



Consultation website: gmp.pensionline.bp.com

BP Pension Fund (the 'Fund'): Response to consultation on GMP conversion

The Fund's trustee, BP Pension Trustees Limited (the 'Trustee', 'we' or 'us') recently consulted with all affected members about its proposal to convert guaranteed minimum pensions ('GMPs') under the Fund into non-GMP benefits.

Consultation outcome

Having considered all consultation feedback carefully, we have decided to proceed with GMP conversion but on a modified basis.

For any pensioner member under age 65 and any deferred member:

- we still propose to split your pension into different parts (if it is already in payment) or when your pension starts (if it has not started yet)
- however, rather than split your pension into two parts (as per the consultation proposal), we now propose to split it in a similar way to how it would already have been split at GMP age before conversion. This means your pension would be split into one or more of the following parts:
 - o a non-increasing part
 - o a part that increases in line with CPI, up to a maximum of 3% per annum
 - o a part that increases in line with the way the non-GMP part of your pension currently increases under the Fund's governing documents
- these parts, and the proportion of pension in each of them, will be specific to each member and will depend on various factors such as when you earned any GMP benefits in the Fund.

In line with our legal obligations, we will also ensure that (i) the actuarial value of benefits before and after conversion are at least the same and (ii) there will be no reduction in any pension currently being paid.

We consider that this design change should help address concerns that some pensioners under age 65 and deferred members raised about:

- (1) the potential difference in treatment between member categories, and
- (2) the potential uncertainty around member outcomes as a result of splitting the pension into two parts when, before conversion, these members may have had their pension split into three different parts instead

For pensioners aged 65 or above, subject to the paragraph below, the conversion proposal will be as communicated in the consultation materials, i.e., with no changes to the way in which the different parts of your pension increase.

For all affected members, GMP conversion will now occur later. We had proposed a conversion date of 15 August 2023 (with the actual calculations to be done and personal statements to be issued later this year). Following the consultation outcome, the effective conversion date and implementation will be delayed while we work through the implications of the modified design on the project timeline.

Summary of consultation and feedback received

We would like to thank everyone who participated in the consultation process which ran from 15 June to 31 July 2023. The feedback functionality on the consultation website closed at the end of the consultation period but the website remains available for your reference. We have added this consultation response and an up-to-date set of FAQs to the website to reflect the outcome of the consultation and respond to common themes from the feedback received.

We received c.550 responses representing around 1% of affected members. All feedback has been carefully considered, with 48 responses to common themes made available on the dedicated consultation website*. The top five themes raised, covering c.75% of the feedback received, were:

1. concern about whether the GMP conversion proposal would change the Trustee's ability to request a discretionary pension increase**
2. clarification of the proposed conversion design, including the difference in approach proposed for the various member categories
3. clarification about how GMP in payment increases currently and the proposed approach for post-conversion pension increases
4. requests for the earlier provision of personal statements
5. request for an extension to the consultation period and clarification about how feedback from the consultation process would be used

What happens next?

We will write to you in 2024 to confirm the date your GMP will be converted. After that date, the Fund's actuary will carry out the necessary calculations to implement conversion. This will take time due to the large number of affected individuals. We will then write to all affected individuals with personal statements to set out what has changed. We expect to issue personal statements and implement GMP conversion during the second half of 2024.

BP Pension Trustees Limited

September 2023

* <https://gmp.pensionline.bp.com/faqs>

**To confirm, and as noted in the FAQ issued on this point, GMP conversion will not affect this discretionary power or the requirement for bp's consent in respect of any discretionary pension increase.