

Changes to PCLI pension programs

French translation of presentation available upon request

June 2020



sonneborn



HOLLYFRONTIER
SPECIALTY PRODUCTS


HOLLYFRONTIER[™]
LUBRICANTS & SPECIALTIES

What we'll cover today

What's happening

- Your retirement program today
- Defined Benefit pension plan freeze
- Potential windup

Transitioning to
the new **Defined
Contribution
Pension Plan**

- How it works
- Contributions from January 21, 2021 to June 30, 2022
- Formula starting July 1, 2022
- Managing two accounts

What happens
next

- Timeline
- Next steps
- Questions and answers










HOLLYFRONTIER™

LUBRICANTS & SPECIALTIES

What happening

Your retirement program today

Your Defined Benefit (DB) Pension

	Closed to new entrants in 1996		Bridge benefit Equal to government benefit
	Lifetime monthly payments when you retire		Employee contributions for enhanced DB Additional 0.4% of FAE
	Calculated using your Final Average Earnings and years of Pensionable Service		Indexation of benefits Pre-2017: 50% of CPI for non-Ontario 1.2% fixed indexation for Ontario Post-2017: 1.2% fixed indexation
	Final Average Earnings 1.6% of FAE - less government benefit		

Your retirement program today

Your Defined Benefit (DB) Pension



Closed to new entrants in 2017



Lifetime monthly payments when you retire



Calculated using your Final Average Earnings and years of Pensionable Service



Final Average Earnings
1.0% of FAE



Bridge benefit
Flat dollar per year of service



Defined Benefit Ancillary (DBA) account
Optional employee contributions up to 5% of base pay, used to purchase DB pension enhancements



Your Defined Contribution (DC) Pension



Closed to new entrants in 2017



Provides a source of income in retirement
Based on contributions and investment performance over time




Personal Retirement Account (PRA)
Base 1% company contribution + matching company contributions




Optional Savings Plan
Your contributions + matching company contributions

Your retirement program today


Your Defined Contribution (DC) Pension




Open to new entrants



Provides a source of income in retirement
Based on contributions and investment performance over time



Personal Retirement Account (PRA)
Base company contributions (tied to years of service) + matching company contributions



Optional Savings Plan
Your contributions + matching company contributions

Pension plan changes

Environment	What's changing?	What does it mean to you?
<ul style="list-style-type: none">– The Canadian pension landscape is changing and many companies are making changes to their DB pension plans as a result– The changes PCLI is making will help support the sustainability of our pension program for the longer term– PCLI is committed to providing retirement benefits that are consistent with HollyFrontier's benefit philosophy and with the broader marketplace	<ul style="list-style-type: none">– Effective June 30, 2022:<ul style="list-style-type: none">– DB pension benefits will be frozen for all employees– We intend to wind up the DB pension plan– Effective July 1, 2022:<ul style="list-style-type: none">– You will begin participating in HFC's new DC plan (the "New DC Plan")	<ul style="list-style-type: none">– No changes to how you earn pension benefits until June 30, 2022– The changes won't impact what you have already earned– You will keep the full value of DB pension benefits earned up to June 30, 2022– Starting July 1, 2022, you will participate in the same DC plan as all other PCLI employees– When you retire, you will receive both the DB and DC pension benefits you've earned throughout your employment with PCLI

Pension plan changes

Environment	What's changing?	What does it mean to you?
<ul style="list-style-type: none">– The Canadian pension landscape is changing and many companies are making changes to their DB pension plans as a result– The changes PCLI is making will help support the sustainability of our pension program for the longer term– PCLI is committed to providing retirement benefits that are consistent with HollyFrontier's benefit philosophy and with the broader marketplace	<ul style="list-style-type: none">– Effective January 1, 2021:<ul style="list-style-type: none">– We will launch a new DC plan (the "New DC Plan")– All PRA contributions will be directed to the New DC Plan instead of your current DC plan– Your existing PRA account will remain in the current DC plan until we receive regulatory approval to transfer it to the New DC Plan– Effective June 30, 2022:<ul style="list-style-type: none">– DB pension benefits will be frozen for employees ¹– We intend to wind up the DB pension plan– Contributions to the DBA will stop– Effective July 1, 2022:<ul style="list-style-type: none">– Your contribution formulas for your PRA and Savings Plan will change	<ul style="list-style-type: none">– No changes to how you earn pension benefits until June 30, 2022– The changes won't impact what you have already earned– You will keep the full value of your DB pension benefits and DBA account balance earned up to June 30, 2022– Until we receive regulatory approval to transfer DC account balances, you will need to manage two PRA accounts– Starting July 1, 2022, you will participate in the same DC plan (with the same contribution formulas) as all other PCLI employees– When you retire, you will receive both the DB and DC pension benefits you've earned throughout your employment with PCLI

¹For employees who report to work in Quebec, only the Pensionable Service component of the DB pension formula will be frozen. However, if we proceed with the wind-up, both Pensionable Service and Final Average Earnings will freeze for Quebec employees.

Pension plan changes

Background	What's changing?	What does it mean to you?
<ul style="list-style-type: none">– PCLI's existing pension program includes a number of legacy plans. Some PCLI employees are grandfathered in these plans– Given changes in the Canadian pension landscape, PCLI is creating a single, standalone DC plan for all PCLI employees	<ul style="list-style-type: none">– Effective January 1, 2021:<ul style="list-style-type: none">– We will launch a new DC pension plan (the "New DC Plan")– All PRA contributions will be directed to the New DC Plan instead of your current DC plan– Your existing PRA account will remain in the current DC plan until we receive regulatory approval to transfer it to the New DC Plan	<ul style="list-style-type: none">– Though you will need to enrol in the New DC Plan, the changes we're introducing are purely administrative– No changes to your DC pension contribution formulas - all company contributions will remain the same– Until we receive regulatory approval to transfer DC account balances, you will need to manage two PRA accounts



HOLLYFRONTIER™

LUBRICANTS & SPECIALTIES

**Let's take a closer look
at the changes to your
DB pension...**

DB benefits freeze

After the **June 30, 2022** freeze date, you will stop earning DB pension benefits and all contributions to the DBA will cease



Your DB pension and DBA account balance earned up to the freeze date are **yours to keep**



Your DB pension benefits will be calculated using your **Final Average Earnings** and **Pensionable Service** at June 30, 2022



For Quebec employees, it's only the Pensionable Service component of your DB pension that will freeze on June 30, 2022



DB Plan wind-up



Intended for **June 30, 2022**, assuming
business, financial and market
conditions are satisfactory

- With a pension plan wind-up, the plan ceases to exist and all assets are distributed to members
- The wind-up will have no effect on the benefits you earn up to the wind-up date. It only changes how you will receive these benefits
- Ontario's pension regulator, the Financial Services Regulatory Authority of Ontario (FSRA), has oversight of the process and must approve the wind-up before benefits are paid out
- You will have options for choosing how to receive your DB pension benefits
- We'll provide you with more information about your options closer to the wind-up date



Important! If we proceed with the wind-up, both Pensionable Service and Final Average Earnings will freeze for Quebec employees as of the wind-up date of June 30, 2022.

Receiving your DB Benefit in a wind-up

If we decide to proceed with the wind-up, in early 2023, you'll receive access to **an online tool that includes a personalized statement** outlining the value of your DB pension benefit, your options for receiving your benefit and the deadline. Generally, you'll have **two options for how to receive your benefit** (though these may vary depending on where you are employed and the value of your benefit).

1

Receive your DB pension benefit as a **monthly payment**, starting as early as your 55th birthday.

If you choose this option, PCLI will purchase an annuity to provide you with monthly payments when you retire.

2

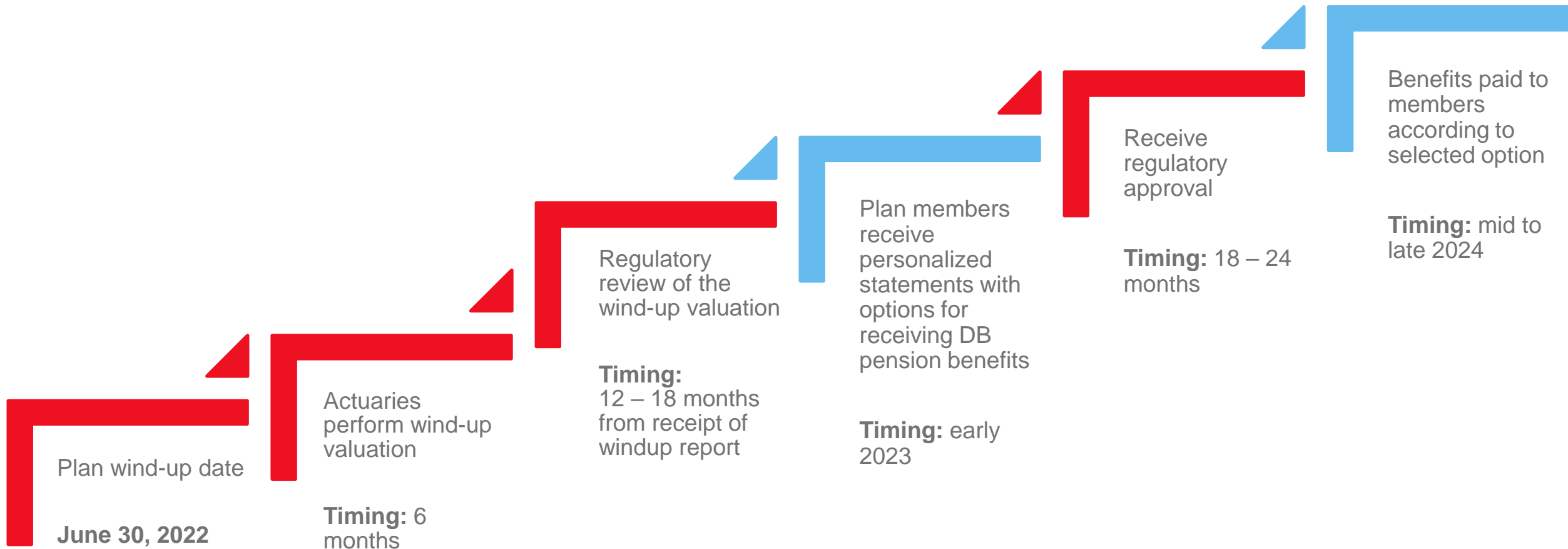
Transfer the **lump sum value** of your DB pension benefit (up to tax limits) to a locked-in retirement account (including your PCLI DC account).

Or you can use it to **purchase an individual annuity** from an insurance company.



Important! If we proceed with the wind-up, members who report to work in Quebec will only receive the lump sum option.

Wind-up timing

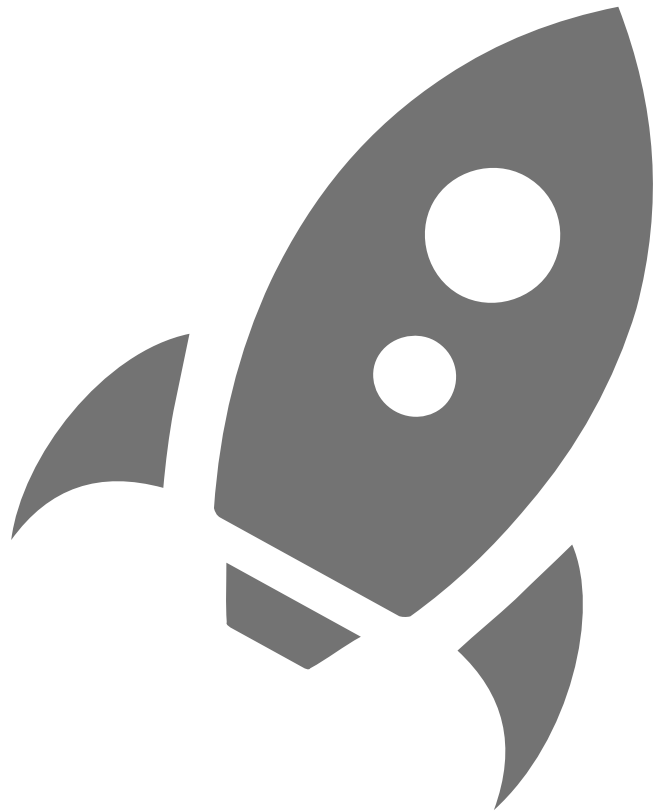


About the New DC Plan

What's the difference between DB and DC?

Defined Benefit (DB)	Defined Contribution (DC)
<ul style="list-style-type: none">• Your pension promise is a “fixed monthly pension payment” (i.e., the benefit is defined)• The amount of these monthly pension payments does not change• You are not responsible for managing any investments• You are guaranteed these payments throughout your retirement until you die (i.e., you cannot outlive your pension)	<ul style="list-style-type: none">• Your pension promise to you is a “fixed contribution” (i.e., the contribution is defined)• Account balance at retirement depends on how your investments performed and how much was contributed• You are responsible for managing and investing your account balance• You decide how much to withdraw on a monthly basis once you retire and are responsible for ensuring your money lasts through your retirement

On January 1, 2021...



Later this year, Sun Life will reach out to you to provide you with instructions on how to enrol in the New DC Plan

- We'll launch the New DC Plan
- All contributions to your PRA will be directed to the New DC Plan instead of the current Plan
- There will be **no change to contribution formulas until June 30, 2022**
- The setup of the New DC Plan will not affect your Savings Plan or DBA (though contributions to your DBA will stop on June 30, 2022)
- **DB only pension plan participants will not join this plan until July 1, 2022**

How the New DC Plan works

Base contribution
from the company

*Based on your years of
service with PCLI*



**Your optional
contributions**

*You decide how much to
contribute into the
Savings plan*



**Company match on
your optional
contributions**

Up to certain limits



**Investment
returns over time**

*You decide how to
invest your DC pension*



The amount of income you'll have from your DC
pension when you retire



Contributions

- Each pay period, the company contributes a percentage of your base pay to a **Personal Retirement Account (PRA)** in your name
- This amount depends on your years of service with PCLI

Base company contributions to your PRA

Years of service	PCLI contribution (% of base pay)
Less than 5	5%
5 to 9	6%
10 to 14	8%
15 or more	9%

- The company will provide a **100% match** on the first 5% of you contribute, *plus* an **additional 0.5%** for every 1% more you put in up to 10% of your base pay
- Take full advantage of the match and PCLI will contribute **7.5%** on top of the base company contribution!

Your optional contributions and the company match

Petro-Canada Lubricants' match (% of base pay)			
Your contribution (% of base pay)	To your Savings Plan account	To your PRA	Total PCLI contribution
1%	1%	0%	1%
2%	2%	0%	2%
3%	3%	0%	3%
4%	4%	0%	4%
5%	5%	0%	5%
6%	5%	0.5%	5.5%
7%	5%	1%	6%
8%	5%	1.5%	6.5%
9%	5%	2%	7%
10-30%	5%	2.5%	7.5%

Where your contributions go



You



The company

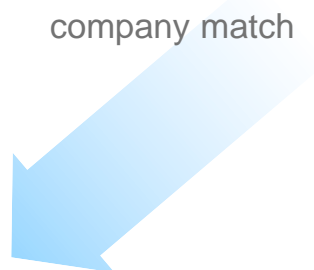
Optional contributions

As much as you'd like up to 30% of your base pay

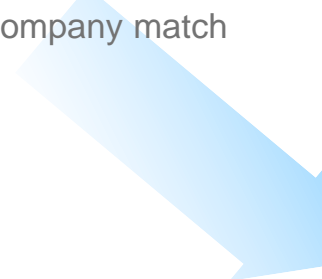


Company match

The first 5% of the company match



The next 2.5% of the company match



Base contribution

Based on your years of service with PCLI



Savings Plan account

Contributions are not tax-sheltered

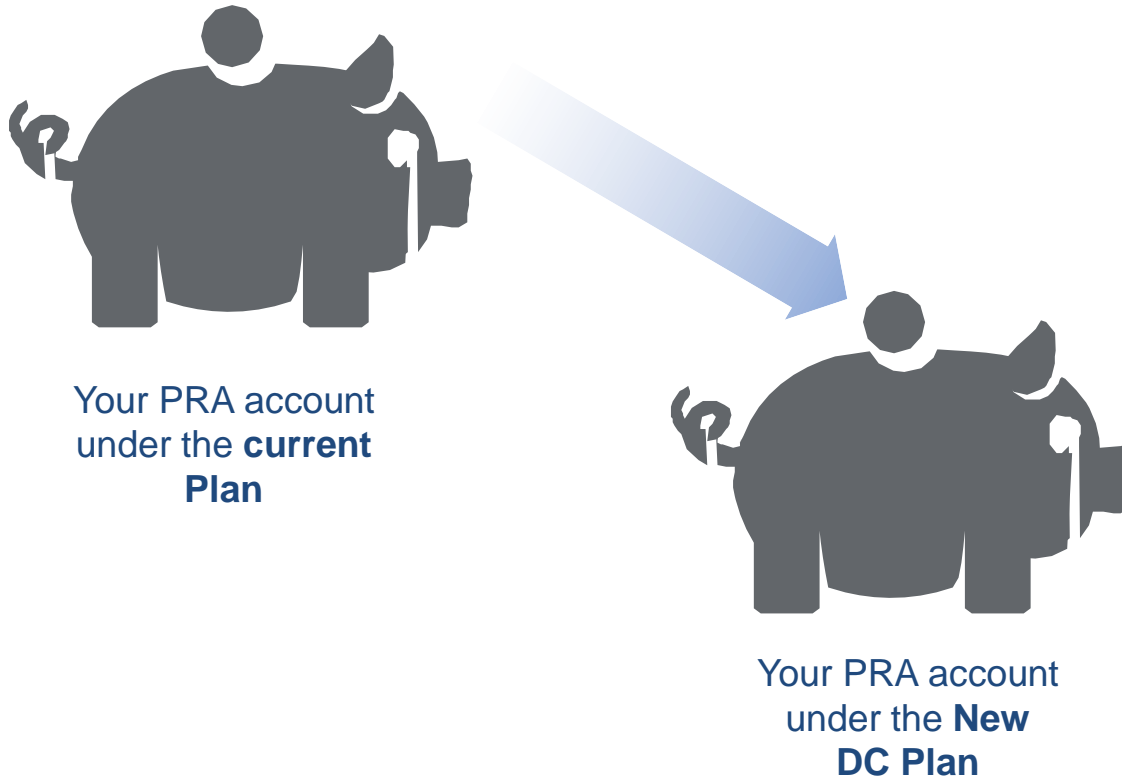
Personal Retirement Account (PRA)

Tax-sheltered



You must contribute in order to receive the company match. If you don't contribute, you will only receive the base company contribution from PCLI and you will miss out on significant savings opportunities

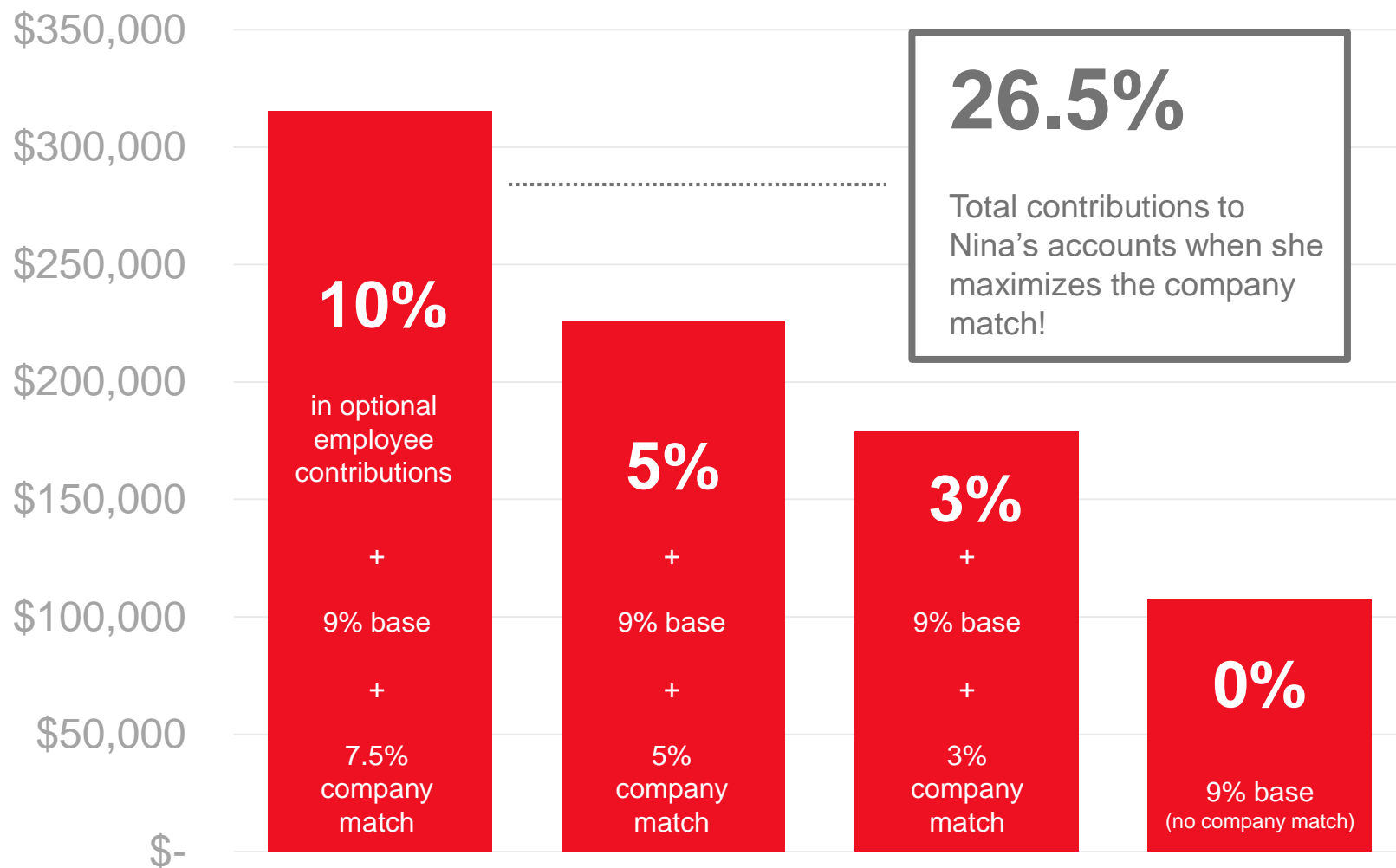
Managing two accounts



We'll provide you with notice in advance of the transfer (expected for later in 2021)

- Your existing PRA will remain in the current Plan until we receive regulatory approval to transfer your account balance to the New DC Plan
- Upon approval, your PRA account balance in the current Plan will transfer automatically to the New DC Plan
- You will need to manage two PRA accounts until your account balances are merged later in 2021
- Any investment changes you make to one account will not automatically apply to the other – you will need to update each account separately
- This applies to your PRA only (and not your Savings Plan account)

Growing your account: an example

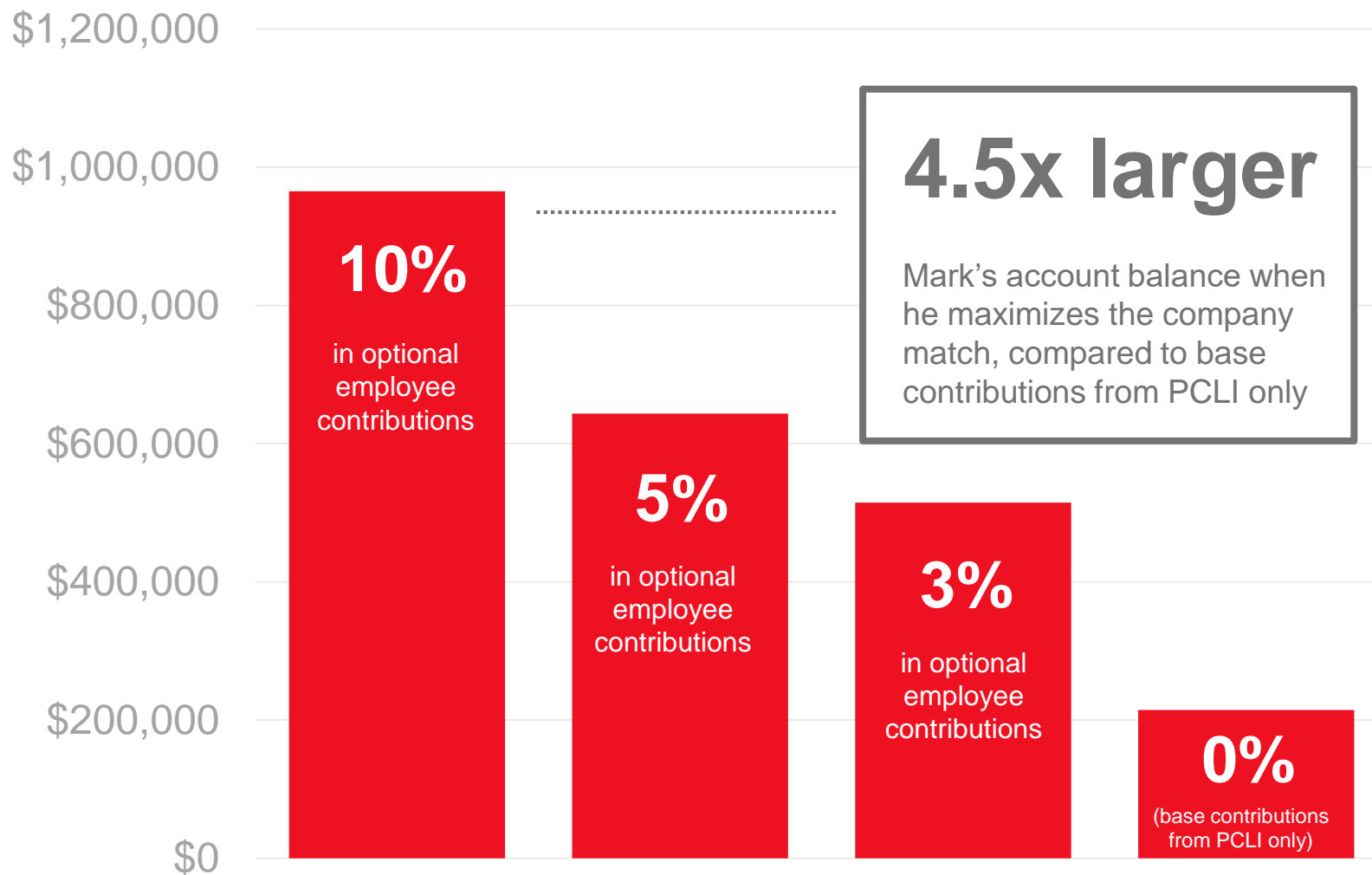


Nina earns a salary of \$85,000 and has been working for PCLI for 26 years. This means she receives an automatic 9% base company contribution from PCLI.

Her account balance after 10 years will depend on how much she chooses to contribute.

Assumes a 5% annual investment return and 2% in annual salary increases. Individual results will vary.

Growing your account: an example



Mark earns a salary of \$50,000 and has been working for PCLI for 3 years.

His account balance after 30 years will depend on how much he chooses to contribute.

Remember, the base company contribution Mark receives will increase over time with his years of service.

Assumes a 5% annual investment return and 2% in annual salary increases. Individual results will vary.

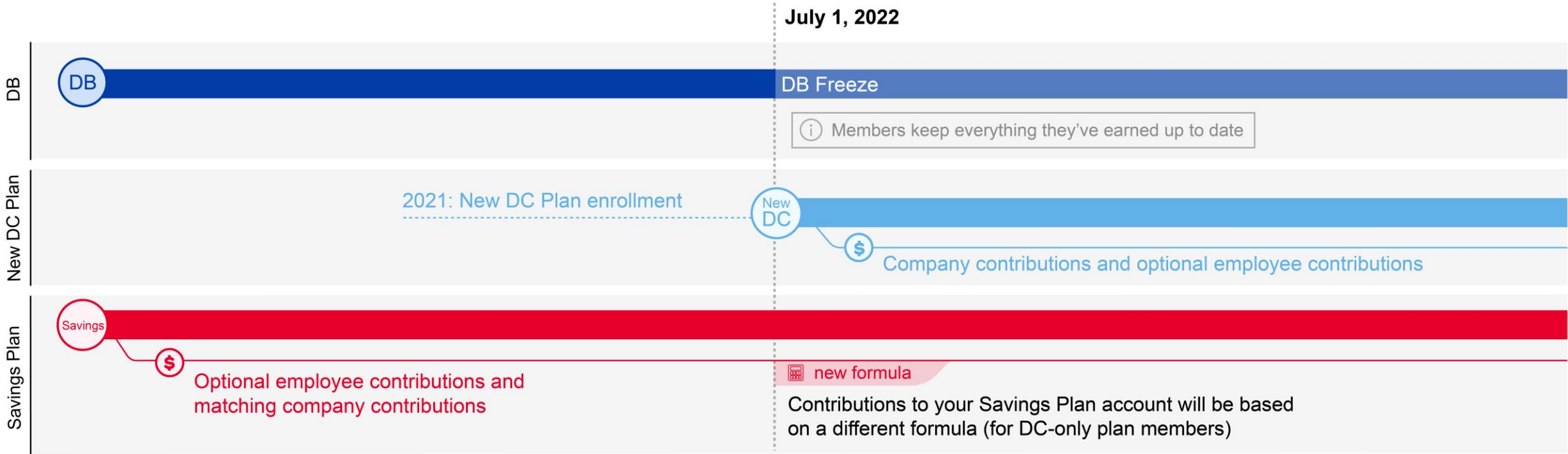


HOLLYFRONTIER™

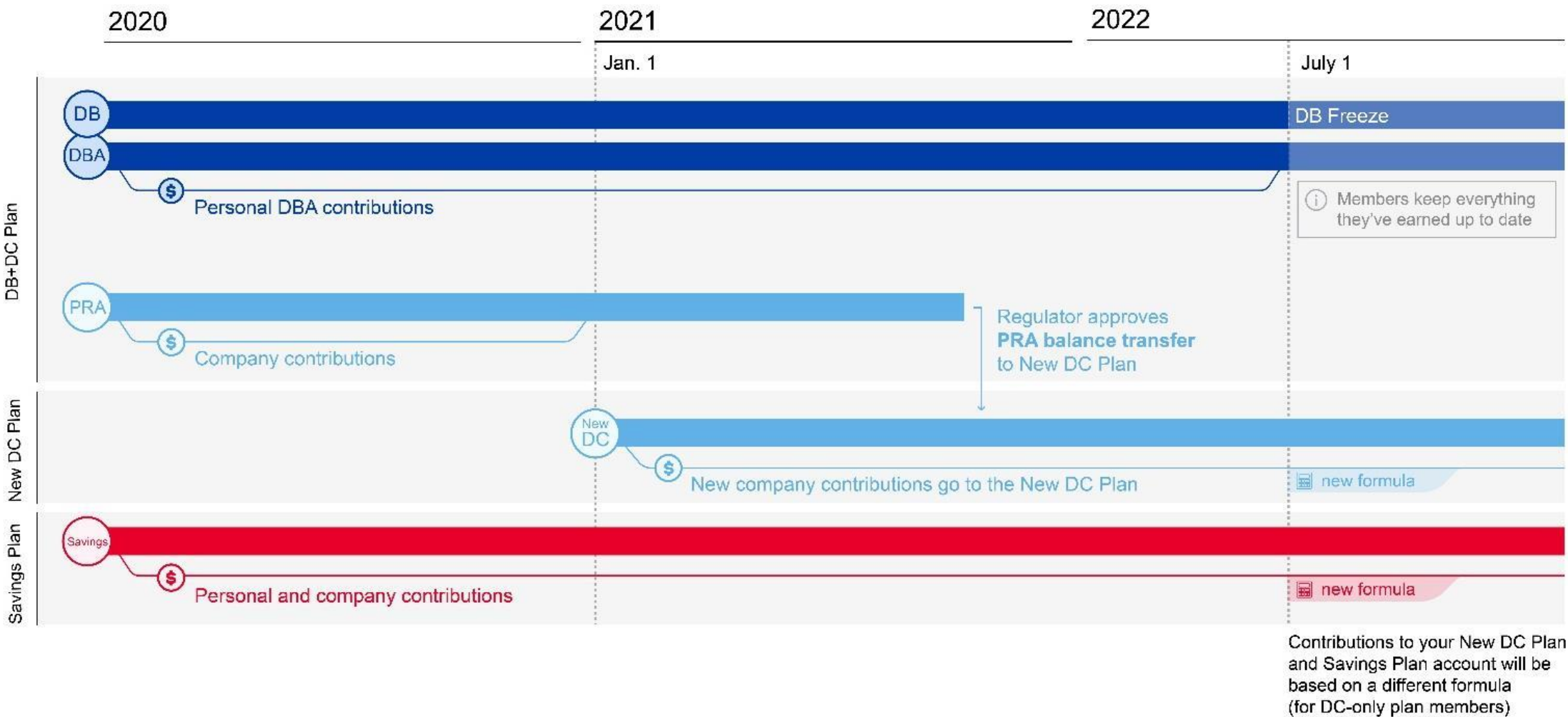
LUBRICANTS & SPECIALTIES

What happens next

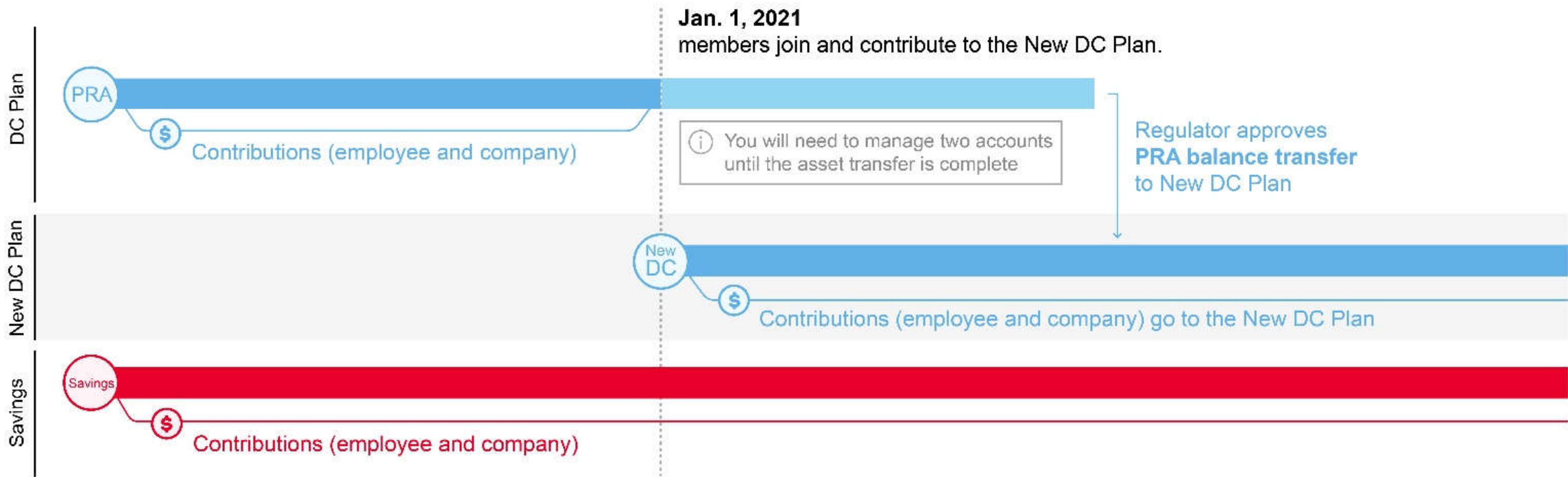
Timeline



Timeline



Timeline



What you'll need to do and when



New DC Plan

- ▶ Enrol in the New DC Plan
- ▶ Instructions will be provided by Sun Life
- ▶ Ensure you're maximizing contributions



Early to mid 2022



DB Plan wind-up

- ▶ Choose how to receive your DB pension proceeds
- ▶ More information on your options and required actions to come in 2023



Early 2023

What you'll need to do and when



New DC Plan

- ▶ Enrol in the New DC Plan
- ▶ Instructions will be provided by Sun Life
- ▶ Ensure you're maximizing contributions



Later this fall



Your PRA accounts

- ▶ Manage two PRA accounts until regulatory approval received



From January 1, 2021 to late 2021



DB Plan wind-up

- ▶ Choose how to receive your DB pension and DBA proceeds
- ▶ More information on your options and required actions to come in 2023



Early 2023

What you'll need to do and when



New DC Plan

- ▶ Enrol in the New DC Plan
- ▶ Instructions will be provided by Sun Life
- ▶ Ensure you're maximizing contributions



Later this fall



Your PRA

- ▶ Manage two PRA accounts until regulatory approval received



From January 1, 2021 to late 2021



HOLLYFRONTIER™

LUBRICANTS & SPECIALTIES

Questions?