheme (including without Members' consents), and the terms on which annuities may be bought.

##### 14.1 Transfers to the Scheme

If the Principal Employer agrees, the Trustees have a discretion to accept a transfer of assets or a surrender value in respect of any person from another registered pension scheme or overseas pension scheme if this complies with section 169 of the Finance Act 2004 (recognised transfers).

Any such assets or surrender value which the Trustees accept under this **C Rule 14.1** will be used to provide the person in respect of whom the transfer is made with such benefits as the Trustees decide (after consulting the Scheme Actuary). The benefits must comply with the Preservation, Revaluation, Contracting-Out Laws (where appropriate) and Transfer Value Laws, and be consistent with the Scheme's status as a registered pension scheme.

The Trustees will not be required to obtain the Principal Employer's agreement where the proposed transfer is in respect of a Member who seeks to transfer-in money purchase assets from the Arconic UK Retirement Savings Plan (or such other registered pension scheme as the Principal Employer may notify to the Trustees from time to time).

##### 14.2 Transfers from the Scheme

Subject to the following conditions, the Trustees may decide that, rather than providing benefits under the Scheme in respect of any person, they will instead arrange for benefits to be provided under another registered pension scheme or an overseas pension scheme in respect of that person by transferring such assets as they decide are appropriate (after consulting the Scheme Actuary) to that scheme. The conditions for any such transfer are that:

- 14.2.1 it must comply with section 169 of the Finance Act 2004 (recognised transfers);
- 14.2.2 the relevant Member must consent to the transfer except where this is not required under the Preservation and Contracting-Out Laws; and
- 14.2.3 the transfer must comply with the Preservation and Contracting-Out Laws and the requirements of the Finance Act 2004.

##### 14.3 Buy-outs

The Trustees may decide that, rather than providing benefits under the Scheme in respect of any person, they will pay such amount as they decide is appropriate (after consulting the Scheme Actuary) to buy an insurance policy or annuity contract from an Insurance Company for that person either in the name of the Trustees or in the name of that person, or transfer a policy or contract in the name of the Trustees to that person.

The policy or contract must comply with the Preservation Laws (including any requirement for the consent of the person in respect of whom the transfer or purchase is being made), the Contracting-Out Laws (where appropriate) and the requirements of the Finance Act 2004 and the Financial Services and Markets Act 2000.

## 15. **Winding-up**

This Rule sets out the terms that apply in relation to winding up the Scheme.

### 15.1 **Power to wind-up the Scheme**

If any of the events listed in **C Rule 15.2** occur, the Trustees shall decide either:

- 15.1.1 to realise the assets of the Scheme and wind-up the Scheme; or
- 15.1.2 to defer winding-up the Scheme and continue to administer those Sections as a paid-up scheme for such period and upon such terms as they think fit having considered the advice of the Scheme Actuary. The Trustees may subsequently decide to realise the assets of the Scheme and wind-up the Scheme.

### 15.2 **Winding-up events**

The events referred to in **C Rule 15.1** are:

- 15.2.1 the Principal Employer going into liquidation or administrative receivership when there is no agreement under **C Rule 9** (change of principal employer) and the Trustees consider there is no reasonable expectation of such agreement;
- 15.2.2 the Principal Employer's undertaking is acquired by another party, there is no agreement for a person to take over the role of Principal Employer in relation to the Scheme under **C Rule 9** (change of principal employer) and the Trustees consider there is no reasonable expectation of such agreement;
- 15.2.3 the Employers terminate their liability to pay contributions and other future liabilities under the Scheme by giving written notice to the Trustees; or
- 15.2.4 the Trustees consider that in the best interests of the Members there is no reasonable purpose in continuing the Scheme.

### 15.3 **Effect of winding up on the provisions of the Scheme**

During winding-up, all the provisions of the Rules will continue to apply (including the amendment power), so far as they are consistent with this **C Rule 15**.

If the Principal Employer is dissolved before the winding-up is completed, the Trustees may exercise any powers given to the Principal Employer, unless another person has taken over the role of the Principal Employer in relation to the Scheme under **C Rule 9** (change of principal employer).

### 15.4 **Use of Scheme assets**

Once the Trustees have decided to start to wind up the Scheme, they will apply the Scheme's assets as described in **C Rule 15.5** to **C Rule 15.11** below.

### 15.5 **Expenses**

The Trustees must first set aside such assets as they estimate will be sufficient to pay the expenses of the Scheme until the winding-up has been completed.

### 15.6 **Securing benefits with an Insurance Company**

Once an amount in respect of expenses has been put aside under **C Rule 15.5** (expenses), the Trustees will apply the remaining assets to buy an insurance policy or annuity contract from an Insurance Company in the name of each person entitled to benefits under the Scheme, except where those assets are used to provide benefits under **C Rule 15.7** (transfers to other schemes) or **C Rule 15.8** (winding up lump sums).

Any such policies or contracts must:

- 15.6.1 comply with the Preservation, Contracting-Out and Revaluation Laws;
- 15.6.2 be consistent with the treatment of the Scheme as a registered pension scheme for the purposes of the Finance Act 2004; and
- 15.6.3 provide benefits which are the same (or as similar as practicable) as those benefits which would otherwise have been provided in respect of the people for whom they are bought under the Scheme.

Any policies or contracts which the Trustees bought before the winding-up began and which the Trustees consider to be appropriate may also be transferred by the Trustees into the names of the people entitled to benefits under them.

#### 15.7 **Transfers to other schemes**

Instead of buying insurance policies or annuity contracts under **C Rule 15.6** (securing benefits with an insurance company) in respect of any person entitled to benefits under the Scheme when the Scheme begins to wind up, the Trustees have a discretion to make transfer payments in respect of that person in accordance with **C Rule 14.2** (transfers from the scheme) without the Principal Employer's agreement.

Any such transfer in respect of a person in contracted-out employment must comply with the requirements of section 50 of the Pension Schemes Act 1993 (powers of Inland Revenue to approve arrangements for scheme ceasing to be certified).

#### 15.8 **Winding up lump sums**

It may be that the value of a Member's benefit under the Scheme is such that it can be paid as a 'winding up lump sum' in accordance with paragraph 10 of Schedule 29 to the Finance Act 2004. If so, the Trustees may extinguish the Member's entitlement under the Scheme by paying him or her an immediate lump sum instead of providing other benefits.

#### 15.9 **Surplus assets**

If the Trustees apply such of the Scheme's assets as are needed to provide the Members' benefits in full and they are then left with surplus assets in the Scheme, the Trustees:

- (a) first, (insofar as they have not already done so) shall provide pension increases in accordance with applicable legislation; and
- (b) secondly, may after obtaining advice from the Scheme Actuary exercise their powers to augment benefits in respect of Members under the relevant Rules of each Section.

Any balance then remaining shall be paid to the Employers in such proportions as the Trustees shall consider just and equitable after consulting with the Scheme Actuary after due notice has been given to Member and after deduction of tax at the applicable rate.

The requirements of section 76 of the Pensions Act 1995 (excess assets on winding up) must be satisfied before any payment is made to the Employers.

#### 15.10 **Funding deficit**

If there is a deficit in the Scheme's assets (such that they are insufficient to provide all benefits in full), the Scheme's assets will be first used to pay all expenses. Once these have been paid, the remaining assets will (except for assets that relate to any money purchase benefits under the Scheme) be applied in accordance with section 73 of the Pensions Act 1995 (preferential liabilities on winding up).

Any assets that relate to any money purchase benefits under the Scheme (including additional voluntary contributions) will be used to provide those benefits.

Any assets then remaining will be used to satisfy any remaining liabilities of the Scheme to any extent, and in any order of priority, as the Trustees consider appropriate.

**15.11 Partial winding up**

If an Employer either:

- (a) terminates its liability to pay contributions; or
- (b) ceases to participate in the Scheme and the Principal Employer and the Trustees have not found another party to take over the Employer or its business and assume liability for its Members,

then if the Trustees wish and the Principal Employer consents the Scheme shall be wound up in relation to the Members who are in the Service of that Employer and have not transferred to Service with another Employer. The Scheme may be wound up in relation to those Members who are no longer in Service with that Employer or another Employer.

That part of the Scheme assets which the Trustees shall on the advice of the Scheme Actuary shall decide is appropriate having regard to the rights of all the Members shall then be applied in providing benefits in accordance with this **C Rule 15**.

16. **Amendment**

This Rule sets out the terms that apply in relation to amending the Rules.

- 16.1 The Trustees may with the consent of the Principal Employer by deed amend the Rules by altering, adding to, deleting or replacing all or any of their provisions.
- 16.2 Subject to the overriding provisions of **C Rule 16.3** no amendment shall be made which would adversely affect the beneficial interest of any Member or anyone claiming under him (calculated in the case of an Active Member by reference to Pensionable Salary at the relevant date) and no such amendment shall be made which would result in any refund or payment of any part of the Scheme assets to the Principal Employer or Employers except as already provided in the Rules.
- 16.3 The power of amendment contained in this **C Rule 16** shall not be exercised on any occasion in a manner which would or might affect any entitlement or accrued right of any Member acquired before the power is exercised unless the Trustees have satisfied themselves that the certification requirements, or the requirements for consent contained in sections 67 to 67I of the Pensions Act 1995 are met in respect of that Member.
- 16.4 The Trustees shall give notice of all amendments under this **C Rule 16** in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 (as amended).

## 17. Taxation

This Rule sets out terms relating to the tax treatment of benefits under the Scheme, and restrictions arising for tax reasons.

### 17.1 Reduction of benefits for the payment of tax

The Trustees may deduct from a benefit any tax (including any interest payable to HM Revenue & Customs and any penalties) due in relation to that benefit and pay it to HM Revenue & Customs.

If a lifetime allowance charge arises under section 215 of the Finance Act 2004 in respect of a Member's benefits, the Trustees may reduce any benefit payable in respect of him by an amount chosen by them on actuarial advice and by reference to the tax that is payable.

If a Member gives notice to the Trustees in accordance with section 237B of the Finance Act 2004 in respect of an annual allowance charge for any tax year, or if the Trustees otherwise agree to a Member's request to meet all or part of his annual allowance charge from his benefits under the Scheme, the Trustees will reduce the Member's benefit entitlement under the Scheme by an amount chosen by them on actuarial advice and by reference to the tax that is payable (and any costs incurred by the Trustees in connection with the Member's request, in a case where section 237B does not apply). This reduction may also apply to the benefits payable under the Scheme on the Member's death.

### 17.2 Incomplete or incorrect information provided to Trustees

If a person who is entitled to receive a benefit from the Scheme has provided a declaration that is incomplete or incorrect, or has failed to provide a declaration or an update to a declaration already provided, liability for any additional charge or tax or any unpaid tax will fall solely on that person or (as applicable) any person entitled to receive benefits upon his death (and the Trustees may deduct that charge or tax from the relevant benefits under **C Rule 17.1** (reduction of benefits for the payment of tax)).

### 17.3 Members with lifetime allowance protection

This **C Rule 17.3** applies where a Member qualifies for:

- (a) enhanced protection under paragraph 12 of Schedule 36 to the Finance Act 2004;
- (b) fixed protection under paragraph 14 of Schedule 18 to the Finance Act 2011;
- (c) fixed protection 2014 under paragraph 1 of Schedule 22 to the Finance Act 2013;
- (d) individual protection 2014 under paragraph 1 of Schedule 6 to the Finance Act 2014;
- (e) fixed protection 2016 or individual protection 2016 under paragraphs 1 and 9 (respectively) of Schedule 4 to the Finance Act 2016; or
- (f) any other protection enabling the Member to benefit from a higher lifetime allowance (as defined in section 218 of the Finance Act 2004) than would otherwise be the case.

Where this **C Rule 17.3** applies, benefit accrual and contributions under the Scheme will be limited to the extent (if any) required to ensure that the Member retains the benefit of that protection, unless the Trustees and the Member agree otherwise.



18. **Laws**

This Rule sets out the legal framework which governs the Rules and the administration of the Scheme.

The Rules and the administration of the Scheme will be governed by and interpreted in accordance with the laws of England and Wales.

Any rights that a third party may have under the Contracts (Rights of Third Parties) Act 1999 are excluded.

**EXECUTED** as a deed and delivered on the date stated at the beginning of this deed.

**EXECUTED as a deed by ARCONIC  
MANUFACTURING (GB) LIMITED acting by a  
director**

**Director signature:** .....

**Name:**

..... *LUIS M. FORGAS* .....

in the presence of:

**Witness signature:** .....

**Witness name:**

..... *ANTONETA FUGGET* .....

**Witness address:**

..... *RS CA SALLE 25* .....

..... *CAMBRILS (SPAIN)* .....

**EXECUTED as a deed by ROSS TRUSTEES  
SERVICES LIMITED acting by two directors**

**Director signature:** .....

**Name:** .....

**Director signature:** .....

**Name:** .....

**EXECUTED** as a deed and delivered on the date stated at the beginning of this deed.

**EXECUTED as a deed by ARCONIC  
MANUFACTURING (GB) LIMITED acting by a  
director**

**Director signature:** .....

**Name:** .....

in the presence of:

**Witness signature:** .....

**Witness name:** .....

**Witness address:** .....

.....

**EXECUTED as a deed by ROSS TRUSTEES  
SERVICES LIMITED acting by two directors**

**Director signature:** .....

**Name:** ..... STEVEN ROSS

**Director signature:** .....

**Name:** ..... PAVAN BHARDWAT

Dated: 27 November

2019

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**Rules of The Arconic Pension Plan**

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Alcoa Britain 2002 Section

# CONTENTS

<b>Rule</b>		<b>Page</b>
1	MEANING OF DEFINED TERMS .....	1
2	MEMBERSHIP OF THE ALCOA BRITAIN 2002 SECTION .....	5
	2.1 Joining the Section .....	5
	2.1A Cessation of Active Membership: In-Service Deferred Members.....	5
	2.2 Members away from work.....	6
3	CONTRIBUTIONS.....	9
	3.1 Employer contributions .....	9
	3.2 Members' basic contributions .....	9
	3.3 Members' additional voluntary contributions .....	9
4	ACTIVE MEMBERS' IMMEDIATE PENSIONS.....	10
	4.1 Pension on retirement at Normal Retirement Date .....	10
	4.2 Pension on early retirement .....	10
	4.3 Pension on Incapacity retirement .....	10
	4.4 Pension on late retirement.....	11
5	BENEFITS FOR DEFERRED MEMBERS .....	12
	5.1 Leaving the Scheme .....	12
	5.2 Cash transfer sums and contribution refunds .....	12
	5.3 Preserved pension at Normal Retirement Date .....	13
	5.4 Other options for the payment of preserved pension .....	13
6	EXCHANGING PENSION FOR OTHER BENEFITS .....	14
	6.1 Exchanging for a retirement lump sum.....	14
	6.2 Exchanging for a Dependant's pension .....	14
7	BENEFITS PAYABLE ON THE DEATH OF A MEMBER .....	15
	7.1 Benefits on death in Pensionable Service .....	15
	7.2 Benefits on death after pension commences .....	16
	7.3 Benefits on death of a deferred member.....	17
	7.4 Payment of lump sums on death .....	18
	7.5 Payment of Spouse's pension on death .....	19
	7.6 Dependant's pension.....	19
	7.7 Young Spouse .....	20
8	TERMS FOR THE PAYMENT OF BENEFITS .....	21
	8.1 Frequency of pension payment.....	21
	8.2 Incapable beneficiary .....	21
	8.3 Reduction of benefits for the payment of tax.....	21
	8.4 Insured benefits .....	21
	8.5 Information from Members and others .....	21
	8.6 Enhanced protection .....	22

9	PENSION INCREASES .....	23
9.1	Periods of review .....	23
9.2	The rates of increase .....	23
9.2	Legacy Pensions: The rates of increase .....	23
10	DISCRETIONARY BENEFITS AND FLEXIBLE RETIREMENT .....	24
10.1	Discretionary benefits .....	24
10.2	Flexible retirement .....	24
11	SPECIAL BENEFITS .....	25
11.1	Part-time Employees .....	25
11.2	Pre-6 April 2006 members .....	25
11.3	Civil Partners .....	25
11.3	Non-Standard Executive Benefits .....	26
13	LEGACY SECTION MEMBERS .....	27
13	OTHER WAYS OF CONVERTING PENSION INTO A LUMP SUM .....	28
13.1	Trivial pension .....	28
13.2	Serious ill health .....	28
13.3	Benefits in excess of the lifetime allowance .....	28
13	CONTRACTING-OUT STATUS .....	28
13	IN-SERVICE DEFERRED MEMBERS .....	30

## THE ALCOA BRITAIN 2002 SECTION RULES

These are the Rules that govern the benefits and contributions payable under the Alcoa Britain 2002 Section and should be read together with the C Rules.

### 1. **Meaning of defined terms**

- "Active Member"** means a Member who is in Pensionable Service in respect of this Alcoa Britain 2002 Section and the term **"Active Membership"** shall be construed accordingly;
- "Alcoa Britain 2002 Section"** means this Alcoa Britain 2002 Section of the Scheme;
- "C Rules"** means the Constitutional Rules which are common to all sections of the Scheme;
- "Capped Member"** means a Member who was on 5 April 2006 subject to the 'earnings cap' for the purposes of the Income and Corporation Taxes Act 1988 in respect of the Former Scheme, or who joined the Former Scheme on or after 6 April 2006;
- "Child"** means a child of the Member including a child conceived but not yet born at the date of the Member's death, and a legally adopted child under age 18.
- The Trustees may at their absolute discretion exclude any step-child, illegitimate child, or a child of a marriage entered into after such Member had left Service and may include a child over age 18 who is suffering from some mental or physical disability rendering him unable to support himself financially. In any case any child who is not a natural or legally adopted child of the Member must have been either living with the Member at his death or dependent upon him to a substantial extent (as to which the decision of the Trustees shall be final).
- The Trustees may extend the definition of Child to include any child or any stepchild of a Member not otherwise falling within this definition and whether or not living with or dependent upon the Member PROVIDED THAT it would not cause an "unauthorised payment" under the Finance Act 2004 to be paid;
- "Contracting-out Laws"** means the laws on contracting-out set out in the Pension Schemes Act 1993;
- "Credited Pensionable Service"** means actual or notional service which would not otherwise have been Pensionable Service but which the Trustees have at the request of the Employer agreed to treat as Pensionable Service whether on receiving a transfer to the Scheme or otherwise;
- "Dependant"** means anyone who is or was financially dependent on the Member or was co-dependent at the time of that person's death. This includes anyone who shares living expenses with or receives financial support from the Member and whose standard of living would be affected by the loss of that person's contribution or support. The Trustees' decision as to whether someone is another person's dependant will be final;
- "Employee"** means an employee or executive director of an Employer;
- "Employer"** means an employer participating in the Scheme;

<b>"Final Pensionable Salary"</b>	means the highest annual average of any three consecutive years' Pensionable Salary figures in the ten years ending on the date the Member leaves Pensionable Service or dies, whichever happens first (subject to <b>Rule 11.1</b> (part-time employees)).  If the Member was not in Pensionable Service for three consecutive years, the Trustees shall calculate Final Pensionable Salary in a way they decide is fair and which is consistent with the Scheme's status as a registered pension scheme and with the Contracting-out and Preservation Laws;
<b>"Former Scheme"</b>	means the Arconic Britain Pension Scheme;
<b>"GMP"</b>	means a guaranteed minimum pension (or accrued rights to one) under the Contracting-out Laws;
<b>"In-Service Deferred Member"</b>	means a Member whose active membership of the Former Scheme terminated with effect on and from the end of 31 January 2019 in accordance with the terms of an agreement form entered into with his employer and who remains in Service. The Principal Employer shall notify the Trustees from time to time, and at any time on request by the Trustees, of the identity of the In-Service Deferred Members;
<b>"Incapacity"</b>	means physical or mental deterioration in health which in the opinion of the Trustees permanently prevents a Member from following his or her normal employment or being in any comparable remunerative employment. The Trustees must also have received evidence from a registered medical practitioner that the Member is (and shall continue to be) incapable of carrying on his or her occupation because of physical or mental impairment.  The Trustees' decision as to whether a Member is suffering from an Incapacity shall be final;
<b>"Insurance Company"</b>	means an "insurance company" as defined in section 275 of the Finance Act 2004;
<b>"Legacy Pension"</b>	means such pension as is payable to or in respect of a Legacy Section Member and which is calculated under the rules governing the relevant Legacy Section;
<b>"Legacy Section"</b>	means any one or more Sections of this Scheme (as defined in the C Rules), excluding this Alcoa Britain 2002 Section;
<b>"Legacy Section Member"</b>	means a Member of this Alcoa Britain 2002 Section who is also a member of any of the Legacy Sections in accordance with the eligibility criteria as set out in such sections of the Scheme;
<b>"Member"</b>	means a person in respect of whom the Trustees have a liability to pay or provide benefits;
<b>"Minimum Pension Age"</b>	means age 55, unless the Member has a "protected pension age" for the purposes of Schedule 36 of the Finance Act 2004;
<b>"Normal Retirement Date"</b>	means a Member's 65th birthday;
<b>"PAYE Earnings"</b>	means P60 earnings (including the amount of contributions to the Scheme and the Former Scheme paid by the Member);



**"Pensionable Salary"**

means:

(a) in respect of Members who previously participated in the Former Scheme and transferred into the Scheme, such amount as was applicable under the Former Scheme immediately before the Member joined the Scheme and which was notified to the Trustees by the Former Scheme's trustees; and

(b) in all other cases, a Member's PAYE Earnings (excluding any expenses and special payments) from the Employers for each complete Scheme Year the Member is in Pensionable Service. In relation to a Salary Sacrifice Member, Pensionable Salary shall be the amount certified by the Employer as being the rate of his or her PAYE Earnings (excluding any expenses and special payments) which the Member would have received from the Employer but for the Member's status as a Salary Sacrifice Member.

A Capped Member's Pensionable Salary may not exceed the Scheme Earnings Cap;

**"Pensionable Service"**

means:

(a) in respect of Members who previously participated in the Former Scheme and transferred into the Scheme pensionable service accrued under the Former Scheme; and

(b) in all other cases, a Member's Service from the date of joining the Alcoa Britain 2002 Section under **Rule 2** (joining the Section) to the date of becoming entitled to benefits under **Rule 4** (active members' immediate pensions) or the date of leaving the Scheme under **Rule 5.1** (leaving the Scheme) if earlier.

Where applicable, Pensionable Service shall include Credited Pensionable Service.

A Member's Pensionable Service shall not exceed 40 years;

**"Preservation Laws"**

means the laws on preservation of benefit set out in Chapter I of Part IV of the Pension Schemes Act 1993;

**"Principal Employer"**

means the principal employer for the time being in relation to the Scheme;

**"Prospective Pension"**

means:

(a) in the case of a Member who is in Pensionable Service, the pension (excluding any pension attributable to additional voluntary contributions) to which he or she would have been entitled had he or she remained in Pensionable Service until Normal Retirement Date based on the Member's Final Pensionable Salary at the date of death; and

(b) in the case of a Member who has left Pensionable Service and is entitled to a preserved pension which has not yet come into payment, the pension (excluding any pension attributable to additional voluntary contributions) to which he or she would have been entitled at Normal Retirement Date under **Rule 5.3** (preserved pension at Normal Retirement Date) revalued in accordance with the Revaluation Laws to the date of the Member's death;

<b>"Revaluation Laws"</b>	means the laws on revaluation of accrued benefits set out in Chapter II of Part IV of the Pension Schemes Act 1993;
<b>"Rules"</b>	means the rules which govern the Scheme;
<b>"Salary Sacrifice Member"</b>	means a Member who continues to accrue Pensionable Service in the Alcoa Britain 2002 Section of the Scheme but who has for the time being agreed to a variation of his or her contract of employer such that he or she is designated a "Salary Sacrifice Member" by his or her Employer. For the avoidance of doubt, any reference to Salary Sacrifice Member shall include a SMART Member;
<b>"Scheme"</b>	means the Arconic Pension Plan;
<b>"Scheme Actuary"</b>	means the Scheme actuary appointed by the Trustees under Section 47 of the Pensions Act 1995 or another actuary appointed by the Trustees;
<b>"Scheme Earnings Cap"</b>	was the amount of £123,600 for the tax year 2010/11. It shall subsequently be increased annually by reference to either the basis set out in section 590C(5) and section 590C(5A) of the Income and Corporation Taxes Act 1988 (notwithstanding the repeal of these sections), or another more generous basis chosen by the Principal Employer and notified to the Trustees from time to time;
<b>"Scheme Year"</b>	means the period ending on the 5th April in each year or such other period as is determined by the Trustees;
<b>"Service"</b>	means employment with an Employer or an employer of the Former Scheme;
<b>"SMART Contribution Rate"</b>	means in relation to a SMART Member the rate of contribution which the Member would have paid under <b>Rule 3.2</b> had he or she not been a SMART Member;
<b>"SMART Contributions"</b>	means the basic contributions which the Member would have made to the Scheme under <b>Rule 3.2</b> or to the Former Scheme but for his or her status as a SMART Member and which shall be based on the SMART Contribution Rate applicable to the Member during such period of Pensionable Service as the Member is a SMART Member;
<b>"SMART Member"</b>	means a Member who continues to accrue Pensionable Service in the Alcoa Britain 2002 Section but who for the time being has agreed to a variation of his or her contract of employment such that he or she is designated a "SMART Member" by his or her Employer and as a result shall have no liability to pay contributions under <b>Rule 3.2</b> . For the avoidance of doubt the Employer shall pay SMART Contributions at the SMART Contribution Rate which is applicable in respect of the SMART Member;
<b>"Spouse"</b>	means a husband, wife, widower and a widow;
<b>"State Pension Age"</b>	means a man's 65th birthday and a woman's 60th birthday or such other age specified by the Pensions Act 1995 or other legislation as the age at which a state retirement pension commences;
<b>"Transfer Value Laws"</b>	means the laws on transfer values set out in Chapter I of Part 4ZA of the Pension Schemes Act 1993;
<b>"Trustees"</b>	means the trustees from time to time of the Scheme.

## 2. **Membership of the Alcoa Britain 2002 Section**

### 2.1 **Joining the Section**

This Rule sets out the terms on which an Employee may join the Alcoa Britain 2002 Section of the Scheme.

The Alcoa Britain 2002 Section is closed to new Members, with the exception of any person whom the Principal Employer decides from time to time to admit to membership of it.

### 2.1A **In-Service Deferred Members**

With effect from the end of 31 January 2019, the Alcoa Britain 2002 Section of the Former Scheme was closed to the future accrual of benefits in respect of In-Service Deferred Members who chose by a legally binding agreement with their employer to cease active membership of the Former Scheme such that no further benefits accrued by reference to their service in respect of the Former Scheme on and from 1 February 2019 and no further member contributions were payable by such members to the Former Scheme. The remaining provisions of these Alcoa Britain 2002 Section Rules shall be construed accordingly in respect of any In-Service Deferred Members.

In-Service Deferred Members who chose to cease active membership of the Former Scheme are entitled to the benefits payable in accordance with **Rule 5** (Benefits for deferred members), except as set out in **Rule 15** (In-Service Deferred Members).

## 2.2 Members away from work

This Rule sets out the terms governing members' benefits while they are away from work, including while on family leave and on secondment.

### 2.2.1 Statutory family leave

A Member shall be treated as still in Pensionable Service while away from work during a period of statutory family leave, being:

- (a) ordinary maternity leave, ordinary adoption leave, or paternity leave in accordance with the Employment Rights Act 1996; and
- (b) any longer period in which the Member receives pay from the Member's Employer and which is a period of maternity leave, adoption leave, paternity leave or absence from work for other family reasons (as defined in the Social Security Act 1989).

If a Member receives pay from his or her Employer during any period of statutory family leave (as described above), he or she shall be required to pay contributions on the amount received unless the Member is a SMART Member.

In the case of a SMART Member, the Employer shall pay SMART Contributions in addition to contributions payable under **Rule 3.1** based on the amount which the Employer has certified the Member would have received had he or she not been a SMART Member.

If a Member receives no pay for any period of statutory family leave, he or she shall not be required to pay contributions for that period.

The Member's benefits for any period of statutory family leave shall be calculated as if the Member had worked normally and received the normal pay (subject to such variations as are relevant in the case of a Salary Sacrifice Member) for doing so.

## 2.2.2 Additional family leave

2.2.2.1 If a Member is absent from work due to any other period of paid family leave, the Member's benefits shall, unless the Principal Employer and the Trustees decide to apply other terms to the Member:

- (a) in the case of a Member who is not a SMART Member, be based on the pay received; and
- (b) in the case of a SMART Member, be based on the pay which the Employer has certified the Member would have received but for his or her status as a SMART Member.

2.2.2.2 If a Member is absent from work due to a period of unpaid additional maternity leave, additional adoption leave or parental leave:

- (a) the Principal Employer and the Trustees may agree to treat the Member as still in Pensionable Service for some or all purposes of the Scheme during this time. The Principal Employer and the Trustees shall agree terms (consistent with the Contracting-out Laws) to apply to the Member's contributions and benefits for this further period; or
- (b) the Member shall otherwise be treated as if he or she had left Pensionable Service. However, if a Member returns to work at the end of such a period of unpaid leave, his or her Pensionable Service before being treated as having left Pensionable Service and after returning to work shall be treated as continuous (but excluding the break).

## 2.2.3 Temporary absence on account of illness or injury

2.2.3.1 Subject to payment of the contributions required under **Rule 3.2**, an Active Member who is temporarily absent on account of illness or injury will automatically be retained in Membership for retirement benefits and for the benefits under **Rule 7.1.1** if he is on the Employer's long-term sickness register PROVIDED THAT no period which is later than 52 weeks after the date when such temporary absence began shall count as Pensionable Service (SAVE for any lump sum death in service benefit payable under this Rule).

2.2.3.2 If a Member who is absent under this Rule dies within 52 weeks of such absence commencing **Rule 7.1.1** shall apply by reference to the Member's Pensionable Pay on the day immediately prior to his first becoming absent (or at the date of his death, if greater) and if death occurs more than 52 weeks (but less than 208 weeks) after his first becoming absent the amount payable shall be increased by 3% per annum compound on each anniversary of the date when that 52 week period expires.

2.2.3.3 **Rule 7.1.1** will not apply if a Member to whom this **Rule 2.2.3** applies dies more than 208 weeks after the date on which his Temporary Absence began.

2.2.3.4 This **Rule 2.2.3** shall not apply to a Member in respect of whom **Rule 2.2.4** is applicable.

**2.2.4 Absence where Member is in receipt of pay from his Employer under its permanent health insurance arrangements**

2.2.4.1 An Active Member who is absent from Service by way of illness or injury, on the Employer's long-term sickness register and in receipt of benefits from permanent health insurance arrangements entered into by the Employer will automatically be retained in Active Membership for retirement benefits and for the benefits under **Rule 7.1.1** (Lump sum) and **Rule 7.1.2** (Pensions), by reference to a notional salary notified to the Trustees by the Member's Employer from time to time.

2.2.4.2 During such period of Pensionable Service as sub-rule 2.2.4.1 applies to an Active Member, the Employer shall pay contributions under **Rule 9** (Contributions by Employers) in respect of the Member based on the notional salary which the Employer has notified to the Trustees under sub-rule 2.2.4.1 and shall also pay the contributions which the Member would have paid under **Rule 8** (Contributions by Active Members) based on the notional salary notified to the Trustees by the Member's Employer under sub-rule 2.2.4.1.

2.2.4.3 For the avoidance of doubt, unless the Principal Company otherwise determines:

- (a) an Active Member who is absent under this **Rule 2.2.4** will automatically become a Deferred Member with effect from the date he is no longer in receipt of benefits from the Employer's permanent health insurance arrangements; and
- (b) a Member who is no longer treated as an Employee will be treated in accordance with **Rule 5** (Benefits for deferred members) with effect from the date the Member ceases to be treated as an Employee, irrespective of whether he is in receipt of income under a permanent health insurance scheme.

**2.2.5 Absence for any other reason**

Where a Member is away from work for any reason other than those described above or on secondment, the Principal Employer and Trustees may agree to treat the Member as still in Pensionable Service during this period, subject to any terms which the Principal Employer and Trustees agree (consistent with the Contracting-out Laws). In particular, a Member who is away from work shall be treated as still in Pensionable Service for so long as the Member receives contractual pay or statutory sick pay. If a Member is not treated as still in Pensionable Service, the Member shall be treated as if he or she had left Pensionable Service.

### 3. Contributions

This Rule sets out the terms for the payment of contributions to the Scheme.

#### 3.1 Employer contributions

Each Employer shall make such contributions to the Scheme as the Trustees acting on the advice of the Scheme Actuary and after consulting the Principal Employer decide from time to time are necessary.

An Employer may give written notice at any time (such notice being long enough to comply with the Contracting-out Laws if the Employer intends or is obliged to apply to surrender or otherwise vary any relevant contracting-out certificate) to the Trustees and to the Principal Employer to suspend or reduce contributions (with power at a later date to resume payment) or terminate contributions. No Employer shall be relieved of responsibility for any contributions due before the date of the expiry of such notice.

If an Employer's contributions are suspended or reduced, the Trustees shall adjust the benefits as they think fit acting on the advice of the Scheme Actuary.

If an Employer terminates contributions or the Trustees subsequently decide it is impracticable to continue the Scheme, **C Rule 15** (winding-up) shall apply.

#### 3.2 Members' basic contributions

Each Member in Pensionable Service who is not a SMART Member shall contribute to the Scheme at a rate of 5 per cent of his or her PAYE Earnings. The Employer shall pay these contributions to the Trustees having deducted them from each Member's earnings.

A SMART Member shall not be required to contribute to the Scheme in accordance with this **Rule 3.2** but shall instead be allocated a SMART Contribution Rate which shall be notified to the SMART Member by the Employer. The Employer will pay SMART Contributions to the Scheme in respect of the SMART Member.

A Member shall cease to be liable to pay contributions under this **Rule 3.2** once he or she has completed 40 years' Pensionable Service in the Scheme.

A Member may not make contributions to the Scheme (including any additional voluntary contributions) in excess of the annual limit on relief described in Section 190 of the Finance Act 2004.

#### 3.3 Members' additional voluntary contributions

A Member in Pensionable Service may pay additional voluntary contributions to the Scheme on terms agreed between the Member and the Trustees. In particular, if a Member wishes to commence paying additional voluntary contributions or change the amount that he or she pays, the Trustees may first require the Member to give them written notice of this.

The funds attributable to a Member's additional voluntary contributions shall be used to provide additional money purchase benefits in respect of the Member. If the Employer agrees, the Member may choose the extent to which these benefits will be paid in the form of a lump sum or a pension.

If these funds are to be used to provide a pension in respect of the Member, this pension must (unless the Principal Employer decides otherwise) be provided through the purchase of an annuity contract in respect of the Member. The Member may choose the insurance company from which this annuity contract shall be bought.

#### 4. **Active Members' immediate pensions**

This Rule sets out the terms governing the calculation of pensions for active members who retire from service with an immediate pension.

##### 4.1 **Pension on retirement at Normal Retirement Date**

A Member who leaves Pensionable Service at Normal Retirement Date shall receive a pension from Normal Retirement Date at a yearly rate equal to the aggregate of:

- (a) 1/60th of Final Pensionable Salary for each complete year of Pensionable Service in this Alcoa Britain 2002 Section, plus an additional proportion for each additional complete month; and
- (b) the Legacy Pension (if any) in respect of the Member.

##### 4.2 **Pension on early retirement**

A Member who leaves Pensionable Service before Normal Retirement Date but after reaching Minimum Pension Age may, if the Employer and the Trustees agree, choose to receive an immediate pension.

A Member aged 55 or over who leaves Pensionable Service having completed 20 years' Pensionable Service may retire without the consent of his or her Employer.

The pension shall be calculated in accordance with **Rule 4.1** (pension on retirement at Normal Retirement Date), based on the Member's Pensionable Service to the date of leaving and the Member's Final Pensionable Salary at the date of leaving. The pension shall be reduced for early payment at such rate (not exceeding the rate recommended as appropriate by the Scheme Actuary) as the Trustees decide.

In the case of a Legacy Section Member, the rate at which the Legacy Pension attributable to the relevant Legacy Section is reduced on grounds of early retirement shall be modified (where applicable) by the rules of that Section.

The Trustees must obtain advice from the Scheme Actuary that the benefits payable in respect of a Member who receives an early retirement pension under this **Rule 4.2** are at least equal in value to the benefits that would otherwise have been payable in respect of the Member on leaving Pensionable Service.

The amount of pension under this **Rule 4.2** shall be reduced if in the opinion of the Trustees the level of benefits prospectively payable to the Member at State Pension Age would otherwise be less than required under the Contracting-out Laws.

##### 4.3 **Pension on Incapacity retirement**

A Member who leaves Pensionable Service at any time before Normal Retirement Date because of Incapacity may choose to receive an immediate pension. Before they can agree to the pension being paid, the Trustees must have received evidence from a registered medical practitioner that the Member is (and shall continue to be) incapable of carrying on his or her occupation because of physical or mental impairment.

The pension shall be calculated in accordance with **Rule 4.1** (pension on retirement at Normal Retirement Date), but taking into account one-half of the potential Pensionable Service which the Member would have completed if he or she had stayed in Pensionable Service up to Normal Retirement Date and the Member's Final Pensionable Salary at the date of leaving.

Until Normal Retirement Date, the Trustees may from time to time require evidence of the Member's continued Incapacity. If not satisfied, the Trustees may vary or suspend a pension payable under this **Rule 4.3**, on terms which they decide are appropriate. The



Trustees may also change any benefits payable in respect of such a Member on his or her death as they consider appropriate.

The Trustees must obtain advice from the Scheme Actuary that the benefits payable in respect of a Member who receives an early retirement pension under this **Rule 4.3** are at least equal in value to the benefits that would otherwise have been payable in respect of the Member on leaving Pensionable Service.

#### 4.4 Pension on late retirement

A Member who, if the Employer agrees, stays in Pensionable Service after Normal Retirement Date shall receive a pension when he or she leaves Pensionable Service. The pension shall be calculated in accordance with **Rule 4.1** (pension on retirement at Normal Retirement Date) based on all the Member's Pensionable Service to the date of leaving and Final Pensionable Salary at the date of leaving. If such a Member reaches age 75 while still in Pensionable Service, he or she shall be treated for all purposes of the Scheme as having left Pensionable Service at that time.

If the Member does not draw his or her pension until after Normal Retirement Date, the pension attributable to Pensionable Service up to the Normal Retirement Date shall be increased by such rate as the Trustees, on the advice of the Scheme Actuary, shall decide having regard to the period by which its commencement has been postponed.

## 5. **Benefits for deferred members**

This Rule sets out the terms on which Members become deferred members, and for the payment of benefits to members who become deferred members on or after the effective date of these Rules.

### 5.1 **Leaving the Scheme**

A Member shall be treated as having left Pensionable Service for the purposes of these Rules when:

- 5.1.1 the Member ceases to be an Employee;
- 5.1.2 the Member is precluded from continued Pensionable Service by a certificate from his or her Employer stating that he or she is not eligible to be in Pensionable Service;
- 5.1.3 the Member opts out of Pensionable Service by giving not less than one month's notice in writing to the Trustees (or such other period as they may agree) and the notice expires; or
- 5.1.4 the Member is otherwise treated as if he or she had left Pensionable Service under any other provision in the Rules.

If a Member is treated as having left Pensionable Service and later rejoins the Scheme, each period of Pensionable Service shall be treated separately, unless the Principal Employer and Trustees agree otherwise.

### 5.2 **Cash transfer sums and contribution refunds**

If a Member leaves Pensionable Service before Normal Retirement Date without satisfying the '**three month condition**' (as defined in section 101AA(2) of the Pension Schemes Act 1993), the Trustees shall pay the Member a contribution refund (less tax at the appropriate rate).

If a Member who satisfies the 'three month condition' leaves Service before Normal Retirement Date with less than '**2 years Qualifying Service**' (as defined in section 71(7) of the Pension Schemes Act 1993), the Trustees must notify him or her on the terms described in Chapter 5 of Part IV of the Pension Schemes Act 1993 about his or her options to take a cash transfer sum or contribution refund within a reasonable period after the Member leaves Service. If the Member does not choose a cash transfer sum within the period notified by the Trustees to the Member, the Trustees shall pay the Member a contribution refund (less tax at the appropriate rate).

Any cash transfer sum or contribution refund paid in respect of a Member under this **Rule 5.2** must comply with the requirements of Chapter 5 of Part IV of the Pension Schemes Act 1993.

### 5.3 **Preserved pension at Normal Retirement Date**

A Member who leaves Pensionable Service before Normal Retirement Date with at least 2 years' Qualifying Service (as defined in section 71 of the Pension Schemes Act 1993) without becoming entitled to an immediate pension shall receive a pension from Normal Retirement Date. The pension shall be calculated in accordance with **Rule 4.1** (pension on retirement at Normal Retirement Date), based on the Member's Pensionable Service to the date of leaving Pensionable Service and the Member's Final Pensionable Salary at the date of leaving Pensionable Service.

The pension (in excess of the GMP) shall then be increased before payment in accordance with the Revaluation Laws and the GMP shall be increased in accordance with the Contracting-out Laws PROVIDED THAT in the case of a Legacy Section Member, the rules of the relevant Legacy Section shall apply in respect of the revaluation of that part of the Member's pension as constitutes his or her Legacy Pension.

### 5.4 **Other options for the payment of preserved pension**

A Member who becomes entitled to a pension under **Rule 5.3** (preserved pension at Normal Retirement Date) on leaving Pensionable Service may choose:

- 5.4.1 by giving notice to the Trustees at any time up to one year before Normal Retirement Date, to apply the cash equivalent of his or her benefits to buy one or more annuities, or to acquire rights under another pension scheme or arrangement, in accordance with the Transfer Value Laws;
- 5.4.2 subject to this option being offered by the Trustees, to commence receiving it before Normal Retirement Date (but not before reaching Minimum Pension Age, unless the Member is suffering from Incapacity). The pension shall be reduced for early payment on an actuarial basis which the Trustees may decide (after consulting the Scheme Actuary). In the case of a Legacy Section Member, the rate at which the Legacy Pension attributable to the relevant Legacy Section is reduced on grounds of early retirement shall be modified (where applicable) by the rules of that Section;
- 5.4.3 to commence receiving it after Normal Retirement Date, if the Trustees agree. The pension shall be increased for late payment on an actuarial basis which the Trustees may decide (after consulting the Scheme Actuary); or
- 5.4.4 to exchange pension for a lump sum or Dependant's pension as described in **Rule 6.1** (exchanging for a retirement lump sum) and **Rule 6.2** (exchanging for a dependant's pension).

The Trustees must receive advice from the Scheme Actuary that the benefits for a Member who chooses any of the options under this **Rule 5.4** are at least equal in value to the benefits that would otherwise have been provided for the Member under the Scheme.

**6. Exchanging pension for other benefits**

This Rule sets out the terms on which active and deferred members may exchange pension for either a cash lump sum or a Dependant's pension.

**6.1 Exchanging for a retirement lump sum**

A Member may exchange part of his or her pension for a lump sum, which shall be payable when the pension is due to commence. The Trustees shall convert pension into a lump sum on an actuarial basis which they agree with the Principal Employer and which is certified as reasonable by the Scheme Actuary.

The Member may choose the amount of his or her lump sum under this **Rule 6.1**, on the condition that it may not exceed the maximum allowable as a 'pension commencement lump sum' under Part 4 of the Finance Act 2004.

**6.2 Exchanging for a Dependant's pension**

A Member may, with the Trustees' agreement, exchange part of his or her pension before it commences for a pension payable on the Member's death to one or more of his or her Dependants.

The Dependant's pension (or the aggregate pension if paid to more than one Dependant) shall not be greater than the Member's remaining pension (including any pension given up under **Rule 6.1** (exchanging for a retirement lump sum) for a retirement lump sum). The exchange shall only be made if both the Member and the Dependant survive until the Member's pension becomes payable. If the Dependant subsequently dies before the Member, the Member's pension shall continue to be reduced.

The Trustees shall convert the Member's pension into the Dependant's pension on an actuarial basis which they decide (after consulting the Scheme Actuary).

If a Dependant's pension is payable under this Rule, it shall be paid in addition to any Dependant's pension payable under **Rule 7.6** (dependant's pension).

**6.3 Exchanging pension for other benefits**

The Member can opt to give up all or part of any rights to receive future annual pension increases (other than those required to be paid by statute), in exchange for a one-off increase in the level of his pension, as described in **Rule 9.4** (other ways of converting benefits).

## 7. **Benefits payable on the death of a Member**

This Rule sets out the terms on which lump sums for beneficiaries and pensions for Spouses and Children are paid in respect of Members when they die.

If a Member is not survived by a Spouse, the Trustees may pay a pension of any amount up to that which would have been payable to a Spouse under this **Rule 7** or the relevant Legacy Section (as appropriate) to any of the Member's Dependants. The Trustees may reduce or stop this pension at any time.

### 7.1 **Benefits on death in Pensionable Service**

If a Member dies in Pensionable Service, a lump sum and a pension shall be payable.

#### 7.1.1 **Lump sum**

If a pension is payable on the death of the Member, the lump sum shall be equal to three times the annual rate of the Member's Final Pensionable Salary at the date of death.

If no pension is payable on the death of the Member, the lump sum shall be equal to:

- (a) 3 ½ times the annual rate of the Member's Final Pensionable Salary at the date of death; and
- (b) the total contributions paid in respect of the Alcoa Britain 2002 Section by the Member (including SMART Contributions where applicable) together with interest calculated up to the date of the Member's death at the rate of 3 per cent per annum.

#### 7.1.2 **Pension**

If the Member is survived by a Spouse, a pension shall be paid to that Spouse equal to 50 per cent of Member's Prospective Pension.

In the case of a Legacy Section Member, for the purposes of this **Rule 7.1.2** the pension payable in respect of the Member shall not include any pensionable service in respect of the relevant Legacy Section. The rules of the relevant Legacy Section shall determine the level of pension (if any) payable on death in Pensionable Service in respect of the Legacy Section Member's pensionable service in respect of that Section.

Any lump sum or pension payable under this **Rule 7.1** is subject to **Rule 7.4** (payment of lump sums on death) or **Rule 7.5** (payment of Spouse's pension on death) respectively.

## 7.2 **Benefits on death after pension commences**

If a Member dies while receiving a pension, a pension shall be payable, and a lump sum shall also be payable if the Member dies within 5 years after his or her pension commences.

### 7.2.1 **Lump sum**

If the lump sum is payable, it shall be equal to the total of the pension payments which would have been made during the remainder of the 5 year period if the Member had not died (but disregarding any future increases).

The Trustees shall adjust such lump sum appropriately if the Member's pension was being paid at a reduced rate in order to provide for its increase at State Pension Age.

In the case of a Legacy Section Member, the proportion of any lump sum payable under this **Rule 7.2.1** which is attributable to the Legacy Pension shall not be payable if the rules of the relevant Legacy Section would otherwise provide that no lump sum is payable if the Member was not a Member of the Alcoa Britain 2002 Section and dies while receiving a pension.

### 7.2.2 **Pension**

If the Member is survived by a Spouse, a pension shall be paid to that Spouse equal to 50 per cent of the pension payable to the Member at the date of death or, if the Member exchanged pension for a lump sum or a Dependant's pension, 50 per cent of the pension which would have been payable if the Member had not done so.

In the case of a Legacy Section Member, for the purposes of this **Rule 7.2.2** the pension payable in respect of the Member shall not include any pensionable service in respect of the relevant Legacy Section. The rules of the relevant Legacy Section shall determine the level of pension (if any) payable in respect of the Legacy Section Member's pensionable service in respect of that Section.

Any lump sum or pension payable under this **Rule 7.2** is subject to **Rule 7.4** (payment of lump sums on death) or **Rule 7.5** (payment of Spouse's pension on death) respectively.

If a lump sum becomes payable under this **Rule 7.2** in respect of a Member aged 75 or more, the Trustees may decide not to pay the lump sum and to increase the value of the pension payable in respect of that Member by an amount determined by the Trustees by applying the lump sum instead.

### 7.3 **Benefits on death of a deferred member**

If a Member dies while entitled to a preserved pension under **Rule 5** (benefits for deferred members) that has not commenced, a lump sum and a pension shall be payable.

#### 7.3.1 **Lump sum**

Subject to the following, the lump sum shall be equal to the aggregate of:

- (a) the total of the Member's contributions to the Alcoa Britain 2002 Section and the Alcoa Britain 2002 Section of the Former Scheme (including any additional voluntary contributions, any amount or value which is to be treated as a contribution paid by a Member when received on a transfer to the Scheme and any contributions paid as part of a salary sacrifice arrangement where applicable) with interest at the rate of 3 per cent per annum; and
- (b) in respect of a Legacy Section Member, such lump sum (if any) as is payable under the provisions of the relevant Legacy Section if the Member dies while entitled to a preserved pension.

If the Member dies while still in Service on or after Normal Retirement Date with a preserved pension that has not commenced, the lump sum shall be equal to five years' instalments of the pension which would have been payable to the Member had it commenced payment immediately prior to the date of death.

#### 7.3.2 **Pension**

If the Member is survived by a Spouse, a pension shall be paid to the Spouse equal to 50 per cent of the Member's Prospective Pension except to the extent that in the case of a Legacy Section Member the relevant Legacy Section provides otherwise in respect of the period of pensionable service which is attributable to that Legacy Section.

If a pension is payable in respect of a Member who dies while still in Service on or after Normal Retirement Date with a preserved pension that has not commenced, it shall be equal to 50 per cent of the pension payable to the Member at the date of death on the assumption that the Member did not give up pension for a lump sum or a Dependant's pension.

Any lump sum or pension payable under this **Rule 7.3** is subject to **Rule 7.4** (payment of lump sums on death) or **Rule 7.5** (payment of Spouse's pension on death) respectively.

#### 7.4 Payment of lump sums on death

The Trustees shall pay any lump sum death benefit to (or for the benefit of) one or more of the Beneficiaries in such shares as the Trustees decide.

A Member's "**Beneficiaries**" for these purposes are the Member's widow or widower; the Member's grandparents and their descendants and the Spouses of those descendants; the Member's Dependants; any person with an interest in the Member's estate (but not including the Crown, the Duchy of Lancaster or the Duke of Cornwall); and any person nominated by the Member in writing to the Trustees.

If any part of the lump sum has not been paid or applied within 2 years of the Member's death (or such later date as the Trustees were made aware of the death), the Trustees shall keep that part in a separate account outside the Scheme and pay it to a Beneficiary in accordance with this **Rule 7.4** as soon as possible afterwards. No lump sum shall be paid if there are no surviving Beneficiaries when the Member dies. In that event, the lump sum otherwise payable will instead form part of the Scheme's assets.

The Trustees may:

- 7.4.1 pay all or part of any lump sum payable under this **Rule 7** to the trustees of a different trust (providing that the deceased has nominated that trust in writing and only Beneficiaries may be entitled to any pension from this trust); or
- 7.4.2 hold, or require other trustees to hold, all or part of any lump sum payable under this **Rule 7** on trust for the benefit of one or more of the Beneficiaries from time to time. This trust shall include any powers and provisions (including as to selection and variation) as the Trustees consider appropriate.



## 7.5 **Payment of Spouse's pension on death**

If a Member is survived by a Spouse, the Trustees shall pay the pension to the Spouse for life on the terms of this **Rule 7**.

The amount of the Spouse's pension shall be as set out in **Rule 7.1** to **Rule 7.3** or the relevant Legacy Section (as applicable) unless the Spouse was not living with the Member at the date of the Member's death. If this happens, the Trustees may instead decide not to pay some or all of the pension to the Spouse (other than any pension payable to the Spouse under the Contracting-out Laws).

If the marriage took place within 6 months of the Member's death, the Trustees may elect to withhold a Spouse's pension which would otherwise be payable, other than any pension payable to the Spouse under the Contracting-out Laws.

If the Trustees decide in accordance with this **Rule 7.5** to pay a Spouse no (or a reduced) pension, the Trustees may instead pay a pension to any of the Member's Dependants equal in aggregate to the balance of the Spouse's normal pension (or less).

Where a Member dies leaving more than one surviving Spouse, the Spouse's pension shall be paid to one or more of them in such shares as the Trustees decide (subject to the Contracting-out Laws).

The Trustees may, subject to the following conditions, allow a Spouse or Dependant to exchange pension for a lump sum. The conditions are that:

- 7.5.1 the Trustees may impose such terms for the exchange as they consider appropriate;
- 7.5.2 the Trustees shall convert pension into a lump sum on an actuarial basis which they decide (after consulting the Scheme Actuary);
- 7.5.3 the Spouse's pension must comply with the requirements of the Contracting-out Laws.

## 7.6 **Dependant's pension**

If a Member is not survived by a Spouse, the Trustees may pay a pension of any amount up to that which would have been payable to a Spouse under this **Rule 7** or the relevant Legacy Section (as appropriate) to any of the Member's Dependants. The Trustees may reduce or stop this pension at any time.

The Trustees may, subject to the following conditions, allow a Dependant to exchange pension for a lump sum. The conditions are that:

- 7.6.1 the Trustees may impose such terms for the exchange as they consider appropriate; and
- 7.6.2 the Trustees shall convert pension into a lump sum on an actuarial basis which they decide (after consulting the Scheme Actuary).

Where the value of the Dependant's pension does not exceed the maximum trivial commutation lump sum payable under paragraph 20 of Schedule 29 to the Finance Act 2004, the Trustees may pay the whole of that pension as a lump sum in accordance with that paragraph. This shall extinguish the Dependant's entitlement under the Scheme.

**7.7 Young Spouse**

If the Spouse was more than 15 years younger than the Member, the Spouse's pension shall be reduced on a basis which the Trustees decide.

Any reduction to the pension must comply with the Contracting-out Laws.

## 8. Terms for the payment of benefits

This Rule sets out how often benefits are paid, and the terms for reducing or stopping the payment of benefits in certain circumstances (such as where benefits are insured or where a Member provides inaccurate information).

### 8.1 Frequency of pension payment

Pensions are payable monthly in arrears or on any other basis which the Trustees decide. Pension paid to a pensioner after death must be repaid.

### 8.2 Incapable beneficiary

If a person entitled to a benefit is a minor, or is suffering (in the opinion of the Trustees) from any incapacity making the person unable to manage his or her affairs or to give a proper receipt, the Trustees may pay the benefit to anyone whom they consider a proper person to receive it on his or her behalf or the Trustees may apply it upon trust subject to such terms as the Trustees decide from time to time.

The Trustees may also, for the relevant person, make any choice that he or she has under the Scheme.

### 8.3 Reduction of benefits for the payment of tax

The Trustees may deduct any tax (including any interest payable to HM Revenue & Customs and any penalties) due from a benefit and pay it to HM Revenue & Customs.

In particular, if a lifetime allowance charge arises in respect of a Member's benefits under section 215 of the Finance Act 2004, the Trustees may reduce any benefit payable in respect of him or her by an amount chosen by them on actuarial advice and by reference to the tax that is payable.

### 8.4 Insured benefits

If any benefits under the Scheme are insured, they shall be subject to any restrictions imposed by the Insurance Company with whom they are insured. Accordingly, if the Trustees cannot obtain insurance for any Member or Members in respect of certain benefits, these benefits shall not be paid.

Subject to the Disability Discrimination Act 1995, the Trustees may decide that benefits shall also be restricted for any Member who fails to provide evidence of good health satisfactory to the Trustees, or whose death or ill-health results from a cause specified in a notice to that Member.

### 8.5 Information from Members and others

If a Member, or the recipient of death benefits, has provided a declaration that is incomplete or incorrect, or has failed to provide a declaration or an update to a declaration already provided, liability for any additional charge or tax (including any charge to income tax, any interest payable to Her Majesty's Revenue & Customs and any penalties) or any unpaid tax shall fall solely on the Member or the recipient of death benefits (which the Trustees may deduct from benefits under **Rule 8.3** (reduction of benefits for the payment of tax)).

8.6 **Enhanced protection**

No further 'relevant benefit accrual' as defined in paragraph 13 of that Schedule 36 to the Finance Act 2004 shall accrue to a Member to whom the enhanced protection conditions described in paragraph 12 of that Schedule apply.

9. **Pension increases**

This Rule sets out the terms for increasing pensions in payment in respect of Members whose pensions commence to be paid on or after the effective date of these Rules.

9.1 **Periods of review**

The Trustees shall review pensions in payment within twelve months of their last review on a date which the Trustees decide.

9.2 **The rates of increase**

Subject to **Rule 9.3** below, the Trustees shall increase:

- 9.2.1 any part of a pension in excess of the GMP at the intervals and by the percentage required by the Pensions Act 1995;
- 9.2.2 the part of the GMP which is attributable to earnings for the tax years from 1988-89 to 1996-97, in accordance with the requirements of section 109 of the Pension Schemes Act 1993; and
- 9.2.3 any pension or part of a pension which is derived from additional voluntary contributions or provided under **Rule 10.1** (discretionary benefits) or **C Rule 12.1** (transfers to the Scheme) or which relates to a pension credit under **C Rule 10** (pension sharing), in accordance with the terms on which they were granted;

A pension which has been in payment for less than one year may be increased by less than the full increase (but shall always be increased by at least  $\frac{1}{12}$ th of the full increase for each complete month since the pension commenced).

9.3 **Legacy Pensions: The rates of increase**

In the case of a Legacy Section Member, the Trustees shall increase the part of the pension which is his or her Legacy Pension in accordance with the pension increase rule set out in the rules of the relevant Legacy Section.

9.4 **Pension increase exchange**

Subject to **C Rule 2** (registered and contracted-out pension scheme), the Trustees may allow any individual who is entitled to payment of a pension from the Scheme to give up all or part of any rights to receive future annual pension increases (other than those required to be paid by statute), in exchange for a one-off increase in the level of his pension.

10. **Discretionary benefits and flexible retirement**

This Rule sets out the terms on which (i) an Employer can ask the Trustees to pay someone benefits from the Scheme that are different to those described in the other provisions of the Rules, and (ii) an Employee can take his or her pension while remaining in employment.

10.1 **Discretionary benefits**

The Trustees after consultation with the Scheme Actuary and with the approval of the Principal Employer may:

- 10.1.1 increase or provide additional benefits in respect of any Member;
- 10.1.2 augment or extend or bring forward the date of payment of any benefits payable to or in respect of an Employee (whether or not such a person is a Member);
- 10.1.3 provide different benefits in respect of a Member, or on different terms, from those set out in the other provisions of the Rules; or
- 10.1.4 grant to any Member a complete or partial dispensation from liability for contributions otherwise payable by him or her,

provided that the Employer by which the Member or Employee (as appropriate) is employed agrees to pay any additional contributions which the Trustees after taking the advice of the Scheme Actuary consider appropriate.

Benefits provided under this Rule shall be consistent with the Preservation, Revaluation and Transfer Value Laws and the Scheme's tax status as a registered pension scheme under the Finance Act 2004.

10.2 **Flexible retirement**

The Trustees may pay a Member a pension under **Rule 4** (active Members' immediate pensions) or **Rule 5** (benefits for deferred members) together with any cash lump sum under **Rule 6** (exchanging pension for other benefits), or under the relevant provisions of any Legacy Section while the Member is still in Service on the following conditions:

- 10.2.1 the Employer must agree to it being paid, and shall determine the terms that shall apply to the benefit;
- 10.2.2 the Member must have reached Minimum Pension Age;
- 10.2.3 the benefit must relate to all of a Member's Pensionable Service under the Scheme; and
- 10.2.4 if a pension is paid to a Member before he or she leaves Pensionable Service, any lump sum death benefit payable under **Rule 7.1** (benefits on death in Pensionable Service) in respect of the Member shall be reduced by the amount of any lump sum benefit payable under **Rule 7.2** (benefits on death after pension commences) in respect of him or her.

## 11. Special benefits

This Rule sets out the terms that apply to Members who have benefits and/or contributions provided for them under the Scheme on a different basis to that set out elsewhere in the Rules.

### 11.1 Part-time Employees

The Pensionable Service of a Member who for any period has been in part-time employment shall be treated as reduced during this period in the same proportion which the number of hours he works each week under his contract of employment bears to the number of hours a comparable Employee (in the opinion of the Employer) would work under a full-time contract of employment.

If a Member has been in part-time employment during any period by reference to which his Final Pensionable Salary is calculated, other than for the purposes of **Rule 7.1.1** (benefits on death in pensionable service: lump sum) his Final Pensionable Salary shall be increased either in the same proportion which the number of hours a comparable Employee would work under a full-time contract of employment bears to the number of hours the Member works under his contract of employment or on another basis which the Trustees decide is fair.

### 11.2 Pre-6 April 2006 members

Where an individual's entitlement or accrued rights under the Former Scheme were restricted before 6 April 2006 by reference to Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988 (notwithstanding the repeal of this chapter), those restrictions shall continue to apply to an individual's entitlement or accrued rights arising on or after 6 April 2006 except where the Rules (as amended by this deed) provide or the Former Scheme rules provided otherwise, or the Principal Employer and the Trustees agree otherwise. The details of those restrictions are contained in legislation applying before 6 April 2006 and in IR12 (2001) "Practice Notes on the Approval of Occupational Pension Schemes".

### 11.3 Civil Partners

References in this Scheme to a "Spouse" shall include a civil partner, references to a widow or widower shall include a surviving civil partner, and references to marriage shall include civil partnership (as defined in the Civil Partnership Act 2004) and references to married shall be interpreted accordingly.

This modification has effect only in relation to post 6 April 1988 Contracted Out Rights and, to the extent required by EESOR, to other scheme benefits accrued or payable in respect of periods of service on and from 5 December 2005.

"accrued or payable in respect of periods of service" has the same meaning as in Regulation 25 of EESOR.

"civil partner" has the same meaning as in the Civil Partnership Act 2004.

"EESOR" means the Employment Equality (Sexual Orientation) Regulations 2003, as amended.

"Contracted-out Rights" means rights under the contracted-out provisions in Part III of the Pension Schemes Act 1993.

Notwithstanding the above modification, the Trustees shall have a discretion to pay benefits to a civil partner in respect of all of a Member's service in the Scheme (including transfers-in) and not restrict such benefits to service on and from 5 December 2005.

11.4 **Non-Standard Executive Benefits**

The benefits of certain Members who have been designated as executives by their Employer will be determined by the Employer and notified to the Trustees in writing.



12. **Legacy Section Members**

This Rule sets out the way in which the Alcoa Britain 2002 Section interacts with other Sections of the Scheme for the purposes of calculating benefits.

- 12.1 In the case of a Legacy Section Member, the benefits attributable to such Member in respect of his or her membership of the Former Scheme with effect on and from 1 January 2002 or such later date as he or she joined the Alcoa Britain 2002 Section of the Former Scheme (in either case, the "**Joining Date**") shall be determined by the rules of this Alcoa Britain 2002 Section.
- 12.2 The benefits attributable to a Legacy Section Member in respect of the period prior to his or her Joining Date (including transferred-in service) shall be determined by the Legacy Section which is applicable to the Member. For the avoidance of doubt the Legacy Section Rules shall only determine the method of calculating the benefits concerned. The manner in which benefits are payable and any conditions of payment (including but without limitation the qualifying criteria for the payment of an early retirement pension on the grounds of ill-health or incapacity) shall be determined by this Alcoa Britain 2002 Section insofar as is permitted by law.
- 12.3 Pensionable Service in respect of the Legacy Section of a Legacy Section Member shall not be included in the calculation of benefits payable under this Alcoa Britain 2002 Section and as such that period of Pensionable Service which is attributable to a Legacy Section shall not be counted twice in the calculation of any benefits.

### 13. **Other ways of converting pension into a lump sum**

This Rule sets out the terms on which a Member's pension may be paid as a lump sum other than a tax-free cash sum on retirement.

#### 13.1 **Trivial pension**

Subject to the following conditions, the Trustees may allow all of the Member's benefits (including those payable on death) to be exchanged for a lump sum.

13.1.1 If the value of the aggregate of all benefits payable in respect of a Member from the Scheme and from all other registered pension schemes does not exceed the maximum trivial commutation lump sum payable under paragraph 7 of Schedule 29 to the Finance Act 2004, the Trustees may pay the Member the whole of his or her benefits as a lump sum in accordance with paragraphs 7 to 9 of Schedule 29 to the Finance Act 2004 (and less tax).

13.1.2 If the value of all benefits payable in respect of a Member from the Scheme does not exceed £2000 (or such other amount as stipulated by law), the Trustees may pay the Member an amount equal to the value of the Member's benefits in accordance with part 2 of The Registered Pension Schemes (Authorised Payments) Regulations 2009.

Each of these shall extinguish the Member's entitlement under the Scheme. The Trustees shall determine the value of the Member's benefits on a basis which is consistent with the Contracting-out and Preservation Laws.

#### 13.2 **Serious ill health**

Subject to the following conditions, the Trustees may allow a Member to exchange all his or her benefits (including those payable on death) for a lump sum. The conditions are that:

13.2.1 the Trustees (acting on advice provided to them by a registered medical practitioner) consider that the Member has less than one year to live;

13.2.2 the Member's benefits from the Scheme have not commenced to be paid;

13.2.3 payment of a 'serious ill-health lump sum' must be permitted under Part 4 of the Finance Act 2004; and

13.2.4 it must be allowed under the Contracting-out Laws.

The Trustees shall convert pension into a lump sum on an actuarial basis which they decide (after consulting the Scheme Actuary). This choice shall not affect any pensions payable on the Member's death.

#### 13.3 **Benefits in excess of the lifetime allowance**

It may be that the value of the aggregate of all benefits payable in respect of a Member from the Scheme and from all other registered pension schemes exceeds the standard lifetime allowance under section 218 of the Finance Act 2004 (or equivalent amount if a Member has the benefit of primary protection under the Finance Act 2004) at a time when a benefit crystallisation event (as defined in section 216 of the Finance Act 2004) occurs in respect of a Member. The Trustees may then pay any excess in pension form or, if the requirements for a lifetime allowance excess lump sum are met under the Finance Act 2004, as a lump sum.

14. **Contracted-out benefits**

This Rule confirms that the Scheme includes contracted-out benefits and is therefore subject to various statutory requirements which override the provisions of these Rules.

- 14.1 The Alcoa Britain 2002 Section of the Former Scheme was contracted-out on a "protected rights" basis up to and including 5 April 2012.
- 14.2 With effect on and from 6 April 2012 until 6 April 2016, the Alcoa Britain 2002 Section of the Former Scheme was contracted-out on the "reference scheme basis" (as defined for the purposes of section 12B of the Pension Schemes Act 1993, which relates to any period of contracted-out employment completed by a Member up to 6 April 2016). In accordance with section 24(1) of the Pensions Act 2014, the Former Scheme ceased to be a contracted-out scheme with effect from 6 April 2016.
- 14.3 The Trustees will operate the Scheme in accordance with the Contracting-out Laws which apply to it from time to time and to any contracted-out benefits provided by it. These Rules are deemed to incorporate any mandatory provision that the Contracting-out Laws require to be incorporated in respect of benefits held within the Scheme which were accrued during a Member's contracted-out employment, and any optional provision that must under the Contracting-out Laws be incorporated in the Rules in order for the Trustees' administration of such benefits to comply with the Contracting-out Laws.

15. **In-Service Deferred Members**

This Rule sets out the special terms and provisions which apply to those Members who ceased to be in active membership under the Former Scheme on 31 January 2019.

15.1 **Application**

In-Service Deferred Members shall be treated for all purposes as deferred members entitled to a preserved pension under **Rule 5** (Benefits for Deferred Members) save as set out in this **Rule 15**.

15.2 **Final Pensionable Salary**

The definition of "Final Pensionable Salary" set out in **Rule 1** (meaning of defined terms) applicable to an In-Service Deferred Member is amended so that it reads as follows:

"means such final pensionable salary amount as was applicable under the Former Scheme and was notified to the Trustees by the trustees of the Former Scheme."

15.3 **Applicable "Service"**

The following definition of "Service" shall apply in respect of an In-Service Deferred Member:

"**Service**" means continuous employment by:

- (i) an Employer (including in circumstances where that Employer is acquired by a third party that is not associated or connected with his Employer and whether or not the Member subsequently leaves employment of the Employer after any such acquisition);
- (ii) another entity associated or connected with his Employer; and/or
- (iii) a third party that is not connected or associated with his Employer where his employment is transferred to that entity in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (or any similar legislation) (and whether or not the Member subsequently leaves employment of any such transferee employer after any such transfer)

(and where for the purposes of this definition, 'associated or connected' shall be construed in accordance with sections 249 and 435 of the Insolvency Act 1986).

For the purposes of this definition of "Service", the term "Employer" shall also include any former participating employer in respect of the Scheme or the Former Scheme;"

#### 15.4 **Deferred Pension at Normal Retirement Date, revaluation underpin**

- 15.4.1 When an In-Service Deferred Member retires from or otherwise leaves Service, the rate of his pension accrued in excess of GMP shall be calculated and revalued in accordance with **Rule 5.3** and/or the relevant provisions of the relevant Legacy Section, subject to a minimum revaluation equal to the percentage increase in the Government's Index of Retail Prices (subject to **Rule 15.4.3** below) up to a maximum of 5% per annum applicable to the Member's Pensionable Service and subsequent Service as an In-Service Deferred Member.
- 15.4.2 The In-Service Deferred Member's GMP will be calculated and revalued in accordance with the Contracting-out Laws and/or the relevant provisions of the relevant Legacy Section.
- 15.4.3 If the Government's Index of Retail Prices is discontinued, the calculation carried out in respect of **Rule 15.4.1** above shall be made by reference to the Government's Consumer Prices Index plus 1% (but still subject to a maximum of 5% per annum).

#### 15.5 **Pension on early retirement**

An In-Service Deferred Member may elect to take early pension in normal health in accordance with the terms of and subject to the consent requirements provided by **Rule 4.2** (Pension on early retirement).

A Member aged 55 or over will satisfy the minimum 20 years' Pensionable Service condition referred to in **Rule 4.2** if, at the date of his application, he would have completed 20 years' Pensionable Service but for the cessation of his or her Active Membership.

#### 15.6 **Pension on incapacity retirement**

An In-Service Deferred Member may choose to receive an immediate pension at any time before Normal Retirement Date because of Incapacity provided that the Trustees must have received evidence from a registered medical practitioner that the Member is (and shall continue to be) incapable of carrying on his or her occupation because of physical or mental impairment.

The pension shall be calculated in accordance with **Rule 4.1** (pension on retirement at Normal Retirement Date).

If the Member's application is made on or before 31 January 2024, the calculation of his pension shall take into account one-half of the potential Pensionable Service which the Member would have completed if (a) he had stayed in Pensionable Service up to Normal Retirement Date and (b) as if he or she had not chosen to leave Active Membership (but based on his Final Pensionable Salary as at 5 April 2019 or date of leaving Service if earlier).

Until Normal Retirement Date, the Trustees may from time to time require evidence of the Member's continued Incapacity. If not satisfied, the Trustees may vary or suspend a pension payable under this **Rule 15.6**, on terms which they decide are appropriate. The Trustees may also change any benefits payable in respect of such a Member on his or her death as they consider appropriate.

The Trustees must obtain advice from the Scheme Actuary that the benefits payable in respect of a Member who receives an early retirement pension under this **Rule 15.6** are at least equal in value to the benefits that would otherwise have been payable in respect of the Member on leaving Pensionable Service.

15.7 **Election to become a deferred member**

An In-Service Deferred Member may by written notice to the Employer and the Trustees elect to cease to be classed as an In-Service Deferred Member and thereby become a deferred member entitled to a preserved pension under **Rule 5** (Benefits for Deferred Members) only at any point whilst remaining in Service (and without needing to leave Service).

The provisions of this **Rule 15** shall cease to apply to such Member with effect from the date specified in the written notice or such other date as the Employer and Trustees shall determine.

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**Dated:** 27 November

2019

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**Rules of The Arconic Pension Plan**

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Alcoa Britain (Pre-2002) Section

# CONTENTS

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<b>Rule</b>		<b>Page</b>
1	MEANING OF DEFINED TERMS .....	1
2	MEMBERSHIP OF THE ALCOA BRITAIN (PRE-2002) SECTION .....	3
3	PENSION BENEFITS .....	3
	3.1 Pension on retirement at Normal Retirement Date .....	3
	3.2 Preserved pension at Normal Retirement Date .....	3
	3.3 Early retirement .....	3
	3.4 Other options for the payment of preserved pension .....	4
4	BENEFITS PAYABLE ON THE DEATH OF A MEMBER .....	5
	4.1 Benefits on death in Pensionable Service .....	5
	4.2 Benefits on death after pension commences .....	7
	4.3 Benefits on death of a deferred member .....	9
5	PENSION INCREASES .....	11
	5.1 Periods of review .....	11
	5.2 The rates of increase .....	11
	5.3 Former ICI Members .....	11
	5.4 Pension increase exchange .....	11



## THE ALCOA BRITAIN (PRE-2002) SECTION RULES

These are the Rules that govern the benefits and contributions payable under the Alcoa Britain (Pre-2002) Section and should be read together with the C Rules and the Rules of the Alcoa Britain 2002 Section of the Scheme.

### 1. **Meaning of defined terms**

Unless otherwise stated below, words with a capital first letter are defined in **Rule 1** of the Alcoa Britain 2002 Section of the Scheme.

<b>"Alcoa Britain (Pre-2002) Section"</b>	means this Alcoa Britain (Pre-2002) Section of the Scheme;
<b>"Credited Pensionable Service"</b>	means actual or notional service which would not otherwise have been Pensionable Service but which the Trustees have at the request of the Employer agreed to treat as Pensionable Service whether on receiving a transfer to the Scheme or otherwise;
<b>"Dependant"</b>	means anyone who is or was financially dependent on the Member or was co-dependent at the time of that person's death. This includes anyone who shares living expenses with or receives financial support from the Member and whose standard of living would be affected by the loss of that person's contribution or support. The Trustees' decision as to whether someone is another person's dependant will be final;
<b>"Final Pensionable Salary"</b>	means such final pensionable salary amount as was applicable under the Alcoa Britain (Pre-2002) Section of the Former Scheme and was notified to the Trustees by the trustees of the Former Scheme;
<b>"Former Scheme"</b>	means the Arconic Britain Pension Scheme;
<b>"Lower Earnings Limit"</b>	means the level of weekly earnings at which the liability for Class 1 National Insurance Contributions arises;
<b>"Member"</b>	means a person in respect of whom the Trustees have a liability to pay or provide benefits;
<b>"Minimum Pension Age"</b>	means age 55, unless the Member has a "protected pension age" for the purposes of Schedule 36 of the Finance Act 2004;
<b>"Normal Retirement Date"</b>	means a Member's 65th birthday;
<b>"Payroll Scheme"</b>	means the Alcoa Britain Payroll Pension Scheme established by trust deed dated 26 March 1970;
<b>"Pensionable Salary"</b>	means such pensionable salary amount as was applicable under the Alcoa Britain (Pre-2002) Section of the Former Scheme and was notified to the Trustees by the trustees of the Former Scheme.  A Capped Member's Pensionable Salary may not exceed the Scheme Earnings Cap;

**"Pensionable Service"**

means the period during which the Member was contributing to the Alcoa Britain Pension Scheme up to and including 31 December 2001 or such earlier date as the Member left the Former Scheme, and shall where applicable include all pre-2002 Credited Pensionable Service in both cases measured in complete years and months (provided that if the Member has been in Pensionable Service for more than 25 days in the final month, this shall be treated as a complete month).

In respect of any Member who joined the Former Scheme prior to 6 April 1978 Pensionable Service shall include the 12 month waiting period required by the trust deed dated 21 December 1970 and all Payroll Scheme pensionable service for those Members who were members of the Payroll Scheme immediately before joining the Former Scheme.

A Member's Pensionable Service shall not exceed 40 years;

**"Prospective Pension"**

means:

(a) in the case of a Member who is in Pensionable Service, the pension (excluding any pension attributable to additional voluntary contributions) to which he or she would have been entitled had he or she remained in Pensionable Service until Normal Retirement Date based on the Member's Final Pensionable Salary at the date of death; and

(b) in the case of a Member who has left Pensionable Service and is entitled to a preserved pension which has not yet come into payment, the pension (excluding any pension attributable to additional voluntary contributions) to which he or she would have been entitled at Normal Retirement Date under **Rule 3.2** (preserved pension at Normal Retirement Date) revalued in accordance with the Revaluation Laws to the date of the Member's death;

**"Scheme Earnings Cap"**

means, prior to 6 April 2006, the "permitted maximum" (as defined in Section 590C(2) of the Income and Corporation Taxes Act 1988) which applied at the time of the Member leaving Scheme.

In respect of the tax year 2006/07 it shall mean £108,600.

It shall subsequently be increased annually by reference to either the basis set out in section 590C(5) and section 590C(5A) of the Income and Corporation Taxes Act 1988 (notwithstanding the repeal of these sections), or another more generous basis chosen by the Principal Employer and notified to the Trustees from time to time;

**"Scheme Year"**

means the period ending on the 5th April in each year or such other period as is determined by the Trustees;

**"State Pension Age"**

means a man's 65<sup>th</sup> birthday and a woman's 60<sup>th</sup> birthday or such other age specified by the Pensions Act 1995 or other legislation as the age at which a state retirement pension commences;

## 2. **Membership of the Alcoa Britain (Pre-2002) Section**

This Rule confirms the Alcoa Britain (Pre-2002) Section is generally closed to new members

The Alcoa Britain (Pre-2002) Section is closed to new Members, with the exception of any person whom the Principal Employer decides from time to time to admit to membership of it.

## 3. **Pension benefits**

This Rule sets out the terms governing the calculation of pension benefits for members of the Alcoa Britain (Pre-2002) Section

### 3.1 **Pension on retirement at Normal Retirement Date**

A Member who leaves Pensionable Service at Normal Retirement Date shall receive a pension from Normal Retirement Date at a yearly rate of 1/57th of the amount by which Final Pensionable Salary exceeds the annual equivalent (as determined by the Trustees) of the Lower Earnings Limit (averaged over the same period as Final Pensionable Salary) for each complete year of Pensionable Service in this Alcoa Britain (Pre-2002) Section, plus an additional proportion for each additional complete month.

### 3.2 **Preserved pension at Normal Retirement Date**

A Member who leaves Pensionable Service without becoming entitled to an immediate pension shall be entitled to receive a pension from Normal Retirement Date.

The pension shall be calculated in accordance with **Rule 3.1** (pension on retirement at Normal Retirement Date), based on the Member's Pensionable Service and the Member's Final Pensionable Salary at the date of leaving Pensionable Service.

In the case of a Member who was in Pensionable Service in the Alcoa Britain 2002 Section the Member's Final Pensionable Salary shall be calculated as at the date of leaving Pensionable Service in respect of that Section PROVIDED THAT in the case of a Member who was in Pensionable Service in the Alcoa Britain 2002 Section of the Former Scheme on 31 January 2019, Final Pensionable Salary shall be calculated as at the earlier of: (a) the date of leaving service under the Former Scheme; and (b) 5 April 2019.

The pension (in excess of the GMP) shall then be increased before payment in accordance with the Revaluation Laws (including Pensionable Service prior to 1 January 1985 in circumstances where the Member left Pensionable Service prior to 1 January 1991) and the GMP shall be increased in accordance with the Contracting-out Laws.

### 3.3 **Early retirement**

If, subject to the consent of the Employer, the Member starts to receive his or her pension on or after Minimum Pension Age but before Normal Retirement Date (other than on grounds of Incapacity), the part of such Member's pension as is attributable to this Alcoa Britain (Pre-2002) Section shall be reduced by such rate as the Trustees decide for each complete year (plus an additional proportion for each complete additional month) by which payment precedes the Member's 60th birthday.

### 3.4 **Other options for the payment of preserved pension**

This **Rule 3.4** shall only apply in respect of a Member who is not entitled to benefits payable under the Alcoa Britain 2002 Section of the Scheme.

A Member who becomes entitled to a pension under **Rule 3.2** (preserved pension at Normal Retirement Date) on leaving Pensionable Service may choose:

- 3.4.1 by giving notice to the Trustees at any time up to one year before Normal Retirement Date, to apply the cash equivalent of his or her benefits to buy one or more annuities, or to acquire rights under another pension scheme or arrangement, in accordance with the Transfer Value Laws;
- 3.4.2 subject to this option being offered by the Trustees, to commence receiving it before Normal Retirement Date (but not before reaching Minimum Pension Age, unless the Member is suffering from Incapacity). The pension shall be reduced for early payment on an actuarial basis which the Trustees may decide (after consulting the Scheme Actuary);
- 3.4.3 to commence receiving it after Normal Retirement Date, if the Trustees agree. The pension shall be increased for late payment on an actuarial basis which the Trustees may decide (after consulting the Scheme Actuary);
- 3.4.4 to exchange pension for a lump sum or Dependant's pension as described in **Rule 6.1** (exchanging for a retirement lump sum) and **Rule 6.2** (exchanging for a dependant's pension) of the Alcoa Britain 2002 Section.

The Trustees must receive advice from the Scheme Actuary that the benefits for a Member who chooses any of the options under this **Rule 3.4** are at least equal in value to the benefits that would otherwise have been provided for the Member under the Scheme.

4. **Benefits payable on the death of a Member**

This Rule sets out the terms on which lump sums and pensions are paid in respect of Members when they die.

4.1 **Benefits on death in Pensionable Service**

4.1.1 If a Member dies in Pensionable Service in the Alcoa Britain 2002 Section, **Rule 7.1.2** of the Alcoa Britain 2002 Section shall be modified such that for the period from the date of the death of the Member until the seventh anniversary of the Member's death, that part of the pension payable to the Member's Spouse which is attributable only to the Member's Pensionable Service in respect of this Alcoa Britain (Pre-2002) Section shall be increased to 100 per cent of the Member's Prospective Pension.

4.1.2 If the Member is not survived by a Spouse, the amount calculated in accordance with **Rule 4.1.1** above shall be payable to such Child or Children (as appropriate), if any, until the seventh anniversary of the Member's death after which the percentage of the Prospective Pension calculated in accordance with **Rule 4.1.1** shall be as set out in the table below:

<b>Number of Children</b>	<b>Percentage of Prospective Pension as calculated under Rule 4.1.1 payable</b>
1	50
2	70
3	80
4	90
5 or more	100

4.1.3 If the Member is survived by a Spouse, the amount calculated in accordance with **Rule 4.1.1** above shall be payable to such Child or Children (as appropriate), if any, but only if the Spouse dies before the seventh anniversary of the Member's death and in which case such amount shall only be payable until the seventh anniversary of the Member's death after which the percentage of the Prospective Pension calculated in accordance with **Rule 4.1.1** shall be as set out in the table below:

<b>Number of Children</b>	<b>Percentage of Prospective Pension as calculated under Rule 4.1.1 payable</b>
1	20
2	30
3	40
4	50
5 or more	50

- 4.1.4 In the case of **Rules 4.1.2** and **4.1.3**, the Trustees shall have discretion to determine how such pension benefits shall be distributed between the Children provided that if a Child's pension ceases there shall be a consequential recalculation of the pension payable to any other surviving Child or Children.
- 4.1.5 If a Member is not survived by a Spouse or a Child, the Trustees shall have discretion to pay a pension in respect of the Member's Pensionable Service attributable to this Alcoa Britain (Pre-2002) Section to any Dependant who survives the Member. The amount and duration of any such pension shall be at the discretion of the Trustees acting on the advice of the Scheme Actuary, but shall not exceed the amount which would have been payable to a Spouse under this **Rule 4.1**.

Any pension under this **Rule 4.1** shall be paid subject to **Rule 7.5** of the Alcoa Britain 2002 Section (payment of Spouse's pension on death) or **Rule 7.6** of the Alcoa Britain 2002 Section (Dependant's pension) respectively.

#### 4.2 **Benefits on death after pension commences**

If a Member dies while receiving a pension, a pension shall be payable, and a lump sum may also be payable if the Member dies within 5 years after his or her pension commences and no pension is payable under **Rule 4.2.2**.

In the case of a Member who is entitled to benefits payable under the Alcoa Britain 2002 Section, the provisions of this **Rule 4.2** shall only apply in respect of such Member's Pensionable Service which is attributable to this Alcoa Britain (Pre-2002) Section.

##### 4.2.1 **Lump sum**

- (a) If the lump sum is payable, it shall be equal to the total of the pension payments which would have been made during the remainder of the 5 year period if the Member had not died (but disregarding any future increases) PROVIDED THAT no such lump sum shall be payable if the Member has Pensionable Service in the Alcoa Britain 2002 Section.
- (b) In the case of a Member who left Pensionable Service in respect of the Alcoa Britain Pension Scheme on the grounds of Incapacity before 31 December 2001 and who dies before Normal Retirement Date whilst in receipt of a pension on grounds of Incapacity, an additional lump sum shall be payable equal to the difference between (a) the amount equal to three times the level of the Member's Pensionable Salary as at the date immediately before the Member left Pensionable Service in respect of the Scheme; and (b) any lump sum taken in commutation of pension at the time of retirement. If no pension is payable in respect of the Member following his or her death, such lump sum shall be increased by the amount of the Member's contributions attributable to the Alcoa Britain (Pre-2002) Section of the Former Scheme, plus interest, and then reduced by the balance of any lump sum payable under **Rule 4.2.1(a)**.

##### 4.2.2 **Pension**

- (a) The pension payable under this **Rule 4.2** to a Member's surviving Spouse shall be equal to 50 per cent of the pension payable to the Member at the date of death or, if the Member exchanged pension for a lump sum or a Dependant's pension, 50 per cent of the pension which would have been payable PROVIDED THAT if the Member dies within seven years of the date on which he or she started to receive the pension from the Scheme such pension payable to the Spouse shall be increased for the balance of seven years to 100 per cent of the Member's pension.
- (b) If the Member is not survived by a Spouse, the pension payable to any Child or Children (as appropriate) who survives the Member shall be as calculated in (a) above provided that with effect from the seventh anniversary of the date on which the Member started to receive the pension from the Scheme, the percentage of the

Member's pension (calculated as though the Member had not exchanged pension for a lump sum or Dependant's pension) shall be as set out in the table below:

Number of Children	Percentage of pension payable
1	50
2	70
3	80
4	90
5 or more	100

- (c) If the Member is survived by a Spouse, the amount calculated in accordance with paragraph (a) above shall be payable to such Child or Children (as appropriate), if any, but only if the Spouse dies before the seventh anniversary of the date on which the Member's pension commenced and in which case such amount shall only be payable until such seventh anniversary after which the percentage of the Member's pension (calculated as though the Member had not exchanged pension for a lump sum or Dependant's pension) shall be as set out in the table below:

Number of Children	Percentage of pension payable
1	20
2	30
3	40
4	50
5 or more	50

Any pensions paid to Children under this **Rule 4.2** are only payable for so long as the person satisfies the requirements of the definition of 'Child' (see **Rule 1** (meaning of defined terms) of the Alcoa Britain 2002 Section). The Trustees shall have discretion to determine how such pension benefits shall be distributed between the Children provided that if a Child's pension ceases there shall be a consequential recalculation of the pension payable to any other surviving Child or Children.

- (d) If a Member is not survived by a Spouse or a Child, the Trustees shall have discretion to pay a pension in respect of the Member's Pensionable Service attributable to this Alcoa (Pre-2002) Section to any Dependant who survives the Member. The amount and duration of such pension shall be at the discretion of the Trustees acting on the advice of the Scheme Actuary, but shall not exceed the amount which would have been payable to a Spouse under this **Rule 4.2**.

Any lump sum or pension payable under this **Rule 4.2** is subject to **Rule 7.4** of the Alcoa Britain 2002 Section (payment of lump sums on death) or **Rule 7.5** of the Alcoa Britain 2002 Section (payment of Spouse's pension on death) or **Rule 7.6** of the Alcoa Britain 2002 Section (Dependant's pension) respectively.

If a lump sum becomes payable under this **Rule 4.2** in respect of a Member aged 75 or more, the Trustees may decide not to pay the lump sum and to increase the value of the pension payable in respect of that Member by an amount equal to the lump sum instead.

#### 4.3 Benefits on death of a deferred member

If a Member dies while entitled to a preserved pension under **Rule 5** (benefits for deferred members) that has not commenced, a pension shall be payable and lump sum may be payable if no pension is payable under this **Rule 4.3**.

In the case of a Member who has Pensionable Service in the Alcoa Britain 2002 Section, the provisions of this **Rule 4.3** shall only apply in respect of such Member's Pensionable Service which is attributable to this Alcoa Britain (Pre-2002) Section.

##### 4.3.1 Lump sum

If no pension is payable under this **Rule 4.3**, subject to the following, the lump sum shall be equal to the total of the Member's contributions to the Alcoa Britain (Pre-2002) Section (including any additional voluntary contributions and any amount or value which is to be treated as a contribution paid by a Member when received on a transfer to the Scheme) with interest at a rate to be determined by the Trustees.

If the Member dies while still in Service on or after Normal Retirement Date with a preserved pension that has not commenced and no pension is payable to a Spouse or Dependant, the lump sum shall be equal to five years' instalments of the pension which would have been payable to the Member had it commenced payment immediately prior to the date of death (but disregarding any future increases).

##### 4.3.2 Pension

- (a) If the Member dies while entitled to a preserved pension, the pension payable on his or her death shall be calculated and paid on the same basis as **Rule 4.1** above but subject to the definition of Prospective Pension being applied in the context of a Member who is entitled to a preserved pension and no longer in Pensionable Service.
- (b) If the Member is not survived by a Spouse, the amount calculated in accordance with **Rule 4.3.2(a)** above shall be payable to such Child or Children (as appropriate), if any, until the seventh anniversary of the Member's death after which the percentage of the Prospective Pension calculated in accordance with **Rule 4.3.2(a)** shall be as set out in the table below:

Number of Children	Percentage of Prospective Pension as calculated under Rule 4.3.2(a) payable
1	50
2	70
3	80
4	90
5 or more	100



- 4.3.3 If the Member is survived by a Spouse, the amount calculated in accordance with **Rule 4.3.2(a)** above shall be payable to such Child or Children (as appropriate), if any, but only if the Spouse dies before the seventh anniversary of the Member's death and in which case such amount shall only be payable until the seventh anniversary of the Member's death after which the percentage of the Prospective Pension calculated in accordance with **Rule 4.3.2(a)** shall be as set out in the table below:

<b>Number of Children</b>	<b>Percentage of Prospective Pension as calculated under Rule 4.3.2(a) payable</b>
1	20
2	30
3	40
4	50
5 or more	50

- 4.3.4 In the case of **Rules 4.3.2** and **4.3.3**, the Trustees shall have discretion to determine how such pension benefits shall be distributed between the Children provided that if a Child's pension ceases there shall be a consequential recalculation of the pension payable to any other surviving Child or Children.
- 4.3.5 If a Member is not survived by a Spouse or a Child, the Trustees shall have discretion to pay a pension in respect of the Member's Pensionable Service attributable to this Alcoa Britain (Pre-2002) Section to any Dependant who survives the Member. The amount and duration of such pension shall be at the discretion of the Trustees acting on the advice of the Scheme Actuary, but shall not exceed the amount which would have been payable to a Spouse under this **Rule 4.3**.

Any lump sum or pension payable under this **Rule 4.3** is subject to **Rule 7.4** of the Alcoa Britain 2002 Section (payment of lump sums on death) or **Rule 7.5** of the Alcoa Britain 2002 Section (payment of Spouse's pension on death) or **Rule 7.6** of the Alcoa Britain 2002 Section (Dependant's pension) respectively.

## 5. Pension increases

This Rule sets out the terms for increasing pensions in payment in respect of Members whose pensions commence to be paid on or after the effective date of these Rules.

### 5.1 Periods of review

The Trustees shall review pensions in payment within twelve months of their last review on a date which the Trustees decide.

### 5.2 The rates of increase

The Trustees shall increase:

- 5.2.1 any part of a pension in excess of the GMP at the intervals and by the percentage required by the Pensions Act 1995;
- 5.2.2 the part of the GMP which is attributable to earnings for the tax years from 1988-89 to 1996-97, in accordance with the requirements of section 109 of the Pension Schemes Act 1993; and
- 5.2.3 any pension or part of a pension which is derived from additional voluntary contributions or provided under **Rule 10.1** of the Alcoa Britain 2002 Section (discretionary benefits) or **C Rule 14.1** (transfers to the Scheme) or which relates to a pension credit under **C Rule 12** (pension sharing), in accordance with the terms on which they were granted;

A pension which has been in payment for less than one year may be increased by less than the full increase (but shall always be increased by at least  $\frac{1}{12}$ th of the full increase for each complete month since the pension commenced).

### 5.3 Former ICI Members

In the case of Members who transferred to the Former Scheme from the ICI Pension Scheme, such additional pension increases shall be payable as notified to the Member by or on behalf of the Trustees from time to time.

### 5.4 Pension increase exchange

Subject to **C Rule 2** (registered and contracted-out pension scheme), the Trustees may allow any individual who is entitled to payment of a pension from the Scheme to give up all or part of any rights to receive future annual pension increases (other than those required to be paid by statute), in exchange for a one-off increase in the level of his pension.