



SSPF

FOR EMPLOYEES

WHAT WILL CHANGE IN YOUR PENSION

OCTOBER 2024

This brochure is intended for active participants in the pension scheme of the Shell Pension Fund Foundation (SSPF). This pension scheme applies to employees who were employed by Shell before 1 July 2013 and who accrue pension under Shell's Dutch pension scheme(s).

This brochure is a simplified summary of the SSPF transition plan. Want to read more? Go to www.nieuwpensioenbijshell.nl for the transition plan and more information.

The most important changes in a nutshell::

- As of 1 January 2027, we will switch to a flexible contribution scheme with an employer's contribution that provides the prospect of a good pension. As a participant, you can make choices in this scheme, including the amount of your personal contribution.
- The contribution in the new pension scheme is a flat contribution. Each participant receives the same premium percentage, regardless of the age of the participant.
- If there are sufficient buffers, the pension you have already accrued will be converted to the new pension scheme. This is called 'invaren' (value transfer). If there are not sufficient buffers, the pensions will be left behind in the current pension scheme.
- Conversion ensures a higher expected pension. This is because the buffers in the fund can be allocated to the participants. Also broader tax rules apply than in the current pension system.
- You will be compensated for the expected difference in future pension accrual. If the pension is converted, this compensation will be paid within the pension scheme. If pensions are left behind in the current scheme, the compensation is paid through the salary.
- Survivor's pension and the disability scheme remain well arranged. In the event of death during active service, your surviving dependants will receive a benefit based on your last earned salary. What you have already accrued in survivor's pension will continue to exist for you and will not be lost.

New rules for pensions

As of 1 July 2023, the Future Pensions Act (Wtp) has come into force. This law stipulates that future pension accrual from no later than 1 January 2028 may only take place in a defined contribution scheme and that a flat – age-independent – contribution will be paid.

As an employee, the Wtp has consequences for your future pension accrual, but also for the pension you have already accrued. The intention is that the pensions that have already been accrued will also be converted into a defined contribution scheme. This scheme differs from the current SSPF scheme. Shell Netherlands has therefore made agreements with the Central Staff Council ('COR') about the future of the pension at Shell for current employees, former employees and pensioners.

On our way to a new pension scheme

In order to steer this transition in the right direction, there has been a lot of consultation in recent years between all parties involved: Shell Netherlands, the COR, the Board of SSPF and also with Voeks, the Association of Former Employees of "Royal/Shell".

All parties involved were advised in this process by various professional external (pension) advisors to ensure a thorough analysis and quality assurance in the decision-making process.



Important principles

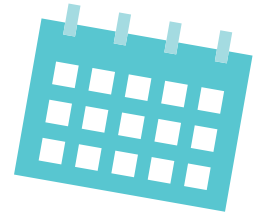
For this transition, Shell Netherlands and the COR have defined a number of general principles and specific objectives. These have been used in the design of the new scheme and the transitional measures.

These are the main principles:

1. The decision-making process must be careful whereby all interests are carefully considered.
2. Pensions must remain an attractive employment condition. The employer and the COR will remain involved (even after the transition).
3. The new scheme must be transparent, explainable and offer choices.
4. In the event of value transfer, the transition must lead to a higher expected pension for all participants.
5. Appropriate measures should be put in place to reduce the risks for pensioners and older members.
6. Active participants are adequately compensated for any disadvantage in the future accrual.
7. The transition must be balanced for all participant groups and the employer.

Want to know more?

See chapter 3 of the SSPF Transition Plan.



The new pension scheme

The new pension scheme is a flexible contribution scheme. This scheme fits in well with the diversity, independence and level of education of Shell employees. This scheme is different from the current SSPF pension scheme. A number of important things will not change. The old-age pension and the survivor's pension remain for life. The employer and the employee continue to pay contributions together. The pension assets are collectively invested and participation in the SSPF pension scheme remains compulsory. What will change? We'll explain it to you.

Flexible contribution scheme

A defined contribution scheme is a pension scheme in which a contribution is promised. This contribution is invested and you accrue a pension in your own pension pot. It is not clear in advance how high that pension will be, because it depends on future investment returns. In the flexible contribution scheme, you as a participant can make choices during the accrual phase and when you retire.

You can think of, among other things:

- the option to determine yourself what the level of your employee contribution should be;
- the option to choose between different investment profiles with which you are expected to achieve higher or lower returns, but which also means more or less risk or even negative returns;
- retiring earlier or later;
- the choice between a variable pension in which the pension will remain invested after the retirement date or a fixed pension with a pension insurer.

The premium

In the new scheme, a flat contribution is paid for a good pension with purchasing power. This premium is the same for everyone, regardless of age. The employer pays 21% of the pension base. The employee's standard premium is 7%, with the option to adjust this to a minimum of 2% and a maximum of 9%. These percentages are based on the current maximum fiscal space. This premium contributes to a pension with purchasing power. In addition to the employer's contribution to the old-age pension, the employer also pays the costs of the risk insurances.

Continued engagement

Shell Netherlands and the COR will remain involved in the new pension scheme. They will regularly review how the pension scheme compares to other pension schemes in the market. They will also examine whether the contribution is appropriate in comparison with other pension schemes and in the context of the overall benefits strategy of the global Shell group.

Pension in the event of death and incapacity for work

• Pension in the event of death remains well arranged

From 1 January 2027, you will accrue pension in a defined contribution scheme. This applies both to your retirement pension and to the survivor's pension in the event of death after your retirement date. On your retirement date, you make a choice for the amount of your survivor's pension.

The survivor's pension that applies if you pass away during your employment will change. From 1 January 2027, this will take place on the basis of a separate risk insurance. The amount of the benefit does not depend on the expected old-age pension on the retirement date but is equal to a percentage of your last earned salary. If you leave employment but have not yet retired, you can continue this insurance voluntarily (the costs will then be paid from your pension capital). In addition to this, your partner (if any) will also receive a temporary partner's pension.

The survivor's pension that you have already accrued in the event of death before the retirement date in the current SSPF scheme, will continue to exist for you. You are therefore entitled to two separate benefits that are added together. This means that the survivor's pension is still good and, in many cases, even better organized than then is the case now. Survivor's pension is paid to your partner (if any) for life and to your children (if any) until the age of 25.

• An excellent insurance in case of disability

When you become incapacitated for work, you will receive a payment until your retirement date of up to a maximum of 90% of your pensionable salary up to EUR 71,000 (the 2024 WIA- salary limit) and 70% on the salary above that.

In the future, this benefit will no longer be arranged through the pension scheme, but directly by the employer through an external insurer. In addition, your pension accrual will also continue during incapacity for work, but you will no longer pay a pension contribution for it. We call this a non-contributory accrual.

Want to know more?

See chapter 4 of the SSPF Transition Plan.

Already accrued pension

An important principle of Shell Netherlands and the COR is that the accrued pension rights and pensions of the current pensioners, will be converted to the new pension scheme, provided that a number of conditions are met. If these conditions are met, conversion will lead to a higher expected pension. One of the most important conditions is that there are sufficient buffers in the fund. If that is not the case, the pensions will be left behind in the current pension scheme.

Why does the expected pension increase in the case of conversion?

In the case of conversion, the pensions will be converted to the new pension scheme. In this new pension scheme, everyone has their own pension pot. In addition to the assets available to pay out the accrued pensions, SSPF has also buffers. In the case of conversion, the Wtp provides a one-off option to allocate these buffers of the pension fund to all active and inactive participants. Some of these buffers will then be added to your individual pension pot. As a result, you will receive extra capital in your own pension pot at the time of the transition. This increased pension pot is then invested. In addition, the tax rules of the new pension system are more favourable. As a result, the investment returns are fully for the benefit of the participants and pension increases are no longer capped at price inflation.

Transition measures in case of conversion

Given the sound financial status of SSPF, with the current buffers having a value of ~EUR 7 billion (based on the assumptions mentioned in the transition plan), conversion is an opportunity that Shell Netherlands and the COR do not want to leave unused for participants.

With a view to a balanced transition for all participants, the following agreements have been made:

- In the case of conversion, Shell Netherlands will make a significant financial contribution to the transition, including for the cancellation of the sponsor guarantee.
The amount of this contribution depends on the funding ratio at the time of the conversion; If the funding ratio is low, the contribution will be higher and vice versa.
- A risk-sharing reserve for pensioners will be set up. This reserve provides an extra payment in the event of a potential pension cut. This significantly reduces the chance that the pensions will have to be reduced in the first 15 years after the transition.
- Employees who are disadvantaged in their future pension accrual as a result of the transition to the new pension scheme will receive compensation from the pension fund's buffers. This compensation is paid out over 10 years and goes into the participant's personal pension pot. If you retire early or if you leave employment, you will no longer receive compensation. This will stop at the end of your employment.

The remainder of the buffers, after allocation of capital for operational and administrative reserves, the risk-sharing reserve and the compensation deposit, will be distributed among all active and inactive participants.

Proper risk mitigation

Shell Netherlands and the COR see that conversion brings uncertainty. The sponsor guarantee expires. Pensions move in line with economic developments. That can be positive but can also have a negative impact. Although it is generally expected that conversion leads to a higher pension, we understand that this uncertainty plays a role. Especially when you are already retired or about to retire. The risk-sharing reserve is an important measure to reduce risks for pensioners. Even if you don't retire until after the transition date. In addition, various measures are being taken to

further reduce the risks once you retire. Investment returns will be spread over several years. This ensures a more stable pension. SSPF will also examine whether different investment profiles can be offered after the pension starts. If you prefer a fixed pension, you can purchase it from an insurer.

Because of the uncertainty and the risks, Shell Netherlands and the COR do not want to do the conversion at all costs. Only if the buffers are high enough and a large majority of (potentially) future economic scenarios will result in a higher pension. We have translated this into a minimum conversion coverage ratio of 125%. Below the funding ratio of 125%, this majority is unlikely to be achieved and, in principle, we will not do the conversion. In that case, the accrued pensions will remain in the current scheme. The sponsor guarantee will also remain in force. But it is not the case that if you do not do the conversion, 'everything will remain the same'. This has to do with the application of the indexation rules. This reduces the chance of (full) indexation. This will have an impact on purchasing power, which is expected to deteriorate slightly as a result. You will then become a deferred member in the SSPF pension scheme. Future pension accrual then takes place in another pension fund, Shell Nederland Pensioenfonds Stichting (SNPS). There you will be an active participant. You can read more about this in sections 2.3 and 5.9 of the SSPF Transition Plan.

Want to know more?

See chapter 5 of the SSPF transition plan.

Want to see example calculations?

Please visit www.nieuwpensioenbijshell.nl



What is next?

Shell Netherlands and the COR want to introduce the new pension scheme as of 1 January 2027. This means that your pension agreement will change as of 1 January 2027. Until then, there is still a lot to be done. The transition plan is now with the pension fund. They have to assess the plan.

We expect a response in spring 2025. The pension fund will also keep you informed of developments. You will also find out from the pension fund what the transition will mean for you personally. That's going to take a while. We expect you to hear more about your personal impact just before the implementation date (January 1, 2027).

In the transition plan, you can find an indication for different participant groups and ages in Appendix 5 and 6. You can also visit the website www.nieuwpensioenbijshell.nl where you can find a brochure with various personas and calculations. On this website you will also find more information, explanatory videos and an extensive Questions-and-answers document.



Disclaimer

The content of this brochure is a simplified representation of the transition plan and has been prepared with care and according to the current knowledge of Shell Netherlands. Despite our care and attention, it is possible that the content is incomplete or that there may be inaccuracies or that information will be superseded at any time by new developments or insights. No rights can be derived from the contents of this brochure. The final regulations and other binding documentation will only become available at a later stage of the preparation of the transition.

