



SSPF

FOR FORMER COLLEAGUES

WHAT WILL CHANGE IN YOUR PENSION?

OCTOBER 2024

This brochure is intended for former colleagues who have accrued pension with Stichting Shell Pensioenfonds (SSPF) in the past, but have not yet retired ('former participants' or 'deferred members'). This SSPF pension scheme applies to current and former employees who were employed by Shell before 1 July 2013 and who have accrued 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. As a participant, you can make choices in this scheme.
- 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 no 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 compared to the current pension system.

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.

Former participants no longer accrue pension with Shell, but may accrue pension with another employer. The Wtp also changes the rules for pensions that have been accrued with previous employers, but which have not yet taken effect. The intention is that the pensions that have already been accrued and pensions that have started 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 have been extensive consultations in recent years between all parties involved: Shell Netherlands, the COR, the Board of SSPF and also with Voeks.

Voeks is the Association of Former Employees of "Royal/Shell", an association for former participants and pensioners. VOEKS has approached Shell Netherlands for exercising the statutory 'hearing right'. That is the right to give an opinion on the proposed plans. For this reason, Voeks was involved in the process at an early stage. Shell Netherlands and the COR have also taken into account the interests of former members and pensioners through the hearing right.

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 formulated 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 regulation must be transparent, explainable and offer choices.
4. In the event of conversion, 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.

What happens to the accrued pensions?

The starting point of Shell Netherlands and the COR is that the accrued pension rights and pension rights that have already commenced, 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 this 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.

As a former participant, you will also benefit from conversion and will receive a higher expected pension than in the current scheme. This is because you will also receive part of the buffers at the time of the transition. Moreover, you can benefit from the broader tax framework.

Transition measures in the 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, taking the expiration of the sponsor guarantee into account. 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 will be set up for (future) pensioners. This reserve provides an extra payment in the case of a possible pension cut. This significantly reduces the chance that a pension that has commenced will have to be cut in the first 15 years after the transition.
- Part of the buffers will be reserved for a compensation deposit for active participants, because they will accrue less pension in the future.

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.

The new pension scheme

As a former participant, it is important to understand what the new pension scheme will look like, because all pensions will be converted to this new pension scheme.

The new pension scheme is a flexible contribution scheme in which each participant accrues pension in their own pension pot. This scheme fits in well with the diversity, the independence and level of education of Shell employees and former employees. The pension pot is invested. It is therefore not clear in advance how high the pension will be, because this depends on the future investment returns. In the flexible contribution scheme, participants can make choices. The same goes for deferred members. For example, you can choose between different investment profiles, with which you are expected to achieve a higher or lower return, but also run a greater or lesser risk of disappointing returns.

You can also opt for a variable pension on the retirement date, in which the pension is continued to be invested, or for a fixed pension with a pension insurer. If you choose to continue investing after retirement, then also the investment profile is important. The pension fund will consider whether different investment profiles will be offered.

A number of important things will not change. The old-age pension and the survivor's pension are lifelong benefits and the pension assets are invested collectively.



Proper risk mitigation

Shell Netherlands and the COR see that the conversion brings uncertainty. The sponsor guarantee expires. Pensions move in line with economic developments. This can be positive, but also negative. 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.

Additional measures

In addition to the aforementioned risk-sharing reserve, various measures are taken to limit the risks:

- Investment returns are spread over several years. This ensures a more stable pension.
- SSPF will examine whether different investment profiles can be offered even after the start of retirement. 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 sufficient and conversion leads in a large majority of (potentially) future economic scenarios to 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 continue with the conversion. In that case, the pensions will be left behind in the current scheme. Also, the sponsor guarantee remains in place. But it is not the case that if the pensions are not converted, everything will remain the same. This has to do with the indexation rules that apply. This reduces the chance of (full) indexation. This will have an impact on your purchasing power, which is expected to deteriorate slightly as a result of it. 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?

Then go to www.nieuwpensioenbijshell.nl

What is next?

Shell Netherlands and the COR want to introduce the new pension scheme as of 1 January 2027 and then also convert the accrued and commenced pensions to the new pension scheme. 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 will hear more about the personal impact on your pension 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 find a brochure on the website www.nieuwpensioenbijshell.nl with various personas and calculations. On this website you will also find more information, explanatory videos and an extensive question-and-answer 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.



