TRANSITION PLAN SSPF

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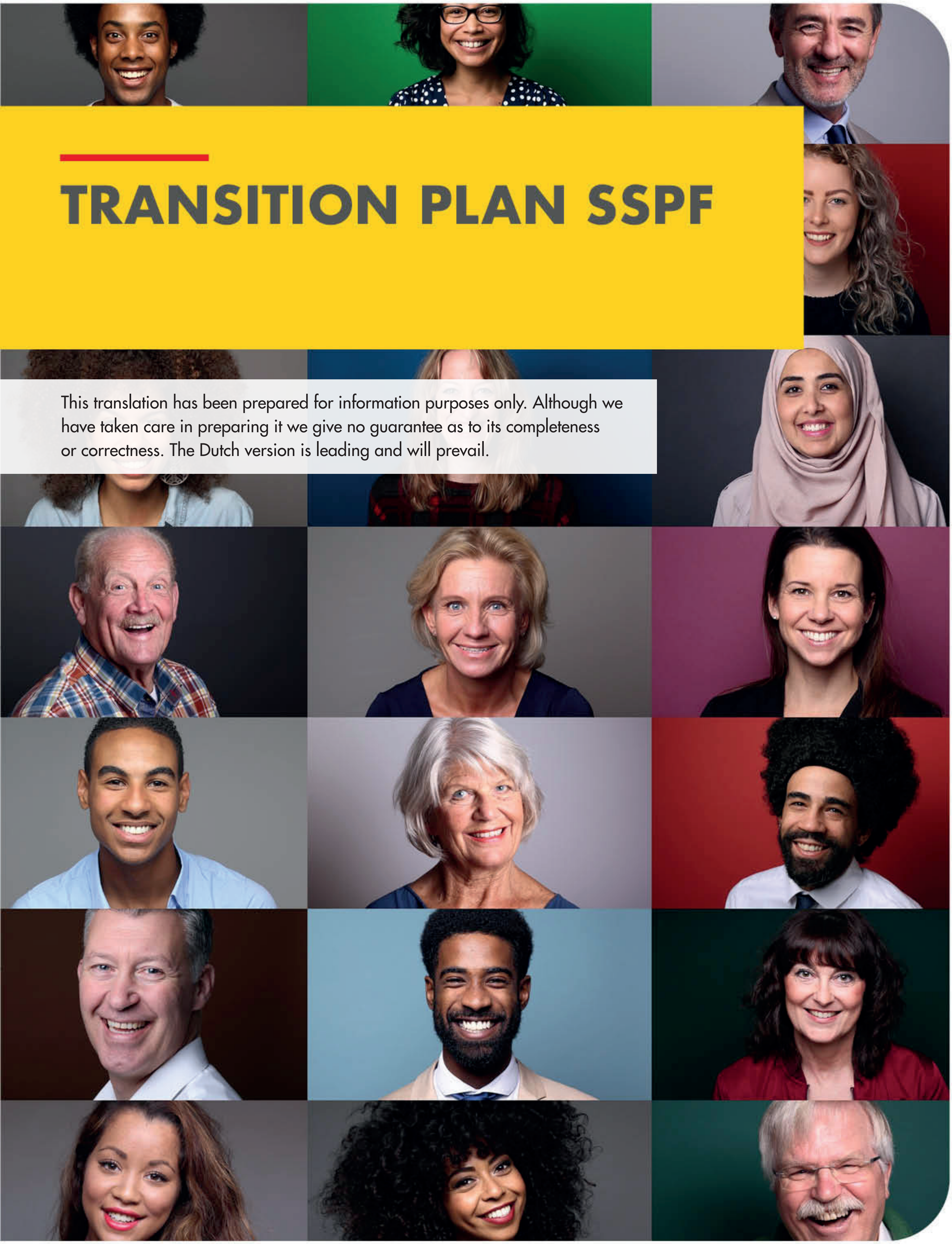

Introduction

Dear colleagues and former colleagues,

This document outlines the transition plan of the Stichting Shell Pensioenfonds (SSPF) pension scheme and explains the changes resulting from the Future Pensions Act (Wtp). In this transition plan you will find information about the new pension scheme, details about the transition and what this means for the different groups of participants of the SSPF.

Shell Nederland, the Central Works Council (COR) and the pension fund, SSPF, together with external experts have gone through a very careful process to shape this transition. We have worked together intensively to ensure that we can take advantage of the opportunities that the Wtp brings to all participants. We have been continually engaging with current and former colleagues to inform them about this transition and have received valuable input that has also led to adjustments to the transition plan.

An important part of this transition is the decision to integrate the accrued pensions and pension entitlements, or at least to submit a request for value transfer to the pension fund.

Consideration of a value transfer of all accrued pension benefits or a hard close has raised questions for many participants, and we understand that. In the event of hard closing, there is the impression that nothing changes. That would be great, but this impression is not correct. A value transfer gives all participants a higher expected pension (compared to a hard close). This is due to the transition to the broader fiscal system, which allows the returns to benefit participants and gives them one-off possibility to allocate the buffers in the fund assets.

However, it is important to note that calculations have shown that in case of a hard close, the purchasing power of all participants, including deferred members and pensioners, actually decreases. This is due to a change in the statutory indexation rules.

By transferring the value, we can also take advantage of the opportunities of the new pension system for all participants, active and inactive. This leads to a higher expected pension for everyone. At the same time, the new pension scheme sets up various options to limit the risks of a reduction in the pension, such as a risk-sharing reserve.

All considerations, which are important in this transition, are further elaborated in this transition plan.

Based on the input from pensioners and deferred members (via Voeks) and the SSPF Board, Shell Nederland and the COR have designed a balanced transition plan, which is in the best interests of all participant groups and lays the foundation for a good and future-proof pension scheme.

We want to thank all participants and involved stakeholders for their input, commitment and valuable contribution.

Shell Nederland B.V.	Central Works Council
Frans Everts	Thijs Terwindt
President-Directeur Shell Nederland B.V.	Chairman of the Central Works Council

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1. Introduction

1.1. New pension legislation

The Future Pensions Act (Wtp) came into effect on 1 July 2023. The Wtp is the result of a long-term social discussion about the sustainability of the Dutch pension system, which in 2019 led to the Pension Agreement agreed between the Cabinet, trade unions and employer organisations. The Wtp pertains to a change in the pension system in the so-called second pillar. This is the pension that is accrued with an employer.[1]

<u>What remains the same?</u>

The starting point of pension accrual with an employer remains that pension is accrued jointly by the employer and the employee to realize a good old-age pension. Participants will also be covered by the pension scheme in the event of death (and, where applicable, for disability). And some risks are shared with each other.

Employers and employees will contribute premiums, and pension providers will invest that money and pay out the pension benefits.

<u>What is changing and when?</u>

From 1 January 2028, the Wtp requires all future pension accrual to take place in the new pension system, in which only accrual in a defined contribution scheme is permitted with a flat (age-independent) premium that applies to all active participants in the pension scheme.

The Wtp also assumes that pensions already accrued in pension funds are in principle 'integrated' into the same new system. All pension schemes in the Netherlands must be adjusted and therefore it also impacts Shell's pension schemes in the Netherlands.

The objective of the new system is threefold. It aims to:

- offer a more competitive pension perspective;
- be more transparent and personal; and
- better align with developments in the society and the labour market.

The Wtp requires transition to the new system to be balanced and the impact of the introduction of the age-independent premium in the current SSPF scheme for future missed accrual to be adequately compensated to current employees (active participants), whereby the starting point is that this takes place cost neutrally for employers.

Shell Nederland intends to realize a transition for SSPF that will follow the changes introduced by the Wtp. Shell Nederland endorses the objectives of the legislative changes, which are in line with the changes that Shell Nederland has already implemented in the pension scheme for new employees that have been a member

[1] The pension system in the Netherlands consists of three pillars: (i) the state pension, the AOW pension, which forms the basis, (ii) pension accrual via the employer and (iii) individual supplementary pension provisions.

of the SNPS since 1 July 2013. The scheme, as described in this transition plan, is in line with these objectives.

1.2. Shell pension schemes

At Shell in the Netherlands, we currently have three pension schemes:

1. SSPF scheme; a gross pension scheme (benefit scheme) up to a certain salary level, for (former) employees hired before 1 July 2013, which is implemented by Stichting Shell Pensioenfonds (SSPF);
2. Shell Nederland Pensioenfonds Stichting (SNPS) scheme; a gross pension scheme (defined contribution scheme) up to a certain salary level, for employees hired as from 1 July 2013, which is implemented by SNPS, and
3. Net scheme; a net pension scheme (defined contribution scheme) above a certain salary level, which is implemented by SNPS.

This transition plan describes the agreements between Shell Nederland and the Central Works Council (COR) for the transition to the new pension system of the SSPF scheme.

SSPF implements this Shell gross pension scheme for employees and former employees who worked at Shell in the Netherlands before 1 July 2013. For those who joined Shell in the Netherlands after that date, the pension accrual takes place in the gross pension scheme implemented by SNPS. A separate transition plan is in place for this. Participants in the SSPF pension scheme can also participate in the net pension scheme if they meet the conditions. For a description of the agreements for the change and the transition of the net pension scheme, please refer to the SNPS transition plan.

After a careful coordination process with all parties involved, Shell Nederland and the COR have jointly come to the design of a balanced transition that is described in this transition plan. Shell Nederland and the COR have discussed the principles and objectives with regard to balance and have also looked at alternatives. The indicated points of attention of the Voeks Hearring Right Committee (VHC), the board of SSPF and the concerns of employees and inactive participants, among other things raised during various information meetings, have influenced the choices made and the validation going forward.

1.3. Transition Plan

This transition plan provides insight into the choices made in the employment-related consultation in the context of the switch to a defined contribution scheme with an age-independent premium. In addition, the considerations and calculations underlying the amendment of the pension agreement are recorded. This also applies to the way in which the accrued pension entitlements and pension rights are dealt with and the effects thereon. This transition plan contains the justification why, partly based on the mutual coherence of the agreements made, there is a balanced transition. All agreements are further recorded in the relevant documents, namely the pension regulations and the implementation agreement between Shell Petroleum B.V. and SSPF.

Through this transition plan, Shell Nederland and the COR instruct SSPF to implement the proposed pension scheme with an age-independent premium as of 1 January 2027[2] in the manner described in this transition plan. Part of the assignment is the value transfer of the pension entitlements and rights accrued up to that time, and the adequate compensation of active participants who are disadvantaged by the introduction of the age-independent premium. All this with due observance of the objectives described in this transition plan, provided that the financial position of SSPF is such that the stated objectives can be met. This transition plan also describes the alternative decision-making and assignment to SSPF if these conditions cannot be met.

Shell Nederland and the COR request that SSPF make the transition plan available publicly on its website to the active participants, former participants, former partners and pensioners in accordance with Article 150 d paragraph 3 of the Pensions Act.

This transition plan has been drawn up with the utmost care and accuracy for the purpose of the transition to the new pension system based on the Wtp. The calculations and results shown in this document are based on models and assumptions that are (partly) prescribed by the Government and have been performed and validated by experts specialised in this[3]. However, it may still contain errors or imperfections. The results expressly do not give guarantees for the future. Shell Nederland and/or the COR therefore accepts no liability for damage caused by any inaccuracy of the calculations and results shown unless it is established that this damage is due to intent or gross negligence on the part of Shell Nederland and/or the COR.

[2] This date was indicated by SSPF to Shell Nederland and the COR as the deadline for implementation in connection with feasibility and sound business operations.

[3] The calculations were performed by a third party – independent – Ortec Finance Investment Consulting B.V. (Ortec Finance). Ortec's processes are ISAE 3000 type I certified, which means that internal management processes are executed as described. The ISAE 3000 type I certification is a quality control. In addition to the Ortec Finance internal control processes, a validation was carried out by the actuary of the COR.

2. Parties involved, the process and communication

2.1. Parties involved

The significant change the Wtp envisages requires the involvement of multiple parties. A project structure has been set up at Shell Nederland, in which various subject matter experts have a role to carefully shape the process and this transition. In addition, there are important stakeholders at Shell Nederland who have their own role to play in this process and the transition.

<u>Shell Netherlands</u>

In this Wtp transition, Shell Nederland represents all Shell entities that employ employees who accrue or have accrued pension in the Dutch pension schemes.

After the Pension Agreement was established in June 2019, Shell set up a project team. This team consists of colleagues from various disciplines and with different expertise and is tasked with completing the transition that is intended with the Pension Agreement and the Wtp. The project team consists of representatives on behalf of Shell Nederland, the Shell Group and until February 2023 also had representatives on behalf of the Pension Fund's advisor, Shell Pension Office Nederland (SPN), mainly to discuss knowledge and interpretation of legislation in the first phase and to explore the possible upcoming changes. Where necessary, the project team was assisted by external advisors.

In addition, a steering committee has been set up, called the *Decision Review Board*. This group endorses proposed decisions, keeps an overview and supervision of the project progress and serves as a sounding board group for the project team. Senior leaders of the Shell Group from various disciplines are represented in this steering committee.

<u>Central Works Council</u>

A Central Works Council (the COR) has been established at Shell in the Netherlands. The COR consists of representatives of the local works councils and has a right of consent about the change(s) of the pension schemes that affect by the pension agreement. The COR represents the employees at Shell in the Netherlands and therefore the active participants in the SSPF scheme. In line with its statutory task, the COR also looks at the interests of the former participants and pensioners during this transition. A special pension committee has been set up within the COR, in which employees with affinity for and knowledge of pension are seated. For the Wtp transition, the COR has set up a Wtp working group, to conduct discussions on behalf of the COR with Shell Nederland and, at a later stage, with the VHC and SSPF. The COR was assisted by an external pension adviser.

Association(s) of retirees and/or former participants

Pursuant to the Pensions Act, a statutory hearing right has been granted to associations of pensioners and associations of former participants who meet the conditions as determined in Article 44a of the Pensions Act Implementation Decree. In September 2022, Voeks, the Association of Oud-Employés der "Royal/Shell", the association for former participants and retirees of SSPF and SNPS, reported to Shell Nederland as an association within the meaning of Article 150g of the Pensions Act to exercise this statutory hearing right. Voeks meets the legal representativeness criteria as laid down in Article 44a of the Decree on the Implementation of the Pensions Act. For the exercise of the hearing right, Voeks has established a so-called hearing right committee (the VHC), which consists of various members of the Voeks and external members. Voeks also set up a sounding board group for the Wtp transition. This group consists of approximately 25 representatives from the various regions of Voeks and is used by the VHC to gauge opinions and ideas about the transition. The VHC has also appealed to external experts with pension-legal as well as actuarial expertise.

In mid-April 2024, Shell Nederland, the COR and SSPF were informed that a new association for retirees called V.O.O.R.O.P. was established. V.O.O.R.O.P. has registered with Shell Nederland and the COR for the hearing right. At that time, the hearing right process had been ongoing for some time, as a result of which there could no longer be a timely appeal to hearing right. In addition, V.O.O.R.O.P. confirmed that it did not meet the condition for representativeness. Shell Nederland and the COR nevertheless invited V.O.O.R.O.P. for an introduction and further explanation in June 2024. Subsequently, Shell Nederland and the COR gave V.O.O.R.O.P. the opportunity to gain insight into the draft transition plan and promised to – without any other obligation to do so – hear V.O.O.R.O.P's views prior to the conclusion of the employment conditions consultation if it was representative at that time and could guarantee the confidentiality of the confidential concept. V.O.O.R.O.P. did not use this opportunity.

SSPF

SSPF is responsible for the implementation of the current pension scheme and is also requested to implement the new pension scheme and the intended transition. Three members have been appointed as the point of contact for the Wtp within the Board. The employee participation within the pension fund is set up via an accountability body. This accountability body has (increased) advisory rights with regard to proposed decisions of the board regarding value transfer, the communication plan and adjustments of fund documentation in relation to the Wtp. In addition, SSPF has a supervisory board, which supervises the correct and prudent execution of tasks and responsibilities by the Board. This Supervisory Board has a right of approval at the time when the Board intends to decide to do the value transfer. SSPF is advised and supported by SPN and assisted where necessary by external advisers.

2.2. Process

2.2.1. The process followed

A major change as described in this transition plan requires extensive and intensive coordination between the parties involved. The plan was established following a multi-year period of in-depth knowledge building, qualitative and quantitative analyses and extensive consultation with various parties regarding all aspects of the transition, partly supported by various external advisors.

Appendix 1 contains a simplified overview of the roles and responsibilities of the main parties in the process.

Process Coordination Committee

In order to streamline the process to be followed, a so-called Process Coordination Committee ('PCC') has been established with representation of Shell Nederland and SSPF (incl. SPN). The task of the PCC is to ensure a careful process and the milestones to be achieved, whereby regular coordination takes place about the process steps, timelines and interdependencies with regard to feasibility. The PCC must also ensure that all parties involved have knowledge of the process to be followed and each other's role and responsibility within that process. The PCC expressly does not monitor the substantive aspects of the new scheme and the transition, which were initially part of the employment conditions consultation between Shell Nederland and the COR. However, during the consultation the necessity and timeliness of substantive input on various parts of the transition was discussed in order to enable Shell Nederland and the COR to take this into account in a timely manner when designing the proposal.

The entire transition process in the employment terms phase that led to this transition plan has taken place in several phases:

- Mutual understanding and knowledge gathering
- Deepening and exchanging visions
- Developing a joint vision and concept proposal
- Exercising the hearing right
- Finalise proposal
- Right of consent COR and final decision-making

Mutual understanding and knowledge gathering

This transition is about complex matters. In order to be able to make a proper weighing of interests, it is important to understand what this transition entails and what it means for the pension schemes of Shell Nederland.

In this first phase, which started after the establishment of the Pension Agreement, the project team spent a lot of time gathering knowledge and insights and sharing them with other parties. From 2020 to 2022, time was also spent in the regular consultation meetings between Shell Nederland and the COR on building up knowledge about the Pension Agreement and the proposed Wtp.

In that context, it was also discussed, what the proposed legislative changes could mean, given the specific circumstances of the Shell pension schemes in the

Netherlands. During regular consultations with the COR Pension Committee, where SPN was also present, the developments were discussed and knowledge was shared. Similar sessions have taken place with the board of SSPF. In this phase, Shell Nederland also shared first quantitative analyses with SSPF. The sharing of these analyses was for the purpose of knowledge sharing and was partly intended to be able to address concerns and questions at an early stage.

After the Lower House agreed to the proposed new law, a meeting was set up by the project team on 30 March 2023 with representatives of all parties involved (COR, Voeks, boards of SSPF and SNPS, accountability bodies of SSPF and SNPS, supervisory board of SSPF and Shell Nederland) in order to mark the formal start of a joint process in preparation for this transition. This meeting discussed the joint task and the various roles that the parties involved have to fulfil in the transition process.

Deepening and exchanging visions

The Wtp transition is extensive and consists of various topics. From the fourth quarter of 2022, Shell Nederland and the COR have worked out in more detail per subtopic which choices must be made, and which qualitative and quantitative considerations there are for certain choices. In this phase, SPN provided initial insights into and limitations with regard to implementation technical aspects and a first feasibility test was performed on possible aspects of the new pension scheme.

At the beginning of 2023, SSPF also provided input on feasibility aspects and timelines relevant to the transition, whereby an initial feasibility test was also performed on the proposed new pension scheme. SSPF also shared a balance framework and its main points of attention for a possible value transfer request with Shell Nederland and the COR during the summer of 2023.

From this phase of deepening, Shell Nederland has continued to monitor the developments of quantitative analyses through updates made every quarter. For this purpose, Ortec Finance has developed a dashboard containing all relevant calculation results. These have also been used to provide the COR, SSPF and the VHC with updated information at multiple times.

Developing a joint vision and a draft proposal

Taking all of the above into account, Shell Nederland and the COR started consultation in the summer of 2023 to arrive at a new pension scheme and develop the transition measures. The process and the relevant timelines within the employment conditions consultation were communicated to all (groups of) participants via various channels.

During this phase, Shell Nederland and the COR also participated in information meetings organised by Voeks, which led to a position paper prepared by the VHC that was sent to Shell Nederland and the COR on 19 October 2023.

The points of attention of SSPF and the position paper of the VHC made an important contribution to the discussions that took place between Shell Nederland and the COR. At the end of 2023, Shell Nederland and the COR came to a joint conclusion about the new pension scheme and the transition measures, which was further elaborated in a draft proposal.

In the period thereafter, a further important step in the process was implemented. In discussions with the VHC, Shell Nederland and the COR explained their joint vision to the VHC.

Simultaneously, the iterative process with SSPF has continued on the joint vision of Shell Nederland and the COR with regard to the intended principles, objectives and the most important aspects of the transition. The discussions in these meetings were included in the draft transition plan of Shell Nederland that was ultimately sent to the VHC for exercising the hearing right. At that time, SSPF also received a copy of the draft transition plan and was given the opportunity to share questions and concerns in order to further implement the iterative process.

Exercising the hearing right

The hearing right is an additional guarantee for the position of former participants and pension beneficiaries, and is intended to include interests of inactive participants in the decision-making process in the employment conditions meeting that takes place between Shell Nederland and the COR.

This is all the more relevant because former participants and pensioners do not have a formal role in changing a pension scheme and the agreements made between Shell Nederland and the COR. Due to the large share of inactive people in SSPF, the hearing right is of extra importance and has been given a role as intended to by the legislator in this transition. In this transition, this hearing right was exercised via the Voeks hearing right committee, the VHC, which reported to Shell Nederland in September 2022.

Shell Nederland and the COR both have the task of taking the interests of all participants into account during the transition, including the former participants and pension beneficiaries. In that context, there have also been direct discussions between the COR and the VHC. Shell Nederland has involved the COR in the implementation of the hearing right and has started shaping it early in the process. This early involvement - well before the draft transition plan was sent - was intended to enable the VHC to express its opinion in a timely manner, so that Shell Nederland and the COR could also consider this opinion at an early stage and to provide the pensioners with information via the Voeks and the VHC. For this reason, Shell Nederland and the COR also contributed to and attended the information meetings organised by Voeks and the VHC for its members.

Through the exchange and the dialogue prior to the formal consultation process with the COR and through involvement in the aforementioned information meetings, Shell Nederland and the COR were able to consider the opinions of the VHC in the employment terms process and the considerations they made. An important part of this was the position paper in which the VHC brought its perspective and points of attention to the attention of Shell Nederland and the COR.

All of this was seized in a draft of this transition plan that was submitted to the VHC on 22 March 2024 for the exercise of the hearing right.

On 12 May 2024, Shell Nederland and the COR received the hearing right report regarding the assessment of the draft transition plan (hereinafter: the report) from the VHC. In the report, the VHC concluded that, in its opinion, the draft transition plan was clearly unbalanced and that hard close is preferred at all times. Shell Nederland and the COR have carefully discussed the conclusions of the VHC. In addition to the report, the constructive discussions that took place during 2023 and 2024, the region meetings and the multitude of information exchanged back and forth have led to a thorough understanding of the dilemmas, the qualitative and quantitative considerations and preferences of the VHC. This insight has contributed to the design of the transition scheme that is further elaborated in this transition plan. For more information, see paragraph 2.3.

Finalise proposal

Shell Nederland and the COR came to a joint conclusion in December 2023 that was shared with the VHC and SSPF in January 2024, and about which the VHC issued an opinion after exercising the hearing right. The input from the VHC and SSPF was taken into account by Shell Nederland and the COR and led to the final proposal with regards to the Wtp transition that is elaborated in this transition plan.

The employees of Shell Nederland and the inactive participants have also been informed about this.

Right of consent COR and final decision-making

The proposal has been translated into a proposed decision that has been submitted to the COR for approval. Subsequently, meetings at various Shell locations in the Netherlands and virtual meetings were organised to inform Shell Nederland employees and inactive participants about the content and background of the proposed decisions.

On 25 June 2024, the COR agreed to the intended decision. On 1 July 2024, an addition to the request for consent was submitted to the COR. The COR's consent was also obtained for this. After that, the director of Shell Nederland made the final decision also on 1 July 2024. In Appendix 2, the request for consent, the addendum, the responses of the COR, and the final decision of the director are added.

Appendix 3 contains an overview of the most important consultations with the COR, the board of SSPF and the VHC, during the period 2023 and 2024.

2.2.2. Follow-up Steps

The transition plan is the formal conclusion of the first phase of the transition, with which the employment condition consultation between Shell Nederland and the COR is concluded. The agreements between Shell Nederland and the COR, with input from the hearing right by the VHC, are laid down and justified in this transition plan.

Now that approval has been obtained from the COR and Shell Nederland has made the decision, Shell Nederland will also adjust the pension agreement in accordance with this transition plan. Employees will be informed of this in writing.

With this transition plan, the request to SSPF is to accept the assignment to implement the new regulation and the proposed value transfer of the existing rights and entitlements and to implement it as of 1 January 2027.[4] If SSPF accepts the assignment, it will record the further elaboration of the scheme and the financial structure (including the risk appetite and the investment policy) in the implementation plan.

SSPF must submit the implementation plan to De Nederlandsche Bank (DNB), which then has a period of at least six months to raise objections to this, with the possibility of unilaterally extending that period twice by three months. The legal deadline for the implementation plan is July 1, 2025.

SSPF also must as the final piece of the contract acceptance process send an order confirmation to Shell Nederland. This order confirmation must provide insight into, among other things, how the design of the scheme aligns with the objectives as described in this transition plan. SSPF can only accept the contract definitively after DNB has approved the submitted implementation plan.

In order to ensure that Shell Nederland, the COR and SSPF have the same understanding with regards to the assignment and consequences of, among other things, employment-related choices for participants, Shell Nederland and SSPF will - in an iterative manner – consult on this during the process of the assignment acceptance and SSPF will in that context submit the implementation plan to Shell Nederland in a timely manner prior to submission to DNB.

As part of the implementation plan, SSPF will also draw up a communications plan, which will explain how SSPF – in consultation with Shell Nederland – will (further) inform all participants about the change of pension scheme, including the way in which the accrued pension entitlements and rights are handled. The legal deadline for submitting this communications plan is also 1 July 2025. With regards to the communications plan, the Netherlands Authority for the Financial Markets (AFM) is the responsible supervisor.

2.3. Reflections on the hearing right

The VHC expressed concerns at an early stage about the upcoming pension transition and on transferring existing pension entitlements into the new scheme in particular. However, Shell Nederland and the COR must shape the transition within the space provided by the Wtp. Within this framework, many concerns expressed by the VHC can be addressed. However, there is no room for the preference expressed by the VHC for a hard close at all times. Shell Nederland and the COR also do not consider this to be in the interest of all participants, including deferred members and pensioners.

[4] Accepting the assignment contained in this transition plan also involves assessing the request of Shell Nederland and the COR to transfer the existing rights and entitlements. It is ultimately up to SSPF to comply with this request, whereby SSPF has the task to fully assess the (entire) assignment contained in this transition plan for balance. It should be noted that the standard value transfer path prescribed in the Wtp also addresses the pension fund and thus provides a clearly defined framework, whereby a value tranfser is the main rule and there are exhaustive and strictly defined grounds for rejection.

Why not a hard close as a starting point?

Often, there is an impression that in case of a hard close, not much will change for the participants because the sponsor guarantee will continue to exist. However, that's not the case.

In a hard closed pension scheme, all current active participants are former participants; no more premium will be paid for the pension accrual and indexation of the currently active participants. In that case, the (conditional) indexation on accrued entitlements for all participants must be fully financed from the future (over)returns and the buffers of SSPF.

It is even expected that in the event of a hard closing, the purchasing power of participants can erode. This is mainly because in the case of a hard pension scheme, the statutory indexation rules no longer enable a (possible) exception to future-proof indexing ("TBI"). This means that from the moment of the transition, SSPF will have to comply with the conditions for TBI. [5] Due to the TBI rules, granting indexation will be more difficult. In fact, granting catch-up indexation will be much more difficult. These effects are strengthened when the economy is going badly.

Although the pension scheme in principle remains the same in case of a hard closing, and the legal rules regarding indexation have not changed, the Wtp does have consequences for the application thereof. As a result, a hard close also has consequences for inactive participants. [6] See also Section 5.9. for more information on the alternative of hard closing.

Shell Nederland and the COR understand the concerns raised by the VHC, but note that these seem to focus mainly on the consequences for older pensioners. However, it is expressly the duty of the VHC to represent the interests of all pensioners and deferred members. It is relevant to note this specifically, because in the Wtp transition the age of the participant (as opposed to the type of participant) is the most decisive for the pension outcomes. In SSPF there is a large group of younger participants (under 70 years of age), a large part of which must be represented by the VHC as a deferred member or pensioner. It is precisely for these groups of participants that the conclusions from the report of the VHC cannot be drawn one-on-one.

Proposed transition and input from the VHC

Shell Nederland and the COR want to offer participants access to the benefits of the new pension system in order to achieve a higher expected pension with a purchasing power improvement. Pensioners and deferred members also benefit from the proposed value transfer. The concerns raised by the VHC via the report, and earlier also in the position paper and during discussions that took place, were discussed carefully and extensively between Shell Nederland and the COR and were relevant in shaping the intended transition as described in the draft transition plan. More

[5] In the (recent) past, SSPF has used an exception to future indexing. In the event of a hard closed pension scheme, this can no longer be used.

[6] In addition, in the event of hard closing, the implementation agreement with the sponsor guarantee agreed therein will also have to be adjusted.

specifically, this input has played an important role in shaping the following characteristics:

- The use of a relatively high minimum required coverage level for a value transfer in order to meet the care of pensioners in particular that buffers no longer have to be maintained in the new system (these are made available to the participants upon value transfer) and the availability of sufficient resources upon value transfer.

- The creation of risk-mitigating measures for pensioners to limit the chance of pension cuts during the first 15 years after the transition.

- Proposing a defensive collective investment circle for pensioners with a fixed annual increase (rather than an initial increase) in pension and a negligible chance of pension cuts. This meets the sound of pensioners (via VHC) that many pensioners are not so much interested in the potential increase in the pension, but rather attach importance to maintaining what they currently receive in pension without significant risk.

The above elements that are mentioned to mitigate any downside risks have already been shared with the VHC via the draft transition plan. Moreover, the reflections in response to the draft transition plan and the opinion of the VHC as described in the report have led to the proposed transition and this transition plan being adjusted on several points:

- **Increased Shell NL financial contribution**
  The VHC has indicated that the contribution indicated in the draft transition plan is insufficient in its opinion. Considering everything, including but not limited to the principles mentioned by the VHC, the total contribution by Shell NL to the transition will be increaed. The total contribution not only includes (increased) compensation for the loss of the sponsor guarantee, but also an increased further contribution for other mentioned elements that are important in the transition. See also section 5.8.

- **Increase risk mitigation budget for pensioners**
  In the draft transition plan, more than 10% of the buffer capacity (up to EUR 750 million) is allocated to possible risk mitigation for pensioners. With an allocation of EUR 500 million of this budget to a risk-sharing reserve (RDR), the average chance of pensions cuts over the first 15 years for pensioners drops from approximately 25-30% to less than 5%. The VHC indicates in the report that it finds the proposal of Shell Nederland and the COR with regard to the level of the RDR and the budget for risk mitigation - both of which are financed from the fund assets - much too low.

  Shell Nederland and the COR propose to allocate up to 15% of the buffers, with an absolute maximum of EUR 1 billion, to risk mitigation for pensioners, with which an RDR of at least EUR 500 million is set up. See also section 5.5.

- **Preventing risk change of coverage ratio between decision and implementation**
  The transition plan has been adjusted and provides a process with regard to a scenario in which there is an unforeseen, severe deterioration of the financial position of SSPF during the transition period. An emergency protocol enables the

SSPF board to propose to postpone the value transfer transition or as yet hard close during the entire transition period 2025-2026, if and insofar as the intended value transfer coverage level - which is required to achieve the objectives we formulated - cannot be achieved and the objectives of the transition are at risk. See also section 5.7.

- **Tightening of request regarding risk profile opportunities**
  The Board will be asked to include the recommendations of the VHC in its final considerations to determine in which form investment profiles can be designed.

The VHC was informed about this in writing by Shell Nederland and the COR on 30 May 2024.

2.4. Communication to participants

Shell Nederland and the COR value that participants are early and well informed about the upcoming changes. SPN has already been involved at an early stage to properly coordinate the communication to active participants (current employees) and inactive participants (former participants and pensioners).

Several interactions have taken place with (groups of) active and inactive participants. More specifically, in person and virtual information meetings were held for employees in May/June 2020 and June/July 2023, whereby employees were informed about the Pension Agreement, the Wtp and the most important choices that must be made. Separate Q&A sessions were also held to allow employees to ask questions. After finalising the proposal and submitting the request for consent, several in person and virtual meetings were held again to explain the context and background of the proposed decisions.

In addition to these in person and virtual meetings, participants have also been informed in other ways about (partial aspects of) the Wtp and the possible consequences for the Shell pension schemes. A digital information page has e.g. been created where employees can find all important information that has been shared. This page was later converted to an externally accessible website for employees and former employees, dedicated entirely to the transition to the new pension system. This website contains all shared information, recordings of the information meetings, important background information, as well as an overview of the process, the expected timeline and a comprehensive Q&A document.

Communication also takes place via a dedicated channel on Shell's internal communication platform, Viva Engage (formerly Yammer), accessible only to active participants.

Shell Nederland and the COR also participated in information meetings organised by Voeks for pensioners and former participants. Additional information sessions will be planned by Shell Nederland and the COR to also provide inactive participants with an explanation of the content and backgrounds of the decisions made.

An integrated approach to communication from Shell Nederland and SSPF was chosen during the decision-making phase, with the aim of providing unambiguous and effective communication to the various stakeholder groups.

General (and personal) information/guidance discussions to participants by SSPF

In addition to the aforementioned initiatives, to inform participants during the implementation process, all participants will be given the opportunity by SSPF to receive information and explanation on the effects of this pension transition on the personal situation.

This will take shape in various ways, through the setting up of generic information meetings, small-scale group discussions and individual virtual or in person information and guidance discussions, to provide general understanding and insight about the transition and can also contribute to possible choice guidance. Participants will be informed of this later in the process by SSPF.

3. Principles, objectives and balance

Shell Nederland and the COR have jointly formulated, partly thanks to the input from the VHC and SSPF, a number of general principles and specific objectives that served as a guideline for shaping the new pension scheme and the transition measures. These principles and objectives are often qualitative in nature. Where the qualitative principles and objectives allow, Shell Nederland and the COR have connected quantitative standards in order to be able to assess the balance.

The principles and objectives are summarised as follows:

- Going through a careful process whereby the interests of all sub-groups are weighed and a transition is designed that can sufficiently meet the diversity of interests and preferences of these sub-groups.

- Pension must be and remain an attractive, market-based employment condition, with a good surviving dependant's pension scheme and disability scheme, and requires the continued involvement of Shell Nederland and the COR with regard to the premium levels.

- Offering a future-proof and well-executable pension scheme with transition measures that contribute to a more transparent and personal pension with individual flexibility and, insofar as possible and desirable, aligns with market standards and assumes equality for all employees of Shell Nederland who accrue pension with (one of) the pension schemes of Shell Nederland.

- The transition is expected to lead to a higher pension for all participants. This must translate to a minimum coverage level whereby the favourable effects of a value transfer sufficiently outweigh the downward risks. To determine when this is the case, it is defensible to look at the expected scenario (VaR50 or the median). Given the specific elements, that are characteristic of the SSPF scheme, an increased standard has been determined and the objective is that all participants in at least two-thirds (67%) of the scenarios may expect a higher, and thus more purchasing power, measured against the total of benefits over the total benefit phase.

- Redistribution of the fund assets must be limited to conscious choices, whereby the precondition is that all participants have at least an equal minimum chance of a better pension.

- There should be adequate risk mitigation for older participant groups that have limited recovery capacity. For pensioners, the standard is that the chance of pension cuts, compared to the initially increased pension, in the first 15 years after transition is on average a maximum of 5%.

- There must be adequate compensation of active participants, insofar as this group of participants is disadvantaged by the mandatory introduction of an age-independent premium, whereby in accordance with the Wtp the aspect of cost neutrality is the starting point for the employer. The compensation is considered adequate if active participants are compensated for the deterioration in future pension accrual in such a way that, as a result of a value transfer, no birth year cohort is expected to be disadvantaged in the median of the introduction of the age-independent premium.[7]

- The pension scheme and the transition measures must be explainable, whereby creating an understanding of the choices made, which contributes to acceptance, plays an important role.

An integral assessment of the aforementioned principles and objectives takes place in combination with the mapping of the transition effects based on specific quantitative measures, such as the expected pension outcomes, net benefit calculations and the chances on pension cuts.

Based on these quantitative analyses, it was examined whether the objectives were achieved with due observance of the principles. In the current financial situation of SSPF, it has been demonstrated that the proposed transition, including alternative scenarios, as laid down in this transition plan meets these principles and objectives, which in turn leads to the conclusion that the whole of the proposed transition measures is balanced. This is discussed in more detail in Chapter 6 (Transition effects).

[7] This applies when the value is transferred. For hard closing, see section 5.9.

4. The new pension scheme

4.1. Choice of the flexible pension scheme

The current SSPF scheme is a benefit scheme. This benefit scheme can no longer be continued under the Wtp. The new pension scheme will have to be legally given the character of a defined contribution scheme. This means that no annual accrual percentage is promised, but only an annual premium percentage.

For all active participants in the pension scheme, (future) pension accrual will take place from 1 January 2027 on the basis of an age-independent premium.

For the new contribution scheme, a choice must be made for a flexible or a solidarity-based contribution scheme. After careful consultation with the COR, Shell Nederland has chosen to set up the future pension scheme as a flexible pension scheme, because the characteristics of a flexible contribution scheme fit well with the diversity, independence and level of education of Shell employees.

The flexible contribution scheme offers individual flexibility: multiple investment profiles can be offered in accordance with the risk profile of a participant. This option does not exist in the solidarity-based contribution scheme. In the flexible contribution scheme, the returns from the investments accrue one by one to the individual participants. As a result, Shell Nederland finds the flexible contribution scheme more transparent than the solidarity-based contribution scheme, where complex calculation rules determine the development of the capital and it is not clear to participants in advance how the achieved investment results are added to the individual pension pot.

A further difference is that the solidarity-based contribution scheme requires the compulsory maintenance of reserves in the form of the so-called solidarity reserve. This obligation does not exist in the flexible contribution scheme. In the flexible contribution scheme, a risk-sharing reserve can be used, which can be used for specific purposes to achieve a balanced transition. This gives Shell Nederland and the COR the opportunity to meet specific needs and concerns of (almost) pensioners. For more information, see also paragraph 5.5.

There is also an important difference between the flexible and solidarity-based contribution scheme at retirement. In the flexible contribution scheme, the participant can opt for a variable benefit (at the pension fund, the so-called 'continued investment') or a fixed benefit (to be purchased from an insurer, unless the pension fund itself offers a fixed benefit). This option does not exist in the solidarity-based contribution scheme; there the capital is automatically converted into a variable benefit with the fund. This option to purchase a fixed benefit is also open to pensioners who are already retired at the time of the transition (1 January 2027).[8]

The transition to the new pension system will entail a certain degree of uncertainty for participants. Communications, transparency and explainability are therefore

[8] Legally, this choice must take place within one year after the moment of value transfer. This will be designed by the pension fund.

important. According to Shell Nederland and the COR, the flexible contribution scheme is better suited to this than the solidary contribution scheme.

All in all, Shell Nederland and the COR are of the opinion that the flexible contribution scheme is more individual, transparent and flexible than the solidarity-based contribution scheme and thus better suits the participant population and the needs of different sub-groups.

4.2. Characteristics of new pension scheme

The new pension scheme is a flexible contribution scheme with the option to choose from different investment risk profiles during the accrual phase and for a fixed pension with an insurer or variable pension with the pension fund (with different investment profiles during the benefit phase) in the benefit phase. If no choice is made, a default option will apply which is determined by the pension fund based on a risk preference study.

A number of important matters remain unchanged in the new pension scheme compared to the current scheme. The old-age pension will continue to be paid for life, the employer and the employee will continue to contribute the pension premium together and the pension capital will continue to be invested collectively within the life cycles and benefit circles offered. Participation in the gross pension scheme is also mandatory, just like the current scheme.

Further specific features of the new pension scheme are:

- A gross pension scheme up to the maximum pensionable salary as applicable in the current SSPF scheme and a net pension scheme for the part above the maximum pensionable salary (this net pension scheme is administered by SNPS). As is currently the case, the net pension scheme has an opt-out option.

- The amount of the pension premium is an important part of the new pension scheme. In consultation with the COR, this was set at an employer's premium of 21% of the pensionable base. This does not include the costs for the risk premiums (approximately 5%) for surviving relative pension in the event of death before the retirement date, disability and the administration costs. The costs of the risk premiums and the administration costs will be paid by Shell Nederland (as they are now).

- In a standard situation, the employee premium amounts to 7% of the pensionable earnings and consists of a mandatory part of 2% and a voluntary part of 5%. Employees have the option to adjust this premium within the fiscal maximum premium space that is available. Currently, the maximum fiscal premium room is 30%. This means that employees can contribute at least 2% and up to a maximum of 9% of the pensionable base.

The COR has strongly committed itself to increasing the total premium in order to improve the purchasing power of the pension. The proposed flat, age-independent premium is an improvement of the pension scheme compared to the current defined contribution scheme. An increased employer premium of 21% and a standard employee premium of 7% will increase the total contribution to the pension and will contribute to a pension with purchasing power.

- Continued involvement of the COR and Shell Nederland through a regular market review and discussion of whether the premium levels (employer and employee contribution) require adjustment to ensure that they have the desired market level, within the framework of Shell's strategy with regard to primary and secondary employment conditions. An initial market review among relevant market parties and discussion thereof will take place in 2028 to determine the position in the market. Any adjustments will not take place until 2037. This is also the moment when the fiscal premium space is in principle adjusted for the first time, if the actual expected returns at that time give rise to this. At that moment also the possibility to pay extra premium via the pension scheme for the compensation for the introduction of an age-independent premium ends, which enables a better market comparison of the premium amounts.

- Options and multiple investment profiles are offered (see also section 5.4).

- The proposed new pension scheme also has good financial security in the event of death in active employment. Incapacity for work is also well arranged. The adjustments aim for equality for all active participants. For more information, please refer to section 4.3.

- Apart from offering multiple investment profiles and the opt-out option from the net scheme, a number of other choices are also possible on the retirement date:
    - Advance the start date of the pension (up to 10 years before the state pension age of the participant concerned)
    - Delay the effective date (up to 70 years)
    - Possibility of part-time pension
    - Purchase of state pension bridge pension in case of early retirement of the regulatory pension date
    - Same (default)/incremental/decreasing variable payout
    - Choice for no partner pension (exchange partner pension)
    - One-off maximum 10% surrender of the accrued pension entitlements (if legally permitted) on the actual pension date

The starting point for the implementation of the new pension scheme is that this is done within the current pension fund SSPF. This does assume that the accrued and already commenced pension rights and entitlements will also be converted to the new pension scheme ("a value transfer").

If SSPF is hard closed, the new pension scheme for the current active participants of SSPF is implemented by SNPS. The pension entitlements and pension rights already accrued will then be left behind in the hard closed SSPF. The decision to whether or not to transfer the accrued pension entitlements and rights is part of the decision-making process regarding the transition and is discussed below.

The table in Appendix 4 contains the most important details of the new pension scheme.[9]

4.3. Risk insurances

Death in active service

The Wtp also provides for a change in the risk coverage upon the death of a participant in active employment and thus before reaching the pension date. This does not apply to participants who die after retirement. As is currently the case, the choice made at the time of retirement applies; this is not risk insurance.

The starting point of the Wtp is that the surviving dependant's pension in the event of death in active employment is covered entirely on the basis of risk insurance and is independent of the number of (to be achieved) years of service at Shell. That is different than is currently the case. Currently, there is accrual on a capital basis for this part and the amount of the partner's pension also depends on the number of (to be achieved) years of service at Shell.

The new risk insurance means that if there is death during active employment, the surviving dependant's pension is equal to a fixed percentage of the pensionable salary, regardless of the length of the employment. In principle, this coverage only applies as long as an active employee is employed by Shell Nederland and is an active participant in the SSPF pension scheme and also affects the orphan's pension. As soon as the employee leaves the employment, he/she will in principle no longer be covered by this risk insurance. A extension period of 3 months does apply. The starting point is that the former employee then enters into employment elsewhere and will then be covered by the risk insurance with the new employer. This prevents "double coverage". If the former employee wishes to continue the risk insurance (after the 3-month extension period), for example, if there is still no view of a new job, then the employee may get coverage on a voluntary basis. The premium for this will be paid from the participant's own pension pot.

In addition, the temporary partner's pension (which is paid up to the moment the partner reaches the age of 68) will be covered by risk insurance on the basis of a fixed amount.

The main elements of this risk insurance are as follows:

- Ongoing partner pension: 20% of the pensionable salary up to the maximum pensionable salary (without deduction of franchise[10]);

[9] Apart from the elements described in Appendix 4, there may be reason to adjust other elements that are currently part of the existing pension schemes (for example with regard to the possible flexibility options) in response to aspects that arise during the implementation. The manner in which these adjustments will be implemented in the pension regulations will be discussed in a timely manner between Shell Nederland and the pension fund and, if necessary, consulted with the COR.

[10] This will be insured on a risk basis, in contrast to the current situation where accumulation is insured. The partner's pension already accrued in the past will be maintained in the new pension scheme as

- Temporary partner's pension: maximum ANW shortfall permitted for tax purposes (2024: EUR 19,080).
- Orphan's pension: 8% of the pensionable salary up to the maximum (without deduction of the franchise), provided that there is also a partner's pension, up to the age of 25. In the case of a full orphan, double coverage applies (16%).

Disability

Disability includes both the disability pension up to the retirement date and the non-contributory continuation of the pension accrual for the old-age pension and the surviving dependant's pension. In the new pension scheme, the disability pension is no longer part of the pension scheme. The disability pension is designed directly via the employer, in addition to the existing disease and re-integration policy. With regard to the non-contributory continuation of the pension accrual, this will, as is currently the case, take place within the pension scheme.

The coverage of the disability pension is adjusted and has been stepped; the disability pension will amount to 90% over the pensionable base up to the WIA income limit (2024: EUR 71,628) and 70% over the part above that.

The new risk coverage will only apply to participants who become disabled after the transition to the new pension scheme and therefore does not apply to participants who are currently already entitled to a disability pension. Participants with a pre-existing disability benefit are included in the transition process, just like everyone with accrued pension entitlements. This is part of the pension fund's implementation process.

personal pension capital and will be earmarked for surviving dependant's pension. The above-mentioned 20% is therefore in addition to the already accrued capital.

5. The transition for the existing participants

5.1. Introduction

An important part of the legislation surrounding the transition to the new system is how the existing pension rights and entitlements are handled. The legislator assumes that these existing pension rights and entitlements are in principle converted to the new system. This is also called 'value transfer'. The employer is deemed to submit a request to do the value transfer to the pension fund, unless a value transfer is disproportionately unfavourable for (one or more groups of) stakeholders. This may be the case if a certain participant group, or certain participant groups, or the employer would be disproportionately disadvantaged by the value transfer. In that case, Shell Nederland and the COR can consider 'a hard close': the existing pension rights and entitlements will then remain behind in a hard closed pension fund, with retention of supplementary and return arrangements. Such a decision not to request for a value transfer must be balanced in light of the entire transition and a substantiation thereof must be included in the transition plan.

The above results in a value transfer being considered as the standard route and may only be deviated from by exception. The legislator has chosen to have the benefits of the new pension system also apply to pensions already accrued. In addition, by doing the value transfer, a cost-neutral transfer can take place for the introduction of an age-independent premium, because the legislator has made it possible to use the fund assets in that case to finance the adequate compensation. This cost neutrality is a precondition agreed in the Pension Agreement.

In line with the principles and objectives formulated by Shell Nederland and the COR, in addition to an analysis of the expected pension outcomes compared to the current scheme, an analysis was also performed whereby the expected pension outcomes in the event of a value transfer were compared with hard closing.

5.2. Value transfer

The starting point of Shell Nederland and the COR is that a value transfer transition is being pursued. In the case of SSPF, a value transfer transition offers a benefit for participants. This is because only at the time of the transition to the new system is there a one-off opportunity to convert the already accrued rights and entitlements to the new system and to allocate the buffers to participants. As a result, the less strict rules in the new pension system and the broader fiscal possibilities to increase pensions can also be used for the pensions already accrued and commenced up to the time of the transition. Given the healthy financial status of SSPF, where the current buffers have a value of ~ EUR 7 billion, we see no reason to leave this opportunity untapped for participants.

Pensioners and deferred members also benefit from the proposed value transfer transition. However, Shell Nederland and the COR also realise that (older) retired participants have concerns about the risks associated with the new system. These concerns of older participants were included in the design of the proposed transition. However, by doing the value transfer, a transition can be made possible in the interest of all participants, whereby opportunities to achieve a benefit are used and where there is also room to address concerns raised and to mitigate risks.

An important starting point is that Shell Nederland and the COR, precisely because of the possible risks and concerns raised, do not want to do the value transfer at all costs. By using a high minimum value transfer coverage rate of 125%[11], the risks for all participants are greatly mitigated. With a value transfer coverage ratio of 125% (or higher), the objective is expected to be met that upon a value transfer a high chance of (significantly) higher expected pension outcomes can be realised; with regard to existing entitlements in more than two thirds (=> 67%) of the projected economic scenarios, there is a higher pension expectation for all participant groups (active and inactive) and all age cohorts compared to the alternative scenario of hard closing. The higher expected pension outcomes are the result of allocating buffers to participants in combination with the broader fiscal framework. In the current system, the increase in pension is fiscally limited on the price inflation; in the new system this is no longer the case.

However, although the objective of at least two-thirds (67%) of the scenarios must lead to higher expected pension outcomes is expected to be met with a value transfer coverage ratio of 125%, there may also be circumstances in which this objective, despite the minimum coverage ratio of 125%, is not met for all participants. Think of a much lower interest rate than is currently the case. In that case, the level of a value transfer coverage is equal to or higher than 125% and Shell Nederland and the COR still find the transition to be balanced in that case, as long as there are no participants where a value transfer does not lead to higher pension outcomes in at least 60% of the economic scenarios. This determines a bandwidth between 60% and 67%, provided that the coverage ratio is equal to or higher than 125%. In a scenario where either a) the value transfer coverage ratio is lower than 125% or b) the value transfer coverage ratio is equal to or higher than 125% and the number of scenarios in which a higher pension outcome is achieved is for one or more participants below 60%, then it is expected that there will no longer be a balanced transition if a value transfer takes place.

With the minimum value transfer coverage ratio, higher or equivalent pension outcomes are also expected in many poor economic scenarios when a value transfer takes place. Only in the worst economic scenarios are the expected outcomes of value transfer less favourable than in the case of hard closing, due to the starting point that, if there is no value transfer, there are additional deposits by the employer in these worst economic scenarios as well. [12] It was also established that the deterioration, if at issue, is often limited compared to the expected pension outcome in case of a hard closure and therefore does not outweigh the great chance of progress.

The coverage ratio of SSPF at the time of the preparation of this transition plan is 138% (reference date 30 September 2023). At the time of submitting the request for consent to the COR, the most recent coverage ratio was 135.6% (reference date 30 April 2024). These coverage rates far exceed the above-mentioned objective.

[11] This minimum coverage ratio is the (expected) nominal coverage ratio at the time of the value transfer on 1 January 2027.

[12] The modelling of hard closing assumes that the sponsor will be able to make an additional contribution even under these worst economic circumstances.

Shell Nederland and the COR acknowledge that a value transfer entails uncertainty due to the expiration of the sponsor guarantee and that the pension can also be lower than expected despite the initial increase resulting from the allocation of the buffers. Also, the exact impact of a value transfer remains uncertain until the moment of transition, because the level of the coverage ratio at the time of a value transfer in particular determines this. However, this uncertainty is limited by working with a high intended minimum value transfer coverage rate and an emergency protocol. For more information, see section 5.7.

5.2.1. Distribution of fund assets

There are two calculation methods for allocating the fund assets: the so-called standard method or the value-based ALM method (the VBA method). Both methods have been found adequate for conversion and are permitted. The starting point is in principle that the standard method is used, unless it can be substantiated that this does not allow a balanced transition to be properly implemented. The VBA method is generally found to be more complex as a result of underlying calculations but offers possibilities to more accurately align with fund-specific properties, such as a high coverage ratio or a supplementary payment obligation, as both are at issue at SSPF. When doing the value transfer, the distribution of the assets is based on the VBA method, which is permitted by law now that this does more justice to the fund-specific properties of SSPF.[13]

It is up to SSPF to decide on the allocation of the fund assets; however, this decision-making follows the objectives set by Shell Nederland and the COR. In that context, Shell Nederland and the COR provide the following information.

After the statutory provisions, the operational reserve and the minimum required equity capital (collectively 2% of the capital) have been financed, all participants are allocated the gender-[14] neutral market value of their current rights and entitlements. The excess is used for the following objectives:

- **Risk mitigation for pensioners/pensionable participants** with which the chance of pension cuts in the first fifteen years after transition is on average less than 5%. The risk mitigation is achieved by setting up a risk-sharing reserve and any additional measures (for example, protection to be purchased externally). See Appendices 5 and 6.
- **Adequate compensation for active participants** by setting up a compensation deposit as further indicated in this transition plan. This deposit is intended to compensate for the disadvantage that active participants experience in their future pension accrual (caused by the introduction of the age-independent premium).
- **The remaining available capital is distributed for all participants in such a way that redistribution across generations is limited and the (current) real ambition of SSPF is taken into account**:

[13] It should also be noted that the allocation of the assets as Shell Nederland and the COR intend to do, also fits within the degrees of freedom of the standard method for a value transfer.

[14] The value must be determined gender neutrally (i.e. abstracting from difference in life expectancy between male and female).

1) In principle, the remaining capital is allocated on the basis of an equal net benefit effect. In view of balance, a precondition applies here that for each age cohort there is an equal minimum chance of 67% of improving pension outcomes with regard to existing claims of inactive participants. In the event of an adjustment of allocation based on this precondition, the protection effects from the risk sharing reserve on pension outcomes are also included. Furthermore, the starting point is that active participants are treated the same as inactive participants, so that when allocating the remaining available capital, all participants are treated equally within the same year of birth.

2) There is then room for the board of SSPF to deviate from this allocation (if at the time of actual implementation deemed necessary due to balance) to the allocation method in accordance with the same future indexation[15], again with the same principles and precondition as with the allocation in accordance with the net benefit method as described above. If this possibility of deviation is used, this must be argued and the effects on the pension outcomes on participants must be made quantitatively transparent.

5.2.2. Priority rules

The law stipulates that priority rules are included in the transition plan, in such a way that they give the pension fund sufficient clarity to implement the transition objectives under various financial and economic circumstances. The priority rules must also provide clarity about the scope of the agreements under different circumstances.

The manner in which the request to SSPF is designed implies that priority rules are less important. This is because a request for a value transfer is only made if the objectives can be met, so that prioritization therein does not have to be addressed. If a value transfer is carried out, then this means that (due to the lower limit of 125% of the coverage ratio) sufficient capital is available to fill the risk sharing reserve and the compensation deposit in such a way that the chance of pension cuts for pensioners is sufficiently limited and adequate compensation can be financed for the introduction of the age-independent premium. That, after the fund has withdrawn the statutory provisions, the minimum required equity capital and the required operational reserve from the fund capital.

Subsequently, the remaining capital is sufficient to ensure, in allocating this, that the objective for all age cohorts can be met, and the pension expectations increase in at least two-thirds (67%) of the scenarios when transitioning to the new scheme.

5.3. Sponsor guarantee

An important feature of the current SSPF scheme is the additional payment obligation and return arrangement (the so-called sponsor guarantee) which is a result of the agreed financing policy between SSPF and Shell. This means that Shell makes additional deposits in phases in case of too low coverage levels to eliminate a coverage shortage.

[15] The calculation method of equal future indexation is in accordance with the manner in which SSPF calculates the real reserve pension obligation.

The sponsor guarantee pertains to a commitment of the nominal pension, without commitment about any indexations (the purchasing power of the pension is therefore not guaranteed). On the other hand, premium discounts and repayments can take place with higher coverage rates. This construction fits well in a system in which the fund makes a commitment about the benefit amount, but is not possible - nor permitted - in a system in which no benefit amount but a premium amount is promised. Therefore, the current financing policy as it is currently designed can no longer be maintained. This means that there can no longer be a guarantee, nor a premium discount or a refund. The expiration of the sponsor guarantee for SSPF participants is a disadvantage.

On the other hand, the expiration of the possibility of premium discount and repayments is a disadvantage for Shell. A great deal of attention was paid to this in the run-up to the transition, and both effects were taken into account in the calculations and the overall weighting of the transition.

The high minimum coverage level that applies as a condition for a value transfer is largely driven by the recognition that the sponsor guarantee is an important and valued part of a hard-closed scheme. Shell Nederland and the COR believe it is important that the expected beneficial effects of a value transfer transition sufficiently outweigh the downward risks that arise, partly due to the loss of the protection offered by the sponsor guarantee in the current scheme.

The objective of risk mitigation for pensioners (by reducing the chance of pension cuts) is also largely driven by the value that participants currently attach to the operation of the sponsor guarantee; the prevention of pension cuts.

During the various information meetings and discussions that Shell Nederland and the COR had with the parties involved, participants, former participants and pensioners, it emerged that the added value of the existing financing policy mainly pertains to the additional payment obligation. This additional payment obligation protects the nominal pension in the event of a too low coverage level. From the analyses that were made, which looked at the expected pension outcomes in case of a value transfer and hard close, it can be concluded that the quantitative benefits for the participants of the transition to the new fiscal system sufficiently outweigh the expiration of the sponsor guarantee at coverage levels that are equal to or higher than the established minimum coverage level at which value transfer will take place.

In addition, in case of value transfer by Shell Nederland, a financial compensation will be paid to SSPF. This compensation pertains, among other things, to the expiration of the sponsor guarantee which in case of hard closing could be continued with regard to the already accrued rights. The valuation of the sponsor guarantee has been an important starting point for determining the total financial contribution of Shell Nederland to the value transfer transition. For the total financial contribution of Shell Nederland to the value transfer transition, see also paragraph 5.8.

The sponsor guarantee is valued by a professional party, Ortec Finance. The VHC has had the valuation of the sponsor guarantee validated and has engaged the independent professional advisor Cardano Risk Management B.V. for this. The validation by Cardano confirms that the valuation method applied by Shell Nederland is reasonable and defensible. In addition, Cardano concludes that no inconsistencies or implausible results were found on the numeric information provided.

5.4. Investment opportunities

Offering multiple investment profiles supports the overall balance of the transition and contributes to the objectives that Shell Nederland and the COR have formulated. It is up to SSPF to determine which investment profiles are offered and also to determine the investment policy within these profiles, partly based on a risk preference investigation and considerations with regard to the feasibility. However, this decision-making follows the objectives formulated by Shell Nederland and the COR. In order to shape the transition in a balanced manner, Shell Nederland and the COR therefore ask the Board to take into account the specific objectives formulated below.

Shell Nederland and the COR believe it is important that multiple investment profiles are offered for all participants, so that the various risk profiles of sub-groups can be accommodated. This makes the pension more personal, which in combination with the aforementioned intended flexibility supports the overall balance of the transition.

With due observance of the objective(s) below, the concerns expressed by the VHC and SSPF with regard to the interests of pensioners can be addressed to a significant extent.

- For the active participants and former participants, it is requested to offer at least three options to lifecycles with an offensive, neutral and defensive risk profile and an investment policy with a high, medium and low share of return-seeking investments respectively (in accordance with a lifecycle idea as SNPS also knows it). SSPF is hereby requested to investigate how interest rate risks for the large group of 'older' active members and former participants who are approximately 10 to 15 years before the regulatory retirement age can be mitigated.

- The interaction with the VHC, with participants and with SSPF shows that some of the pensioners have concerns about the risks involved in a value transfer. However, there is also a (other) part of the pensioners who do not share these concerns or to a lesser extent and see the benefits of the transition to the broader fiscal framework. SSPF is therefore requested to provide multiple investment profiles for pension beneficiaries within the SSPF scheme. The objective is to provide an investment profile for pensioners with a risk profile with risk willingness and for pensioners with a risk profile of risk aversion. If the Board finds that the group of pensioners with a risk profile of high risk is of sufficient size, a further investment profile can also be offered for this. The Board is asked to consider the following:

    1) For pensioners with a risk appetite, the allocated buffer capital is converted directly (or quickly) into a higher pension, and the investment policy largely uses return-seeking investments (including shares).

2) For pensioners with risk aversion, a significant part of the allocated buffer capacity is converted into a lifelong, annual increase in the pension, and if possible an investment policy aimed at limiting downward risks. The objective of this profile is to provide a relatively high degree of certainty in combination with a gradually increasing (nominal) pension. This profile also offers the possibility of risk diverse pensioners to stay with the trusted pension fund, but of course there remains the individual option for pensioners of a fixed benefit with an insurer.
3) For pensioners with a high risk appetite, the allocated buffer capacity is immediately (or quickly) converted into a higher pension, and the investment policy uses to a very high level return-seeking investments (including shares).

By offering multiple investment profiles, the various risk profiles of pensioners can be met to a significant extent. However, it is up to the board of SSPF or to determine in which form these profiles can be designed, also with due observance of feasibility. If the risk preference study reveals a different picture with regard to the risk profiles of pensioners as observed by Shell Nederland and the COR, the Board can take this into account with regard to the final implementation of the objectives.

In its opinion, as a result of the hearing right, the VHC has indicated the wish that risk diverse pensioners must also be able to opt for an initial pension increase - albeit limited - as well as those who opt for an offensive investment profile. Furthermore, the VHC recommends the possibility of purchasing an indexed pension from SSPF, whereby the pension does not run an investment risk and also secures a fixed indexation. In the opinion of Shell Nederland and the COR, the second option described above already significantly meets this wish. However, the Board is requested to include these recommendations from the VHC in its final considerations.

5.5. Risk mitigation retired and almost retired persons

Although the transition to the new system benefits all participants, given a sufficiently healthy financial position, the position of the older pensioners in particular requires special attention in the opinion of Shell Nederland and the COR, having heard the contribution of the VHC and SSPF.

The VHC and SSPF raised concerns at an early stage specifically for this group of participants. Shell Nederland and the COR have taken these concerns into account in the considerations that have been made and based partly on this have further shaped the formulated objective with regard to the adequate mitigation of risks for pension beneficiaries.

Partly in view of the shorter investment horizon of older pensioners, and the associated value these participants attach to the stability of the benefit, Shell Nederland and the COR want to offer extra guarantees. The purpose of these guarantees is to limit the chance of reducing the (initially increased) pension for the first fifteen years after a value transfer, whereby the quantitative standard is stated that the average chance of reductions of ongoing (initially increased) pensions during the first 15 years after the transition is 5% or less for the pensioners in the default pension variant. Because of this objective, it is proposed to reserve a risk mitigation budget from the fund assets for, among other things, the formation of a risk-sharing reserve.

Shell Nederland and the COR request SSPF to form a risk-sharing reserve with a minimum initial size of EUR 500 million and a maximum initial size of 15% of the fund buffers present, with an absolute maximum of EUR 1 billion. It is up to SSPF to determine how the excess amount of a maximum of EUR 500 million is used for risk mitigation and whether this is added to the risk-sharing reserve and to fill it up to a maximum of EUR 1 billion (or a maximum of 15% of the available fund buffers if this is less at the time of the actual transition), or whether it is used for other means to reduce the discount opportunities (for example, the external purchase of protection).[16]

Shell Nederland and the COR request SSPF to fill this risk-sharing reserve from fund assets upon value transfer. After the initial filling, the reserve is not further supplemented. Assuming multiple distribution circles, the allocation takes place proportionally (pro rata to the assets) to the distribution variants offered by SSPF. Within a certain distribution circle, allocation takes place in such a way that a discount is reversed in any year. The risk-sharing reserve continues after the first 15 years if it has not been (fully) used during that period, as long as that is implementing technically efficient, after which the remaining capital upon termination benefits all participants. The risk-sharing reserve is also intended for current active members and deferred members who retire after the transition (for the years that the reserve has not yet been fully used).

In addition to the proposal to reserve a risk mitigation budget and to create a risk-sharing reserve from this and the objectives with regard to the investment profiles (see also paragraph 5.4), Shell Nederland and the COR propose to SSPF to limit the risk for pensioners by spreading results in the payment phase over a period of five years. This limits the volatility of the benefits. Although a longer distribution period can also be considered, Shell Nederland and the COR believe that the use of a longer distribution period has little added value; the relationship between economic developments and the pension adjustment becomes more difficult to interpret and is more technically complex in implementation.

The downside risk of the pension (first increased by the value transfer) is - with the intended minimum value transfer coverage level - limited for older participants compared to hard closing, partly due to the proposed risk-mitigating measures (in particular by means of the risk-sharing reserve) with regards to the chance of reductions of the pensions.

For ‘older’ active members and deferred members, who are approximately 10 years before retirement, there is the possibility to gradually switch to a collective investment circle for retirees, which limits the timing risk. In addition, SSPF is asked to investigate how interest rate risks can be mitigated in the investment policy by the participants who stand approximately 10 to 15 years before the regulatory retirement age.

In order to increase awareness and insight into the effects of the transition as well as guidance on financial choices to be made, Shell Nederland and the COR have discussed with SSPF that support will be offered by SSPF. This support will take shape in multiple ways. In addition to the usual written information, an individual coaching discussion will be offered to understand choices and determine a participant’s risk

[16] The calculations shown in this transition plan assume a risk-sharing reserve of 500 million euros. If SSPF chooses to allocate a higher amount to risk-mitigating measures for pensioners, this will be charged to the remaining capital that is allocated to individual participants.

profile. Among other things, these discussions aim to increase understanding and acceptance, but also to help participants with choices.

5.6. Compensation for active participants

The introduction of an age-independent premium and the transition to an age-independent pension accrual have consequences for active participants. In the current system based on the average system, there is intergenerational solidarity, whereby the younger active participants subsidise the older active participants via the amount of the premium.

The Wtp breaks the balance in the current system and puts the abolition of the average system at a disadvantage, especially for active participants who are now about halfway through their careers, because they will no longer benefit from the increasing value of the accrual with age in the future. After all, in the new system, the value of pension accrual becomes the same for all ages. This is different for the pensioners, who are no longer disadvantaged by the change of this system. Shell Nederland and the COR have agreed to compensate the active participants who suffer disadvantage as a result of the abolition of the average system and to finance this compensation from the fund assets.

Based on the expected participant base as of January 1, 2027, the total compensation burden comes to approximately 1.5% of the total expected pension capital, assuming compensation in the median expected scenario (see below).

The legislator has made it explicitly possible to use the fund assets to finance the adequate compensation for active participants, now that this group is most affected in the transition and in this way to enable a cost-neutral transition. Apart from the abovementioned legal possibility, Shell Nederland and the COR consider it reasonable and balanced to request the pension fund to use the fund assets for this compensation for the following reasons:

- In the current scheme, the buffer has a two-fold function: financing of (part of the) employer's premium and financing of indexation of inactive persons. Depending on the level of the coverage ratio, the employer receives a premium discount and, in the event of a very high coverage ratio, even capital can flow back to the employer. Thus, not only current active and former participants and pension beneficiaries have a share in the buffer through their existing rights and entitlements; even now the buffer is used for the financing of new pension accrual and can even be repaid in case of further increasing coverage rates. If there is no value transfer with respect to the SSPF scheme, the remaining assets will eventually flow back to the employer. Upon a value transfer, the employer waives its claims on the buffer and as a result will have to make a material depreciation on its balance sheet.

- The fund capital is more than sufficient at the coverage rates whereby the value transfer will take place to achieve a significant improvement in the pension outcomes for all participants and to adequately address the possible concerns of the various interest groups. If there is no value transfer, the compensation will not be financed from the buffers.

- Facilitating protection for pensioners on the one hand and financing compensation for active participants from the buffers on the other, creates a balance with regards to the use of the buffers in this transition, to which all generations also contribute. Given the expected size of the total costs of these two measures in relation to the size of the buffers, this does not lead to disproportionate disadvantage for (one or more groups of) participants. Deferred members share in the favourable effects of the allocation of the fund assets and the resulting higher expected pension outcomes, which is made possible by an overall balanced transition. Older active people and deferred members also share in the risk-sharing reserve for pensioners as long as it has not yet been fully used at the time of retirement.

  The law stipulates that compensation for the introduction of an age-independent premium can only be granted to active members. This also under the assumption that deferred members have active accrual elsewhere and are therefore eligible for compensation there (or for continuation of the age-dependent premium in case of a premium agreement). For deferred members who do not have accrual elsewhere, there is no disadvantage with regard to the future pension accrual as a result of the introduction of an age-independent premium.

The compensation is determined per year of birth in such a way that the deterioration in the median (50th percentile) is fully compensated, insofar as it concerns the annual future accrual and the indexation over the future pension accrual based on the actual indexation policy (unconditionally active and conditionally afterwards) of the fund. This means that the measures taken to compensate for the disadvantage are considered to be balanced if the expected future pension accrual in the new scheme for a participant is equal to the expected future pension accrual in the current system. The impact on the indexation on the pension rights already accrued within the fund is not taken into account.

It is proposed to set up a so-called compensation deposit for the purpose of this compensation and to allocate the compensation proportionally from this deposit to the individual assets of the active participants during a period of 10 years after the transition (the legal maximum period for this). This is done by granting extra premium. In determining the amount of the compensation deposit. The chance that participants will leave employment before the age of 68 was taken into account. The compensation percentages are calculated in such a way that with the annual allocation the expected pension benefits in the new contribution scheme and the current average pay scheme are the same in the median, if the participant would have remained employed until the age of 68 and is granted this compensation percentage annually. The percentages thus determined are included in Appendix 12.

The necessary compensation deposit amounts to EUR 355 million, based on a projection from the current expected file of active members as of 1 January 2027. Since the compensation must be granted on a time-proportional basis within 10 years, SSPF is requested to grant the compensation provision in 10 years, taking into account the likelihood that participants will leave employment after the age of 10 but before the age of 68.

As a result, younger participants may be under compensated or over compensated, depending on the actual date of leaving employment and the expected date of leaving employment. It is also proposed to add a prudence margin to the compensation deposit of 15% of the total compensation amount (approximately EUR 53 million euros) in case the exits go differently than projected.

If the depot is not used or not fully used, the remainder of this can, within the legal possibilities, be released to all participants after 10 years. Should participants remain employed significantly longer than expected, which means that the compensation deposit is empty before the expiry of the 10-year period, the compensation to the active participants will stop.

5.7. Transition risk and emergency protocol

Establishing a lower limit to the coverage ratio at which value transfer will take place, limits the transition risk for participants to a great extent. The high minimum value transfer coverage ratio of 125% is partly driven by the desired degree of certainty that the objectives of a balanced transition can be achieved.

It is in the interest of all stakeholders to limit the chance of a significant decrease in the coverage ratio during the transition period (from the moment of assignment, in the form of this transition plan, to implementation). SSPF is therefore requested during the transition period to take into account the objectives of the value transfer transition and to maintain the current favourable coverage level as much as possible insofar as this is feasible, balanced and cost-effective.

The Board of SSPF and Shell Nederland will continue to engage in discussions to monitor developments during the transition period. If - despite SSPF measures to mitigate the transition risk and maintain the coverage ratio - due to unforeseen exceptional (worsened) circumstances on the financial markets, the nominal coverage ratio falls below 125% during the transition period and, according to the Board, there is no reasonable chance of sufficient recovery to achieve the objectives of the transition, then the following emergency protocol applies. The emergency protocol may also be activated if the objectives of the intended value transfer transition cannot be sufficiently achieved due to unforeseen circumstances with regard to legal changes or insurmountable implementation technical obstacles with implementing partners (pension administration or asset management).

First and foremost, the SSPF board – under this emergency protocol – has the authority at all times to, in the event of failure to achieve the minimum value transfer coverage rate, or in case of other circumstances as mentioned above, as a result of which the objectives cannot be sufficiently achieved, after careful consultation with Shell Nederland and the COR, decide independently to postpone the transition until no later than 1 January 2028, whereby the frameworks of controlled and sound business operations at SSPF are leading.

In addition, the Board of SSPF can enter into discussions with Shell Nederland to assess the circumstances and, considering everything, can propose to:

a) return the assignment to Shell Nederland and at the same time consider a hard close scenario because the objectives of the intended value transfer transition cannot be sufficiently achieved; or
b) taking into account the financial contribution that can be expected from Shell Nederland (see paragraph 5.8) and the associated expected improvement of the financial position[17] of the fund, to allow the value transfer transition to continue, because this allows the objectives to be sufficiently achieved.

In the event that it is intended to close SSPF hard, consent from Shell Nederland is required, whereby Shell Nederland will not unreasonably withhold this consent in the event that the objectives formulated cannot be achieved to a sufficient extent. The decision will - insofar as required by law - also be submitted by Shell Nederland to the COR for approval. The VHC will also be informed about this by Shell Nederland. In case of delay of the transition, the emergency protocol as described above will remain in force during the extended transition period.

If a hard close is carried out under the emergency protocol, SSPF will become a closed fund under the conditions as indicated in this transition plan. The future accrual of the participants who accrue in SSPF pension at that time will then take place from 1 January 2027 in SNPS. For more information, please refer to section 5.9.

Shell Nederland will contribute to the value transfer transition, the total financial contribution of Shell Nederland is further explained in section 5.8.

The transition risk is adequately mitigated with all the measures mentioned and therefore does not lie fully with the participants.

5.8 Shell Nederland financial contribution to value transfer transition

Shell Nederland will make a financial contribution to support the value transfer transition. This financial contribution serves multiple purposes and addresses a number of important elements that are relevant in the context of the transition. The contribution includes the expiration of the sponsor guarantee and also a contribution to risk-mitigating measures to maintain the coverage ratio during the transition period prior to the actual transition. This financial contribution takes into account the concerns raised by various stakeholders.

For the purpose of determining the amount of the financial contribution by Shell NL, the sponsor guarantee has been valued by Ortec Finance. A validation of this valuation took place by Cardano. The contribution depends on the coverage level, because the value of the sponsor guarantee is also higher the lower the coverage level.

The total contributions will be 500 million euros if the measured coverage ratio is 135% or higher. With a measured coverage ratio of 130% to 135%, the contribution will be increased, up to a maximum of 650 million euros. With a measured coverage ratio

[17] For its assessment as referred to under b) up to a maximum of 50% of the one-off payment that Shell Nederland will make at the end of 2026, the Board of SSPF may disregard this in the calculation of the (expected) nominal value transfer coverage rate.

below 130%, the contribution will be increased further, up to a maximum of 850 million euros.

This total contribution consists of the non-granting of premium discounts[18] during 2025 and 2026 and of a one-off payment at the end of 2026.

The one-off payment at the end of 2026 is coverage ratio dependent and can be increased to a maximum of 600 million euros with a measured coverage ratio below 130%, a maximum of 400 million euros with a measured coverage ratio from 130% to 135%, and a maximum of 250 million euros with a measured coverage ratio of 135% or higher.

The premium discounts (not granted) are expected to amount to 250 million euros. If the (not granted) premium discounts exceed 250 million euros, then this excess will be deducted from the payment at the end of 2026.

SHELL NETHERLANDS CONTRIBUTIONS At measured coverage level, in million euros.	**DG < 130%**	DG 130 to 135%	DG 135% or higher
Non-granted premium discounts (expectation)	**250**	250	250
Payment at the end of 2026 (maximum)	**600**	400	250
TOTAL CONTRIBUTIONS (maximum)	**850**	650	500

The final payment is measured against the average coverage ratio of 3 months prior to the actual transition moment, this is the 'measured coverage ratio'. Therefore, if value transfer takes place on 1 January 2027, the average coverage ratio of end September, end October and end November 2026 applies. The payment will then take place in December 2026, prior to the actual transition.

If the transition would be postponed under the emergency protocol (see paragraph 5.7), the same method will be applied for the measured coverage ratio, namely the average of the coverage ratio of 3 months prior to the transition moment, whereby the payment takes place during the last month prior to the actual transition moment.

5.9. Alternative scenario – hard close

The Wtp assumes that existing pension rights and entitlements are in principle converted to the new system. Only if this is disproportionately unfavourable for (one or more groups of) stakeholders or the employer may deviate from this. Shell Nederland and the COR have looked at the alternative of a hard close and believe that the proposed transition (including the proposed minimum coverage ratio of 125%) is not

[18] The premium discounts to be expected during 2025 and 2026 based on the implementation agreement which would apply based on the financial position of SSPF and always based on the assumption that the full indexation would have been granted to inactive persons.

disproportionately unfavourable for (one or more groups of) participants or for the employer.

The calculations and projections performed also do not show that there is a disproportionate disadvantage for participants. In fact, a benefit is expected for all participants, including deferred members and retirees. See also section 5.2.

The following is also relevant:

- Shell Nederland currently pays premiums for the pension accrual and indexation of active members. In a hard-closing pension scheme, all current active participants are former participants; no more premium will be paid to SSPF for the pension accrual and indexation of the currently active participants. In that case, the (conditional) indexation on accrued entitlements for all participants must be fully financed from the future (over)returns and the buffer of SSPF.
- In the event of hard closing, the fund will no longer be able to use the exception to the statutory indexation rules (the future-proof indexing (TBI)). These indexation rules have not been changed by the Wtp, but will apply in full in the event of a hard closed pension scheme. Due to the TBI rules, granting indexation will be more difficult. In fact, granting catch-up indexation will be much more difficult than it is today.
- It is expected that the purchasing power of participants can erode in case of a hard close. The main reason for this is that the rules for TBI will apply in full. With a coverage ratio of 125%, it is expected that hard close will already lead to a deterioration in purchasing power for pensioners and former participants, which will further deteriorate in the longer term, see also Appendix 7.[19] In the event of a hard close, there is also no chance of improvement in purchasing power, because the indexation is fiscally capped. In the new system, however, pensioners and former participants benefit from economic prosperity, and pensions can rise more than inflation, which is an improvement in purchasing power.
- In addition, the current pension law is aimed at protecting the nominal pension entitlements and the investment policy of a hard-closed pension scheme must in principle be aimed at protecting the accrued entitlements, perhaps at the expense of achieving returns.

All in all, in the event of a hard close, all participants would forever be ‘caught’ in the strict old pension system and the less favourable fiscal framework. This is a major disadvantage for all participants. For participants under the age of 70, this even means that one is still stuck in the less favourable framework for decades, while the new system would be particularly beneficial. Approximately 55% of the participants are younger than 70 years and this group represents approximately 64% of the accrued entitlements.

With regard to the sponsor guarantee, in modelling the pension outcomes in the event of hard closing it has been assumed - only as an assumption - that the sponsor

[19] On the other hand, in the case of a value transfer, the purchasing power increases initially and remains above the purchasing power of the hard closing scenario for a longer period of time.

guarantee will be continued for an indefinite period and will always pay out according to a set schedule. However, in reality, the counterparty risk must also be taken into account, whereby among other things the (uncertain) future financial position of the sponsor, the conditions for the guarantee, the creditworthiness of the guarantor, the decreasing number of participants and the dynamics within the Shell Group are important factors.

That said, Shell Nederland and the COR do not want to pursue a value transfer at all costs. It follows from the above that, under the emergency protocol, it can follow that no intervention is taken if the objectives of the transition cannot be sufficiently achieved due to changed circumstances.

If it follows from the emergency protocol that a hard closure is still being made to prevent that the value transfer transition is disproportionately unfavourable for (one or more groups of) participants, then the accrued entitlements and pension rights remain in a hard closed pension scheme. Current active participants can then only use the broader fiscal framework and the options offered by the new system for future accrual. The positive effect of the value transfer can then not be realised.

In addition, it is important that the fund assets cannot be used in case of hard closing to compensate the adequate compensation for the introduction of the age-independent premium. For these reasons, Shell Nederland and the COR have decided that the adequate compensation for the introduction of the age-independent premium in the event of hard closing will have to take place outside of the pension scheme. Due to the absence of the positive effect of the value transfer, the amount of the adequate compensation in case of a hard close is defined differently than in case of value transfer. In case of hard closing, the 60th percentile is steered: the compensation will be such that the future pension to be accrued in the new scheme in at least 60% of the scenarios is at least equal to what the future pension to be accrued would have been in the current scheme. Here too, the impact on the rights already accrued is not taken into account.

Because in case of a hard close, as described above, the sponsor guarantee will continue to exist for accrued and already commenced pensions, no financial contribution will be made by Shell to the value transfer transition as described in paragraph 5.8.

In the event of a hard close, all active participants at the time of the transition (1 January 2027) are former participants in SSPF. Future accrual will then take place in SNPS, in accordance with the new pension scheme that is implemented by SNPS. From that moment on, SSPF is a hard-closed pension fund that will continue to administer the pension scheme, on the understanding that no new pension accrual will take place in SSPF.

Finally, in the event of a hard close, the conditional indexation of the accrued pension entitlements and pension rights will be changed from 1 January 2027 and will take place based on European inflation. This is separate from the indexation changes mentioned above as a result of TBI.

The main reason for switching to European inflation is to mitigate the inflation risk (and therefore to keep fewer buffers). Although European inflation and Dutch inflation may vary from year to year, cumulative Dutch inflation and cumulative European inflation are almost the same over a longer period of time. In the future, no significant difference is expected over a longer period of time, which also does not seem unreasonable for an open European economy such as that of the Netherlands. However, it is expected that Dutch inflation can be more volatile than European inflation.

6. Transition effects

6.1. General

The assessment of the transition takes place based on the formulated objectives and starting points described in Chapter 3. The balance of the transition is (among other things) justified based on the transition effects for both value transfer and non-value transfer (hard closing). In doing so, Shell Nederland and the COR looked at various quantitative measures that are explained in more detail below:

- the pension expectations as a result of the transition to the changed pension scheme in different scenarios;
- the net benefit effects; and
- the chances on pension cuts for pensioners.

Shell Nederland and the COR consider the pension expectations in particular to be an important measure in different scenarios, but in addition the net benefit effects are also assessed. The pension cut opportunities for pensioners were also examined.

This section explains the measures, after which the most important effects are discussed in section 6.2. In Appendix 5 and 6, those effects, respectively at value transfer coverage rates of 138% and 125%, are shown and explained in more detail.

<u>Pension expectations</u>

With the pension expectations, the results of the unchanged continuation of the pension agreement (assuming, in accordance with regulations, the scheme and the investment policy of June 30, 2022) are compared with the pension expectation upon amendment of the pension agreement, including the value transfer of the accrued pension entitlements and pension rights. In accordance with the regulations, this is based on the scheme and the investment policy of 30 June 2022. The future pension is shown in this pension expectation based on three scenarios: a pessimistic scenario, an expected scenario and an optimistic scenario.

The favourable effects of the value transfer transition and the further upward potential due to the transition to the broader fiscal framework, whereby no indexation limitation applies (after all, there is no longer a limitation of the indexation at the level of price inflation), are weighed against the downward risks in the case of worse and very poor economic circumstances. In addition to the unchanged continuation of the current scheme, the new scheme combined with value transfer was also compared to a hard-closed scheme, in order to arrive at a complete assessment.

It is important to consider that the effects of the transition on the expected pension outcomes of participants are largely determined by the age of a participant and the related remaining investment horizon and that these have consequences for the recovery capacity in the event of a period with disappointing investment returns. Of the total participant population of SSPF, approximately 55% were younger than 70 years by the end of 2023, and this group consists of both active, former and (younger) retired and/or pensionable participants (see also Appendix 8 for an image of the composition of SSPF). This group of participants under the age of 70 represents approximately 64% of the total pension obligation at the end of 2023. A value transfer transition is expected to have a materially favourable effect on the expected pension outcomes for this group. For the older pensioners, there is also a favourable effect, but less material because due to the more limited remaining investment horizon, the broader fiscal framework can benefit less for a longer period of time. However, the downward risk for the latter group is also limited, partly due to the risk-mitigating measures described in paragraph 5.5. In addition, further options are offered for participants (groups) who wish to limit downside risks in particular.

Net benefit effects

For the net benefit effects, the net benefit of the current SSPF scheme is compared to the net benefit in the new pension scheme, including the value transfer of the accrued pension rights and pension entitlements, per year of birth cohort. In the context of the Wtp, net benefit means the balance of the risk-neutral values of future benefits and premiums. Because risk-neutral valuations are used, differences in return profiles between different investment categories in the value remain disregarded, and the value of redistribution aspects remains in the schemes.

A balanced transition does not require the change in net benefit for each cohort to be (minimum) zero. Therefore, some redistribution may occur during the transition, and where this is the case, this has been mapped, and this has been found to be justified and balanced because these effects are either the direct result of objectives that support the balance and explainability of the overall transition, or are inherent in the system change.

Like the pension expectations, the transition effects are calculated in terms of net benefit per age cohort and in whole birth years, distinguishing between different participant groups (active participants, former participants and pensioners). The calculations show that the above requirement has been met.

Pension cut chances

In addition to pension expectations and net benefit, the pension cut chances for pensioners and almost retired people were also considered. The reason for looking specifically at this is that the investment horizon for them is smaller, given the shorter remaining life expectancy, which means that there is limited recovery capacity in case of disappointing investment results.

6.2. Explanation of transition effects

The calculations that Shell has performed and which thus form the basis for this transition plan, are based on the financial situation of SSPF as of 30 September 2023. At that time, the actual coverage ratio was 138%. In addition, the calculations were also performed with a coverage ratio of 125%, the intended minimum coverage ratio.

The calculations show that the pension outcomes for all ages in more than two-thirds of the scenarios (which are prescribed by law and published by DNB on a quarterly basis) increase when transitioning to the new system, including the value transfer of the existing rights and entitlements to the new scheme. This meets the objective set by Shell Nederland and the COR for the intended transition.

Despite the fact that the expected pension outcomes for inactive participants are improving in most scenarios, the net benefit shows a limited decline for younger inactive participants and a limited progress for older inactive participants at a coverage level of 138%. If the coverage level falls to the intended minimum coverage level, the deterioration in net benefit for younger inactive participants becomes greater and slightly negative for older inactive participants. This is partly due to relatively more capital going to the elderly when doing a value transfer at this coverage ratio, as a result of the precondition that the expected pension outcomes when doing a value transfer show in at least two-thirds of the scenarios a better pension outcome for all groups of participants. The net benefit effects for younger inactive participants also apply to active participants, if only the already accrued entitlements are taken into account. If the future accrual is also taken into account, the net benefit for most active participants is positive. [20]

The analyses also show that the chances on pension cuts in the first year after transition remains well below 5%. Also, over a period of fifteen years (in the event of an allocation of the risk-sharing reserve of EUR 500 million) the chance of a pension cut for all cohorts, that are entitled to pension at the time of the transition is met, remains below 5% on average.

For a detailed elaboration and explanation of the transition effects, please refer to Appendix 5 and 6, at value transfer coverage rates of 138% and 125%, respectively.

[20] This has to do with, among other things, the closed nature of the fund, which would lead to a gradual increase in premiums in the current system. Although this premium increase would at most be indirectly for the account of active participants, it is attributed to them in the system of the net benefit provision. The elimination of this increase in the premium, in combination with the compensation measures taken for them due to the introduction of an age-independent premium, is considered in the net benefit comparison as an advantage of the new system.

7. Assessment of a balanced decision

Shell Nederland and the COR assessed the transition described in this transition plan for balance based on the objectives they formulated.

This assessment looked at the total transition for all participants, whereby the formulated objectives were tested where possible on the quantitative measures (pension expectation, net benefit effects and pension cut chances).

The expected pension outcomes have been analysed, as well as the downward risks in the case of worse or very poor economic conditions, and the upward potential in the case of good or very good economic conditions. The differences in pension outcomes are mainly related to age, with younger generations benefiting longer from fiscal easing and therefore seeing a significant increase in the expected pension outcome. Even for older generations, the projections show an increase in expected pension outcomes, but less so. On the other hand, however, the downside risks for older generations are limited. Shell Nederland and the COR assess these outcomes as balanced and explainable.

The net benefit effects of the transition have also been analysed. Where, in principle, the allocation of the assets focuses on limiting redistribution over generations for inactive participants (equal net benefit), a number of important objectives and preconditions for the balance of the transition are included that lead to some redistribution. Adequate protection measures were chosen for pensioners, adequate compensation of active members and - with regard to the allocation of assets - a precondition of the same chance of improving pension outcomes for all age cohorts and participant groups. All these redistribution effects are either the direct result of objectives that support the level of balance and explainability of the overall transition, or inherent in the change of system.

The value of the sponsor guarantee is also included in this analysis. A valuation has taken place by a professional external party (Ortec Finance) and this valuation has also been validated by a further independent external professional party (Cardano). The importance of the sponsor guarantee and the disadvantage for participants as a result of its expiration is compared to the expected effects of value transfer. The purpose and effect of the sponsor guarantee in relation to the objectives in the new pension system and the use of the possibilities offered by the Wtp were also examined.

Based on the quantitative analyses, Shell Nederland and the COR conclude that with the established minimum level of value transfer coverage - in combination with risk-mitigating measures for pensioners and the compensation for active members - value transfer is not disproportionately unfavourable for (one or more groups of) participants or the employer. Tested against the norm of disproportionate disadvantage, it can be observed that the beneficial effects of value transfer are sufficiently outweigh the downward risks theeof. This consideration supports the objective for a higher and better pension.

In addition to quantitative aspects, qualitative aspects have also been weighted. A transition to a flexible scheme offers a more transparent and personal pension, with individual flexibility also with regard to the investments and risk appetite. This allows the transition to meet the interests and preferences of all subsets of participants to a large extent. The transition is in line with the intention of the Wtp and in principle follows the standard choices that the legislator prescribes, which ensures a greater degree of future-proofing of the scheme. A value transfer transition also results in an equal pension scheme for all Shell employees in the Netherlands.

Shell Nederland and the COR have also investigated the alternative of a hard close transition, although this will only be possible in exceptional situations based on the Wtp.

In the event of a hard close, a number of the principles and objectives set by Shell NL and the COR are not met. The expected pension outcomes are less and even far less favourable for all groups of participants when there is a hard close. A hard close also does not meet the aspects that relate to future sustainability (in the longer term, also in view of possible future adjustments in the law and regulations) and the ability to meet the diversity of interests and preferences of sub-groups of participants.

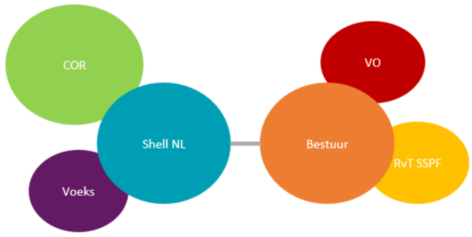
In the context of the integral assessment, in addition to the transition effects for former and retired participants, the transition effects for surviving dependants were also considered when assessing the balance. The projections show that the transition is also expected to lead to a higher pension for this sub-group and therefore meets this important objective. Survivors will also be able to use the risk-mitigating measures included in this transition plan, as a result of which there will also be no disproportionate adverse effect for this subgroup as a result of the transition.

Due to the specific objectives for the transition and the measures taken for the realisation thereof, including the inclusion of an intended minimum value transfer coverage level, limiting redistribution when allocating assets but also considering the real ambition of the fund, to a large extent meet the interests of all subsets of participants, and the financial contribution of Shell NL for, among other things, the sponsor guarantee and for mitigating the transition risk, is driven by an overall balanced transition that leads to a higher pension for all participants.

In the opinion of Shell Nederland and the COR, this transition plan makes a balanced value transfer request.

Appendix 1 - Roles and responsibilities

Rollen en verantwoordelijkheden



SSPF	Shell NL	COR	Vereniging van gepensioneerden (Voeks)	Bestuur	VO	RvT
Nieuwe pensioenregeling	O.a. type premieregeling en hoogte premie – verplicht onderdeel transitieplan	Instemmingsrecht op bepaalde aspecten van nieuwe regeling, incl. uitvoeringsovereenkomst	Hoorrecht	- Voorbereidingsfase: faciliterende rol - Implementatiefase: opdrachtaanvaarding en implementatie- en communicatieplan	Adviesrecht t.a.v. wijzigen uitvoeringsovereenkomst, pensioenreglement en ABTN	Continu toezicht op risicobeheersing en evenwichtige belangenafweging
Omgang met reeds opgebouwde aanspraken/rechten	Hard sluiten of invaren – verplicht onderdeel transitieplan	Instemmingsrecht als onderdeel van wijziging pensioenregeling	Hoorrecht	Verzoek tot invaren beoordelen op 1) wettigheid, 2) uitvoerbaarheid en 3) onevenredig ongunstige uitkomsten	Adviesrecht over voorgenomen besluit tot invaren	Goedkeuringsrecht over voorgenomen besluit tot invaren
Compensatie voor nadelige effecten transitie actieve deelnemers	Is compensatie noodzakelijk en, zo ja, binnen of buiten pensioensfeer – verplicht onderdeel transitieplan	Instemmingsrecht als onderdeel van wijziging pensioenregeling	Hoorrecht	Opdrachtaanvaarding, mits compensatie binnen pensioen plaatsvindt	Adviesrecht t.a.v. besluit bestuur, mits compensatie binnen pensioen plaatsvindt	Continu toezicht op risicobeheersing en evenwichtige belangenafweging

Appendix 2 - Request for consent, the response of the COR and the final decision of the director

Instemmingsverzoek WTP.pdf

instemming COR Wtp.pdf

Addendum op instemmingsverzoek

Instemming COR inzake Addendum.pdf

Besluit Shell Nederland 1 juli 2024

Appendix 3 - Overview of the important consultations with the COR, the SSPF Board and the VHC, during the period 2023 and 2024

Discussions with the COR

2022	Monthly consultation with pension committee
17/1/2023	Consult SN and Pension Committee / WTP
7/2/2023	Consult SN and Pension Committee / WTP
7/3/2023	Consult SN and Pension Committee / WTP
30/3/2023	All stakeholder Kick off WTP
18/4/2023	Consult SN and Pension Committee / WTP
16/5/2023	Consult SN and Pension Committee / WTP
31/5/2023	Consult SN and Pension Committee / WTP
8/6/2023	Consult SN and Pension Committee / WTP
29/6/2023	Consult SN and Pension Committee / WTP
13/7/2023	Consult SN and Pension Committee / WTP
26/7/2023	Consult SN and Pension Committee / WTP
4-5/9/2023	Consult SN and Pension Committee / WTP - two-day
30/10/2023	Consult SN and Pension Committee / WTP
2/11/2023	Consult SN and Pension Committee / WTP
7/11/2023	Consult SN and Pension Committee / WTP
14/11/2023	Consult SN and Pension Committee / WTP
24/11/2023	Consult SN and Pension Committee / WTP
30/11/2023	Consult SN and Pension Committee / WTP
7/12/2023	Consult SN and Pension Committee / WTP
11/12/2023	Consult SN and Pension Committee / WTP
13/12/2023	Consult SN and Pension Committee / WTP
15/12/2023	Consult SN and Pension Committee / WTP

Discussions with the VHC

26/1/2023	Kick off / introduction to VHC/COR/SN
30/3/2023	All stakeholder Kick off WTP
19/4/2023	Consultation VHC / SN/COR
15/5/2023	Consultation VHC / SN/COR
12/6/2023	Consultation VHC / SN/COR
5/7/2023	Consultation VHC / SN/COR
17/7/2023	Consultation VHC / SN/COR

12/9/2023	Consultation VHC / SN/COR
20,22,26,29/9/2023	Engagement sessions Voeks
2,13/10/2023	Engagement sessions Voeks
22/1/2024	Consultation VHC / SN/COR
13/2/2024	Consultation VHC / SN/COR + Cardano
2/4/2024	Consultation VHC / SN/COR
1/5/2024	Consultation VHC/SN/COR

Discussions with the board of SSPF/PCC

22/8/2022	PCC meeting
17/`0/2022	PCC meeting
5/12/2022	PCC meeting
13/2/2023	PCC meeting
24/1/2023	Consultation SSPF
31/1/2023	Consultation SSPF
30/3/2023	All stakeholder kick off WTP
17/4/2023	PCC meeting
20/4/2023	Consultation SSPF
22/5/2023	Consultation SSPF
8/6/2023	Consultation SSPF
19/6/2023	PCC meeting
21/6/2023	Consultation SSPF
20/7/2023	Consultation SSPF
28/9/2023	PCC meeting
22/11/2023	PCC meeting
21/12/2023	Consultation SSPF
24/1/2024	Consultation SSPF
31/1/2024	Consultation SSPF
21/2/2024	Consultation SSPF
28/2/2024	Consultation SSPF
13/3/2024	Consultation SSPF
15/3/2024	Consultation SSPF
18/3/2024	Consultation SSPF
1/5/2024	Consultation SSPF
15/5/2024	Consultation SSPF

Appendix 4 - Characteristics of new pension scheme

General	
Name	Gross pension scheme Shell Nederland.
Type of scheme	Flexible contribution scheme for future pension entitlements to be accrued. *In case of value transfer for SSPF, then this flexible premium scheme will also apply to the (already accrued) pension entitlements in SSPF.
Adminisrtator	▪ In case of value transfer: no changes; SSPF remains the administrator for SSPF participants and SNPS for SNPS participants and new employees. ▪ In case of hard close: SSPF participants will also accrue pension for the future in SNPS.
Effective Date	▪ The assumption for the current SSPF participants is that they will switch to the new flexible contribution scheme as of 1 January 2027.
Definitions	
Pensionable salary	The pension base salary plus any pensionable allowances. * For SSPF participants, this is increased by 3 percent over the part of the salary up to the Third Threshold (= de 100 percent scale position of salary group 3), as adjusted annually by Shell Nederland.
Franchise	10/7th of the gross old-age pension, including the holiday allowance, to which a married person is entitled independently pursuant to the AOW pension (in accordance with the current definition of SNPS).
Maximum pensionable salary	The same maximum as currently applies to participants who accrue pension as of the relevant transition date: ▪ for SSPF EUR 127,603 (level 2024)* * This amount is indexed annually to the same extent as the amount adjusted by ministerial regulation in accordance with the method described in article 18ga of the LB Act (the Wages and Salaries Tax Act).
Pension Base	Pensionable salary (up to the maximum pensionable salary) minus the franchise.
Target retirement age	68 (pension age ultimately to be chosen by the participant; see options below).

Premium	
Fixed premium level and choice of employee	▪ Employer premium: 21% of the Pension Base. This premium is the savings premium, i.e. the premium excluding risk premiums and cost components, which are separately paid by Shell Nederland. ▪ Employee premium: standard 7% of the Pension Base (consisting of a mandatory part of 2% and a voluntary part of 5%), with the possibility to adjust this premium to a minimum of 2% and a maximum of 9% (current maximum fiscal premium space).
Choices	
Investment Profiles	▪ Participant premium is invested in one of the lifecycles (neutral, offensive or defensive) to be further completed by the pension fund board. ▪ Upon value transfer, it may be decided, in consultation with the board of the pension fund, to offer one or more additional lifecycles for active members or additional investment circles for pensioners.
Type of pension	The participant is given the provisional choice to pre-sort a fixed or variable pension up to 10 years before the retirement date. Final choice by participant on retirement date.
Choices on retirement date	▪ Fixed/Variable pension (default) ▪ Early start date (up to 10 years before AOW) ▪ Delay Effective Date (up to 70) ▪ Part-time pension ▪ Purchase of AOW bridge ▪ Same (default)/incremental/decreasing variable payout ▪ Choice for no partner pension (exchange partner pension) ▪ One-off maximum 10% surrender accrued pension entitlements (if legally permitted)
Risk insurances	
Ongoing partner pension in the event of death in active employment* *In the event of death after retirement, the choice made at	▪ Current SSPF participants are covered by 20% of the pensionable salary up to the maximum (without deduction of the franchise). N.B. This will be insured on a risk basis, unlike the current situation where accrual-based insurance is in place. The partner's pension already accrued in the past will be maintained in the new pension scheme as personal pension capital and will be earmarked for surviving

the time of retirement applies. This is not risk insurance.	dependant's pension. The above-mentioned 20% is therefore in addition to the already accrued capital. ▪ 'Indeterminate partner' principle.
Temporary partner's pension in the event of death in active employment	▪ Maximum ANW shortfall permitted for tax purposes (2024: EUR 19,080). This amount is a temporary supplement to the continuous partner's pension ▪ 'Indeterminate partner' principle ▪ End age: up to 68 years of age of partner.
Orphan's pension	▪ 8% of the pensionable salary up to the maximum (without deduction of franchise) ▪ Only coverage during active service (in line with current SNPS scheme) ▪ End age: 25 years ▪ Double coverage with full orphan.
(Voluntary) Continuation partner pension after end of participation	▪ Standard drain: 3 months ▪ Opt-in option for subsequent coverage until retirement with annual opt-out option for the participant. ▪ Funding during voluntary continuation by pension capital participant.
Disability Retirement	▪ Occupational disability pension is taken outside the pension scheme and offered from the employer through an insurer yet to be determined. ▪ The starting point is a coverage of 90% of the pensionable salary up to a maximum equal to the WIA limit (EUR 71,628 per 1 January 2024) and a coverage of 70% for the pensionable salary above this limit. ▪ The costs will be borne by the employer.
Waiver of premium in the event of disability	▪ Part of the pension scheme. ▪ Costs are borne by the employer.
Other	
Period for spreading results during payment phase	Five years (unless otherwise proposed by the Board).

Appendix 5 - Details at coverage level 138%

Assumptions used

The assumptions used in the calculations are shown in a comprehensive principles document that is included as Appendix 14 to this transition plan. The principles document contains both the assumptions for SSPF and for SNPS.

The calculations used the prescribed scenario sets as published by DNB on a quarterly basis, more particular those as of 30 September 2023.

The assumed participant base at the intended transition time (January 1, 2027) is derived from the file as of December 31, 2022 based on a so-called rollover; the participants are assumed to age, to leave employment, to die and to retire according to the probability systems used for this purpose. The financial position at the moment of transition is assumed to be the same as on 30 September 2023 in the basic variant. At that time, the fund's coverage ratio was 138%. Appendix 6 includes the results at the minimum value transfer coverage rate of 125%.

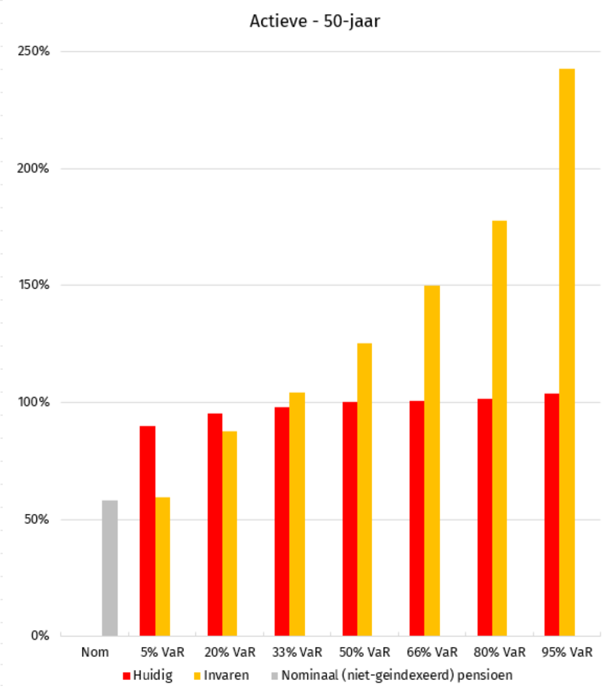
The calculation of the current system is based on catch-up indexation from a coverage ratio of 125%. Furthermore, it is assumed that there is no longer an exception for future resistant indexing, both for regular indexation and for catch-up indexation. The cost-covering premium is determined on the basis of attenuation of return, whereby the employer pays additionally if the coverage ratio is lower than 105%, and if the coverage ratio is higher than 125%, the premium is lowered. If the coverage ratio is higher than 170%, reimbursement to the employer is also discussed.

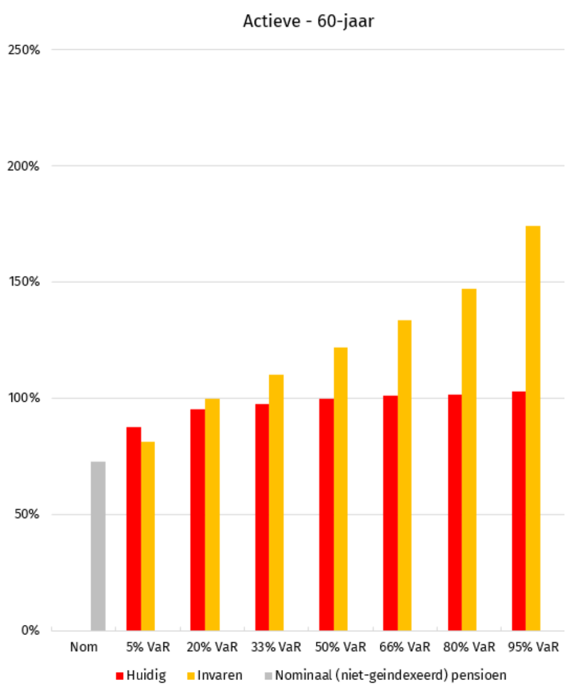
The investment policy assumed for the current scheme is the investment policy in force on 30 June 2022. This is in accordance with the legal requirements that determine that the ABTN as of that date is the main rule. The new scheme is based on the investment policy as currently pursued by SNPS. The external advisor of Shell Nederland and the COR indicated that it can be expected that the current risk profile of SNPS, the investment policy supplemented with the risk mitigating measures, will be close to the expected average risk profile within the Wtp.

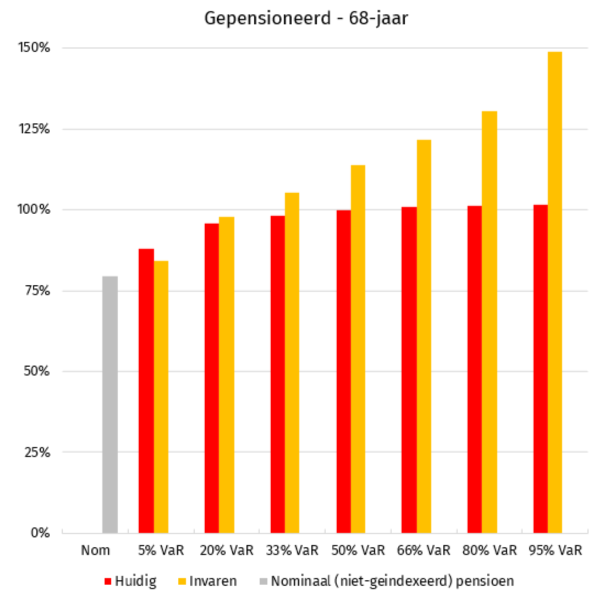
As included in the basic principles document, the calculations below assume a risk-sharing reserve of EUR 500 million. Any additional risk mitigating measures that SSPF can take for pensioners have not yet been taken into account.

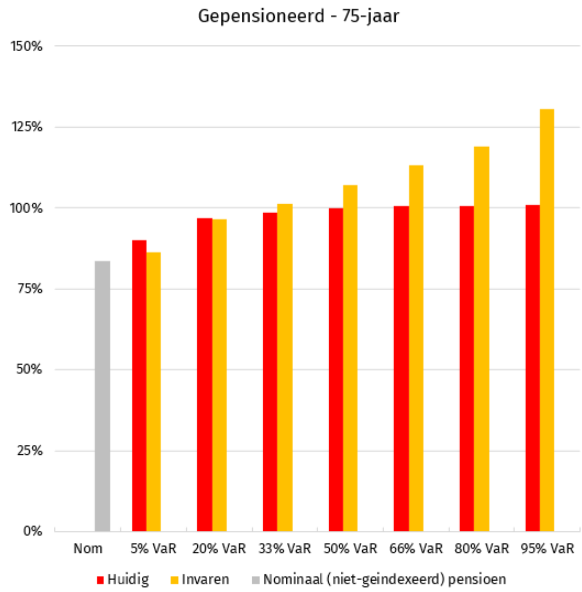
Effects in terms of expected pension outcomes

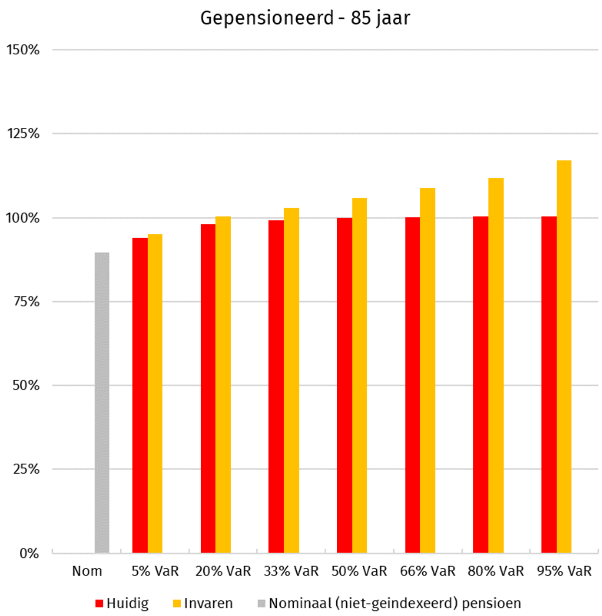
Value transfer and Current











In the graphs above, the pension outcomes in the new scheme, based on value transfer into that new scheme (value transfer), are compared with the outcomes in the current scheme (current). The results are shown at five different ages. The total of all expected benefits is expressed as a percentage of the sum of the expected benefits in the current pension scheme (red: 50% VaR). This means that a percentage of more than 100% means that the total of all benefits is more than the expectation in the current scheme and a percentage of less than 100%, which means that the total of all benefits is less than the expectation in the current scheme.

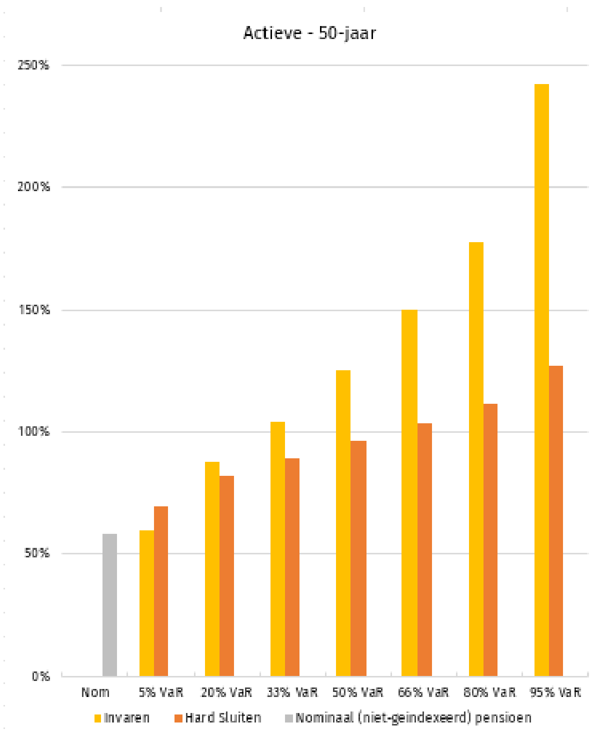
The grey bar shows a nominal pension. The sum of all nominal benefits for a 50-year-old participant (the leftmost bar in the graphs) is therefore approximately 55% of the sum of all expected benefits in the current scheme.

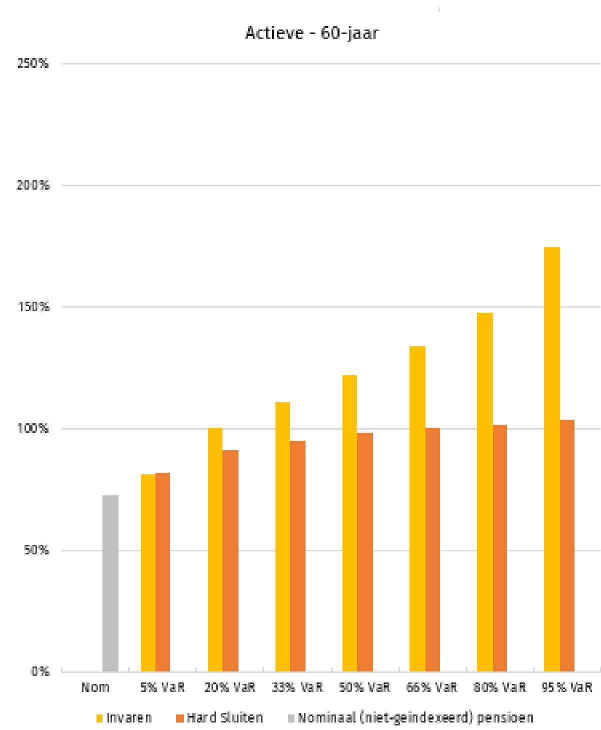
The **red bars** show the sum of the benefits in the current scheme, expressed as a percentage of the expected sum of all benefits (50% VaR). This percentage is shown per percentile of the calculated scenarios. The percentage below the bar represents the percentage of scenarios in which the results are worse than shown in the relevant bar. For the 50-year-old participant, the first graph, the percentage for the current arrangement in the 5th percentile (the leftmost red bar in that graph) is approximately 90%. This means that the ratio between the sum of all benefits in the current scheme is lower than 90% of the expected benefits in the current scheme in 5% of the cases, or higher than that in 95% of the cases.

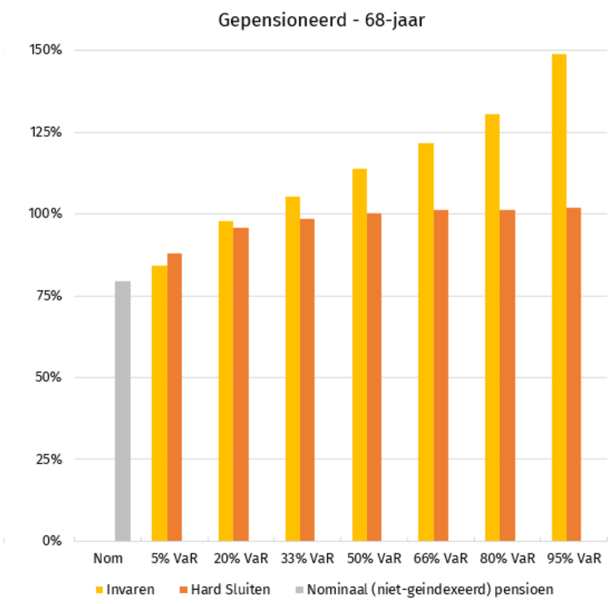
The **red bars** are close to or at 100% for all participants and in all scenarios. This is because the current system does not allow more than full indexation, so that the expected benefits are the same in many scenarios. The current financial position and the relatively risk-averse investment policy, together with the additional payment provision, ensure that the percentage with a starting coverage ratio of 138% also remains near the 100% in bad scenarios.

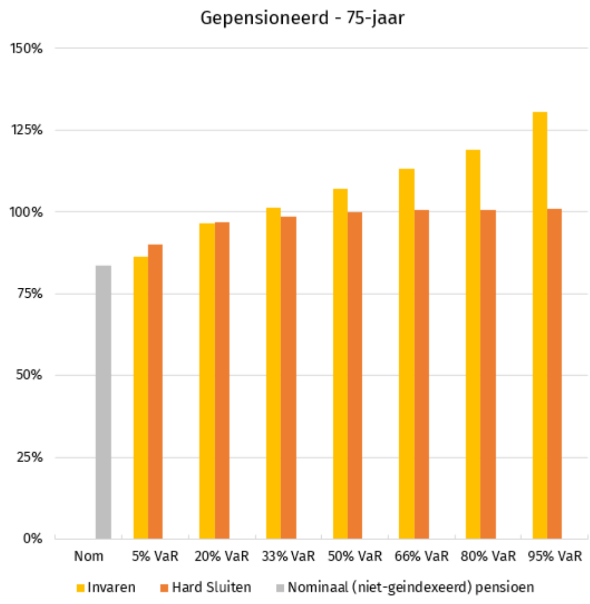
The **yellow bars** represent the results in the new scheme. It is clearly visible that the percentages between the different displayed percentiles differ much more than in the current scheme. In addition, the results are clearly visible, not only to get much better in the expected and good scenarios, but that this is the case even in an average of about 75% of the scenarios. The yellow bars are higher than the red bars in most scenarios. The results of the new scheme are therefore better in most scenarios than those in the current scheme.

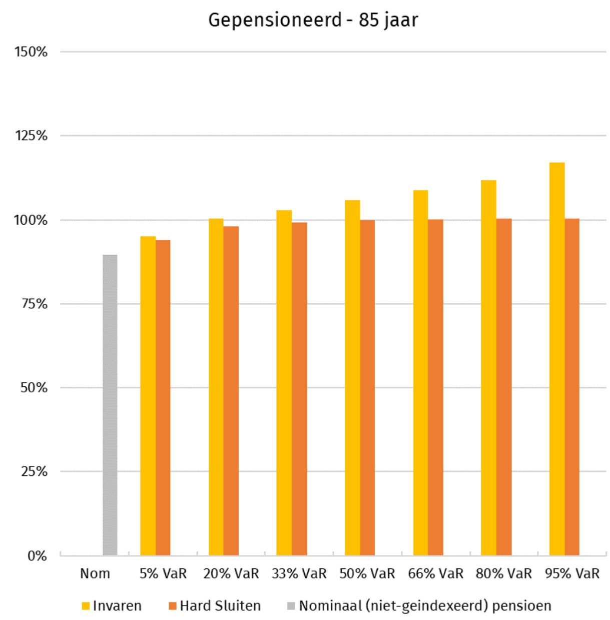
<u>Value transfer and hard close</u>











The five graphs above are intentionally the same as those for the comparison between the current and the new regulation, but here the comparison is made between the new regulation with (value transfer) and without value transfer (hard closing). In the event of a hard close, the accrued rights remain in the current system (benefit scheme). The entitlements accrued by active members from 1 January 2027 onwards will be accrued in the new system (defined contribution scheme).

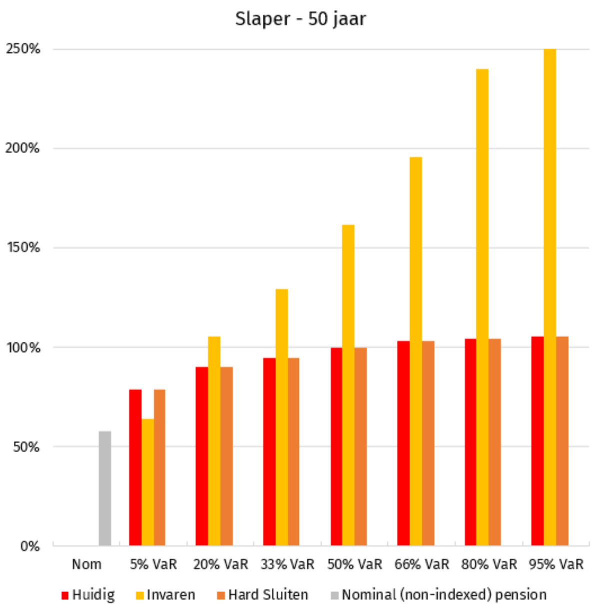
The compensation made available to the active participants is included in the results, both in the case of value transfer and in the case of a hard close.

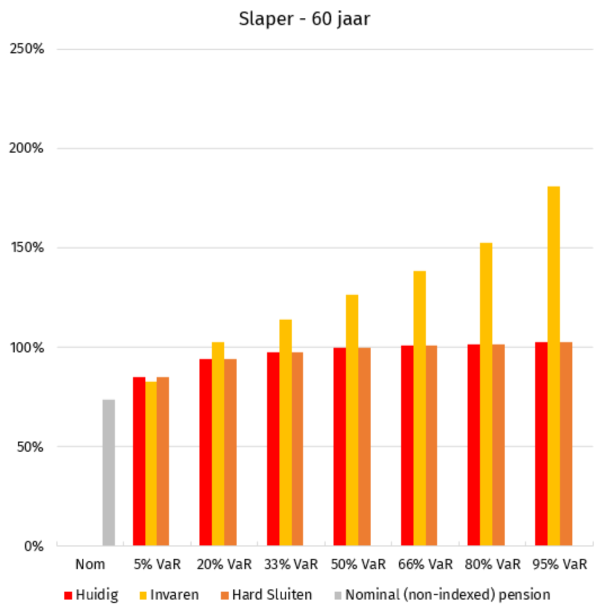
In the event of a hard close, this compensation is broader than in the case of value transfer, namely in such a way that the results are expected to be at least equivalent in 60% of the scenarios.

The yellow bars represent the ratio between the benefits in the new scheme including value transfer and the expected benefits in the current scheme. These are identical to those in the previous comparison between the current and the new scheme.

The orange bars represent the ratio between the benefits in the new scheme and the expected benefits in the current scheme if the current rights and entitlements already accrued remain in the current system, i.e. if value transfer is waived. For active participants, the new accrual does take place in the new flexible pension scheme (defined contribution scheme). Only for the rights and entitlements already accrued will the protection that the current financial position in combination with the additional payment provision remain in force, but the upward potential that the new scheme enables does not arise for the already accrued claims.

The results if value transfer is waived are similar to those of continuation of the current scheme. Here too, the results for all participants in most scenarios (namely in approximately 75% of the scenarios) will be better with value transfer than would be the case without value transfer.





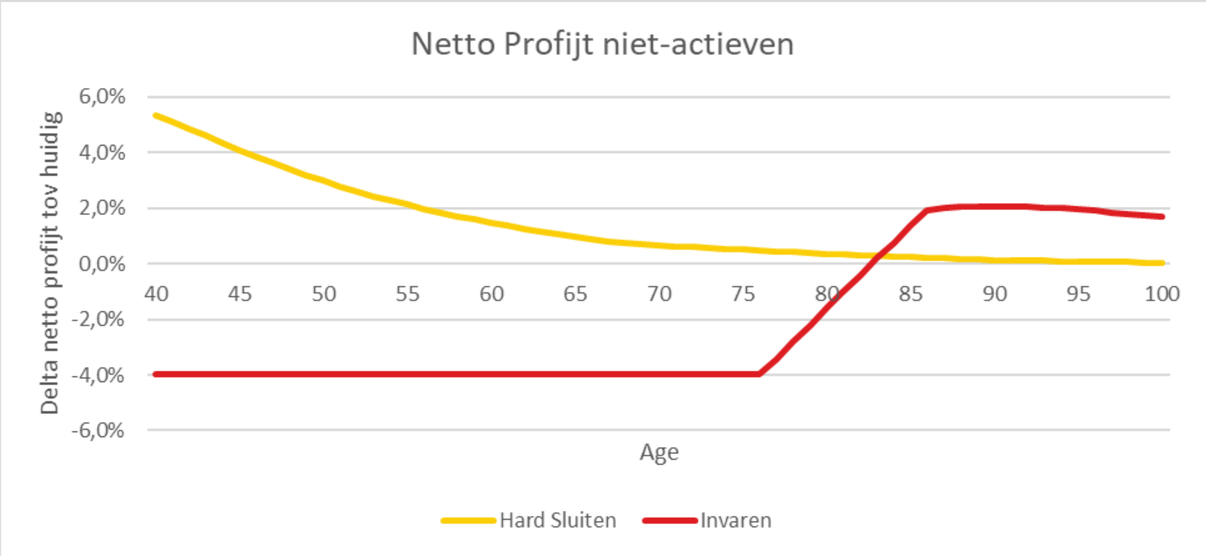
The previous graphs concerned active and retired participants. In addition, the fund has to deal with deferred members. The main difference between active members and deferred members of the same age is that deferred members (at least in the SSPF scheme) are not confronted with the introduction of an age-independent premium. The benefits of the transition (and in particular of value transfer) that are shown to the deferred members are the benefits on the accrued entitlements and rights.

In particular, for the 50-year-old inactive member it can therefore be seen that the yellow beams (which represent the new scheme including value transfer) are even more positive here compared to the red and orange (which respectively represent the current scheme and the new scheme but then without value transfer) than is the case for active participants of the same ages. This is because the inactive member no longer has future accrual at SSPF and that no adjustment of the indexation policy takes place.

If value transfer is waived and SSPF is hard closed, the results will be similar to the results in the continuation of the current SSPF scheme. Here too, the expected outcomes for all participants in most scenarios (namely in approximately 75% of the scenarios) are better with value transfer than would be the case without value transfer.

Effects in terms of net benefit

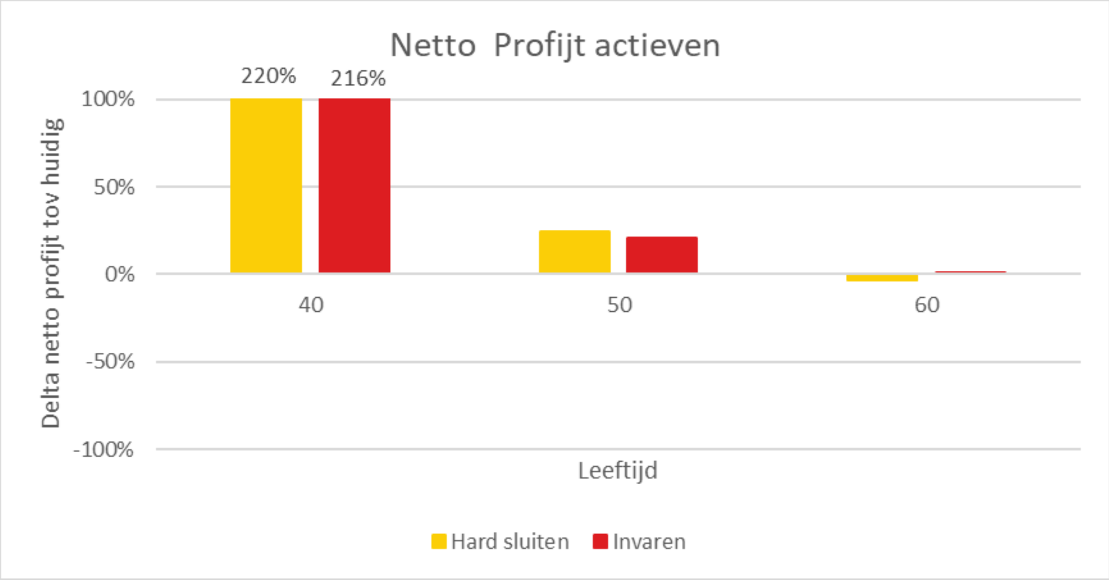
Like the scenario results described in the previous paragraph, the net benefit effects have also been determined on the basis of statutory scenario sets published by DNB on a quarterly basis. Unlike the scenario results, the net benefit effects use so-called risk-neutral scenario sets. In practice, these are also referred to as q-sets, distinguishable from the p-sets to be used for the scenario results.



The graph above shows the net benefit effects for deferred members and retirees. The yellow line concerns the percentage effects on the net benefit if no value transfer is made, the red line shows the percentage effect if a value transfer is made. In both cases, it concerns the change in the net benefit compared to the continuation of the scheme in the current system.

For all ages, the effect that the red line represents is identical up to approximately age 80. From age 80, the net benefit gradually increases to approximately +2%. The way in which the value of rights and entitlements is determined in case of value transfer is such that this result is the automatic consequence thereof. If the compensation would not be financed from the buffers of the fund, the net benefit on value transfer for all ages below 80 would be –2.1%, for ages above 80 there would be no impact.

The main reasons that the red line is negative are the loss of protection in negative scenarios plus the financing of the compensation for the introduction of an age-independent premium. This decreasing protection is also reflected in the pension expectations shown above, which improve in the vast majority of the scenarios but show a deterioration in worse scenarios.



For actives, the net benefit effects, both with and without value transfer, are mainly positive – especially for younger actives. This is to a large extent the result of the closed nature of the fund and that the indexation of the active members is now financed from the premium. In the current scheme, the premium is relatively high due to the unconditional indexation.

In the future, this premium would increase further due to an ageing population and an increasingly smaller population of active participants.

If a value transfer is made and the active participants would not be compensated for the transition from age-dependent to age-independent accrual value, the net benefit would be approximately 10% points lower for the 40- and 50-year-old active participant descending to 1% point for the 60-year-old active participant.

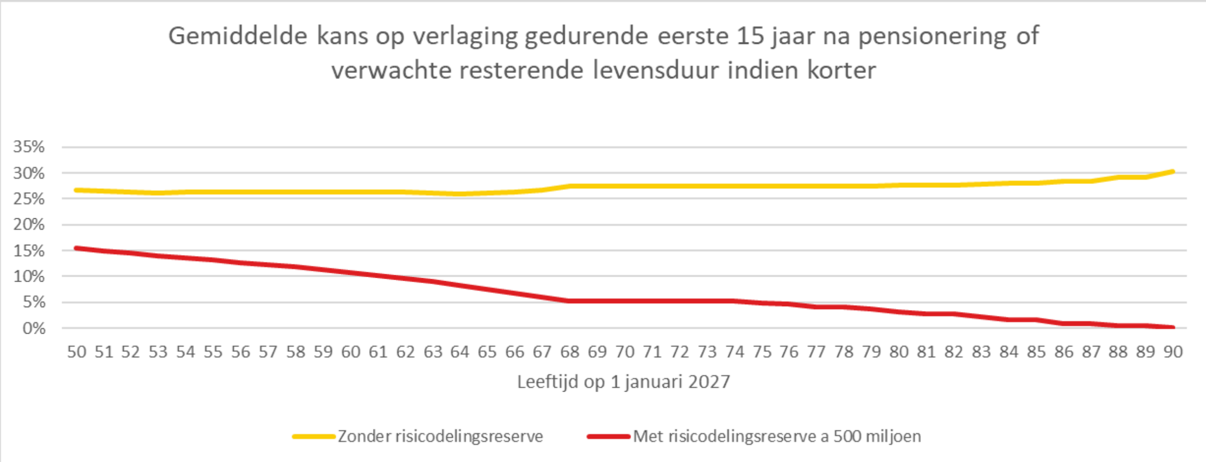
Stability in the benefit phase

The distributions increase due to value transfer, but can then also decrease (in the event of disappointing investment results). This is inherent in that new system for the future, which is partly because all buffers are allocated to participants after value transfer and are converted into a higher pension.

Appendices 9, 10 and 11 provide insight into how the progress of the benefits in the new system compares to how this would be in the current system, so that the initial increase resulting from the value transfer exercise can be considered in conjunction with the future purchasing power ability.

Although the benefit level will be higher, the chance of year-to-year reductions for already and almost retired participants is an important change compared to the (nominal) security they now know or expect. In addition, because of a shorter investment horizon, older participants have less time to recover from disappointing investment results compared to younger participants. For this reason, extra guarantees are created for this group in the transition, which greatly limits the chance of negative adjustments to the benefits (after the benefits have been increased during the transition) during the first fifteen years after the transition to the new system.

The average chance of a pension cut (after the initial increase as a result of allocating the buffer at once) over the first 15 years after transition (or over the remaining expected life if this is shorter), is hereby reduced to 5% or less for all already pensioners. This is based on the minimum risk-sharing reserve of EUR 500 million. The graph below shows the chances of pension cuts for the inactive participants from the age of 68 on this basis.



The yellow line represents by age the average chances of reductions in any year during the first 15 years after transition (or the remaining life expectancy if it is less than 15 years) without a risk-sharing reserve. These chances are between 25% and 30% for participants aged 68 years or older at the time of transition. The red line represents the average chances of reductions with a risk-sharing reserve of EUR 500 million. This risk-sharing reserve reduces the chances to approximately 5% for pensioners under the age of 74. The chances of reductions are gradually decreasing for pensioners who are 75 years of age or older.

The chances shown in the graph can be further mitigated by SSPF. This can be done, for example, by offering a defensive collective investment circle in which the buffer is not fully converted into a higher pension but is partially converted into a lifelong fixed annual increase in the pension benefit, or by using the remaining budget for risk mitigation of EUR 250 million for a larger risk-sharing reserve or for external procurement of additional protection.

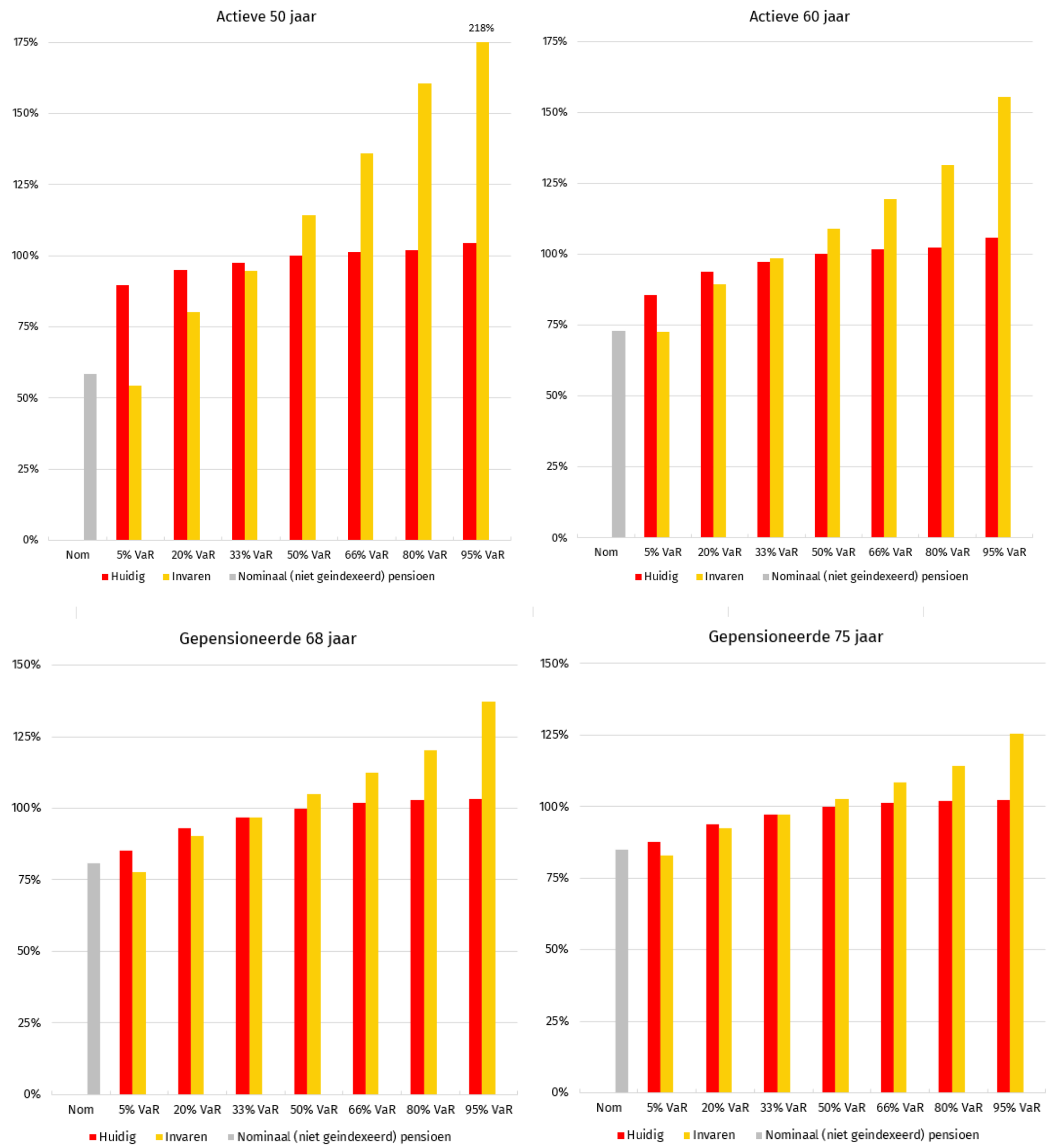
Appendix 6 – Details of minimum value transfer coverage rate of 125%

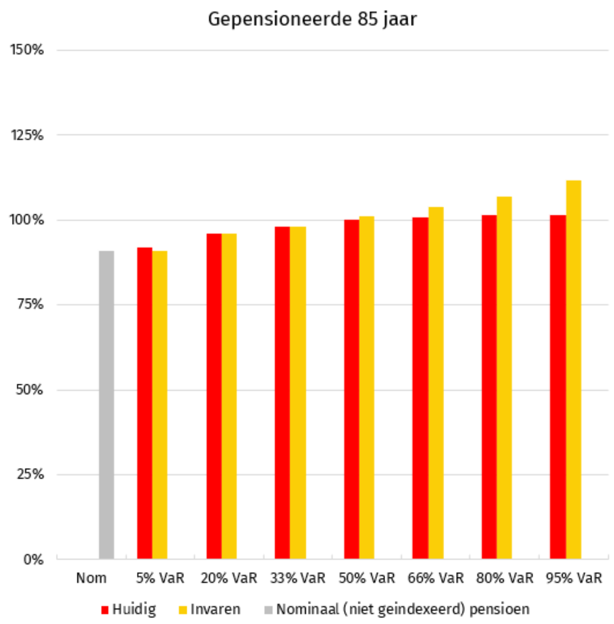
Assumptions used

The assumptions used in the calculations are identical to those in Appendix 5. The only difference is that the outcomes presented in this Appendix assume a value transfer coverage ratio of 125% at the transition time 1 January 2027, the minimum intended by Shell Nederland and the COR.

Effects in terms of expected pension outcomes

<u>Value transfer and Current</u>





In the graphs above, the pension outcomes in the new scheme, based on value transfer into that new scheme (value transfer), are compared with the outcomes in the current scheme (currently) based on a value transfer coverage ratio of 125% at the moment of transition.

In the case of value transfer, the compensation made available to the active participants is included in the results. The results are shown at five different ages. The total of all expected benefits is expressed as a percentage of the sum of the expected benefits in the current pension scheme (currently: 50% VaR). This means that 100% corresponds to the sum of all benefits that a participant could expect if the current scheme were continued.

The **grey bar** shows a nominal pension. The sum of all nominal benefits for a 50-year-old participant (the leftmost of the four graphs) is therefore approximately 55% of the sum of the expected benefits in the current pension scheme.

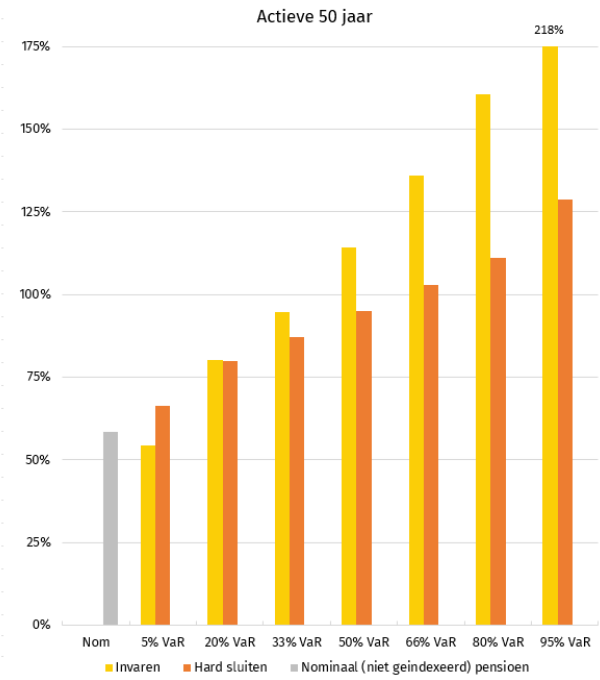
The **red bars** show the sum of the benefits in the current scheme, expressed as a percentage of the sum of the expected benefits (50% VaR). This percentage is shown per percentile of the calculated scenarios. The percentage below the bar represents the percentage of scenarios in which the results are worse than shown in the relevant bar. For the 50-year-old participant, the first graph, the percentage for the current arrangement in the 5th percentile (the leftmost red bar in that graph) is approximately 90%. This means that the ratio between the benefits in the current scheme and the expected benefits is lower than 90% in 5% of the cases, or higher than that in 95% of the cases.

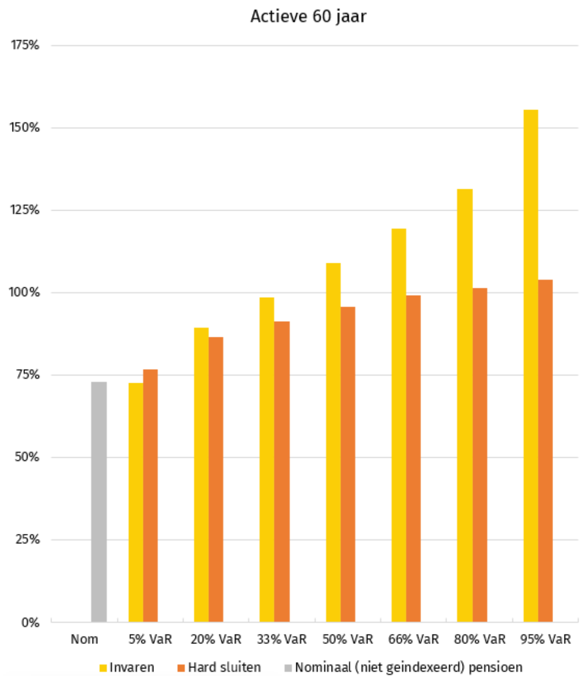
The **red bars** are close to or at 100% for all participants and in all scenarios. This is because the current system does not allow more than full indexation, so there are many scenarios where the benefits are fully compensated. If more capital is required, this capital may not be used to index more than the price inflation. The current financial position and the relatively risk-averse investment policy, together with the additional payment provision, ensure that the percentage remains close to 100% even in bad scenarios.

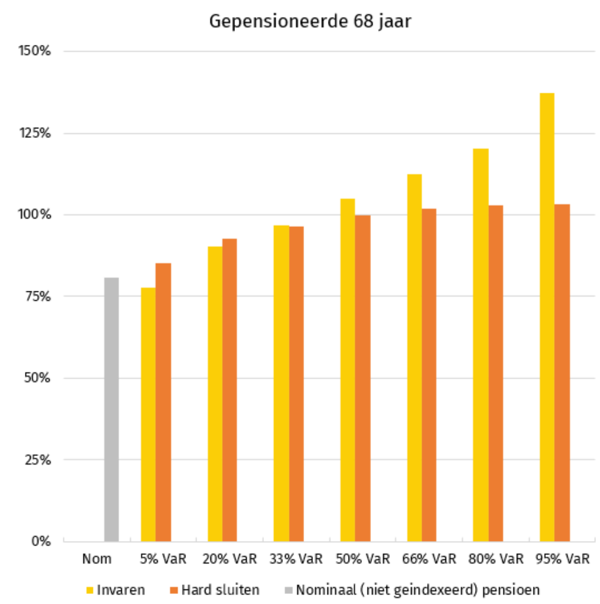
The yellow bars represent the results in the new scheme when value transfer takes place. These are lower at all percentiles and for all ages than in Appendix 5. After all, there is less capital to allocate during the transition. It is also clearly visible with this lower transition coverage ratio that the percentages between the different displayed percentiles (very bad weather, bad weather, in line with expectations, good weather and very good weather) differ much more from each other than in the current scheme. In addition, the results are clearly visible, not only the pension is much better in the expected and good scenarios, but that is even the case for most participants on average in about 2/3 of the scenarios.

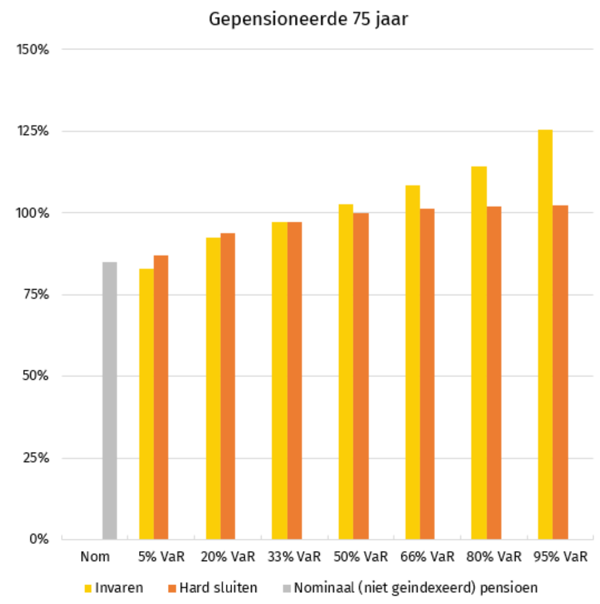
The yellow bars are higher than the red bars in most scenarios. The results of the new scheme are therefore better in most scenarios, also based on this transition coverage ratio than those in the current scheme.

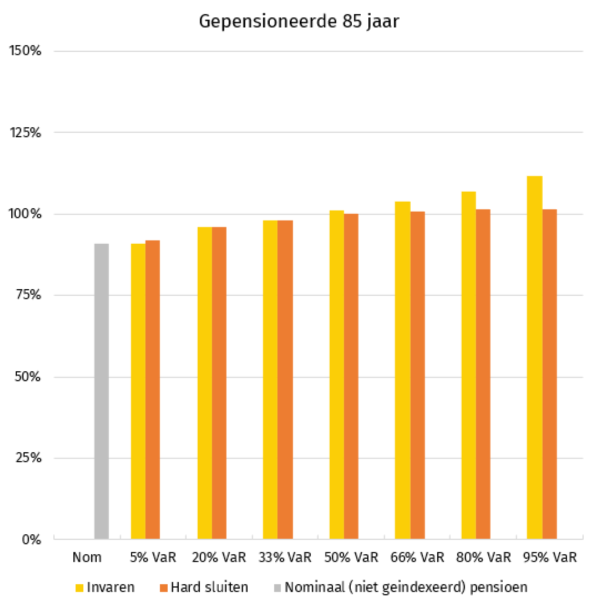
<u>Value transfer and close hard</u>









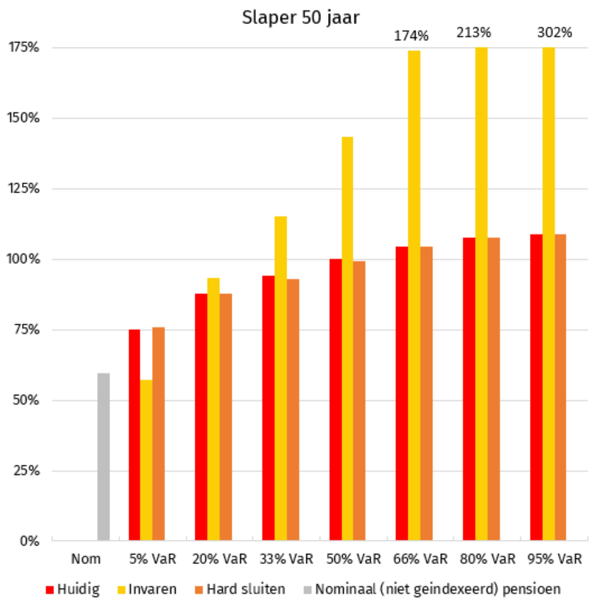


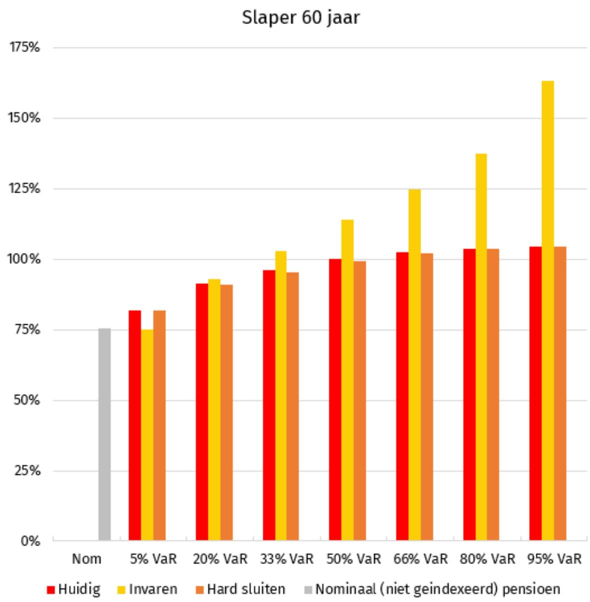
These five graphs above are intentionally the same as for the comparison between the current and the new scheme, but here the comparison is made between the new scheme with (value transfer) and without value transfer (hard closing). The compensation made available to the active participants is included in the results both in the case of value transfer and in the case of hard closure.

The **yellow bars** represent the ratio between the benefits in the new scheme including value transfer and the expected benefits in the current scheme. These are identical to those in the previous comparison between the current and the new scheme.

The **orange bars** represent the ratio between the benefits in the new scheme and the expected benefits in the current scheme if the current rights and entitlements remain in the current system, i.e. if value transfer is waived for the already accrued rights and entitlements. For these rights and entitlements, the protection provided by the current financial position in combination with the additional payment provision remains in force, but does not create the upward potential that the new scheme enables.

However, the new entitlements of the active participants are accrued in the flexible pension scheme (defined contribution scheme) in the event of close.





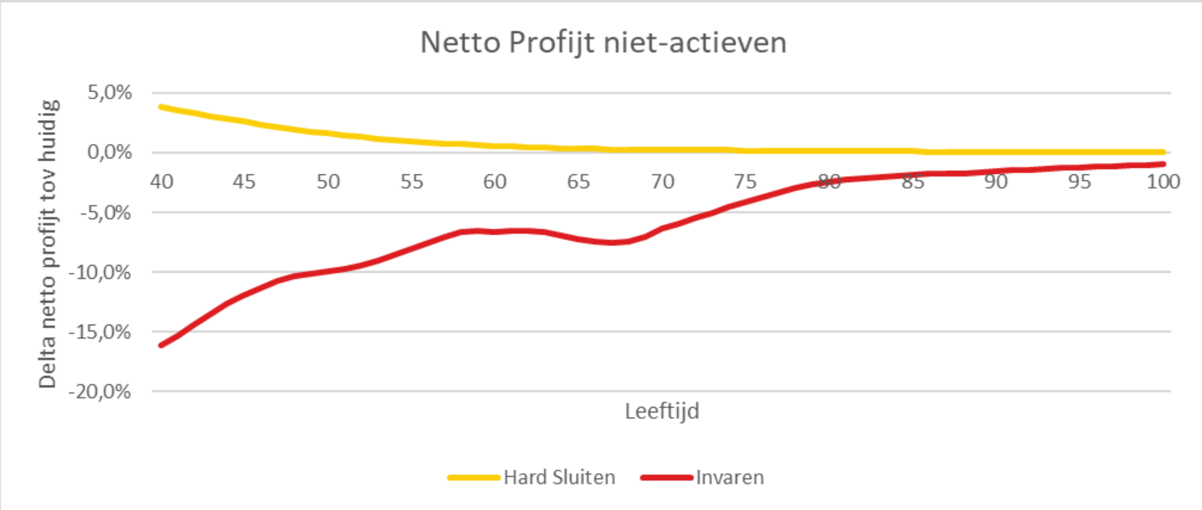
The previous graphs concerned active and retired participants. In addition, the fund has to deal with deferred members. The main difference between active members and deferred members of the same age is that deferred members are not confronted with the introduction of an age-independent premium in the SSPF scheme. The benefits of the transition (and in particular of value transfer) that are shown to the deferred members are the benefits on the accrued entitlements and rights.

For the 50-year-old deferred member in particular, it can therefore be seen that the yellow beams (which represent the new scheme including value transfer) here also with the lower transition coverage ratio are even more positive compared to the red and orange (which respectively represent the current scheme and the new scheme but then without value transfer) than is the case for active participants of the same ages. This is because the deferred participant no longer has future accrual at SSPF.

The results if value transfer is waived (a hard close), are similar for the inactive participants to those with continuation of the current scheme (current). For active participants, the hard-closing outcomes are slightly lower than the outcomes when continuing the current scheme (currently). Whereas in the comparison between value transfer and current, value transfer for almost all participants in 67% of the scenarios leads to better outcomes, the results for all participants in at least 67% of the scenarios are better than the results in close.

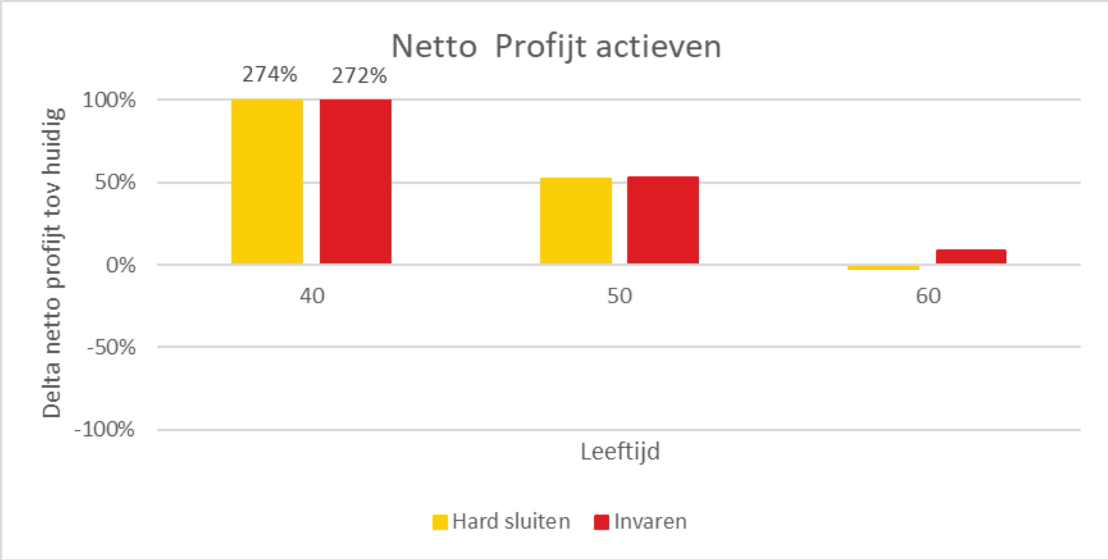
Effects in terms of net benefit

As for the scenario results described in the previous paragraph, the net benefit effects were also determined based on statutory scenario sets that are published by DNB on a quarterly basis. Unlike the scenario results, the net benefit effects use so-called risk-neutral scenario sets. In practice, these are also referred to as q-sets, distinguishable from the p-sets to be used for the scenario results.



The graph above shows the net benefit effects for deferred members and retirees. The yellow line concerns the percentage effects on the net benefit if no a value transfer is made, the red line shows the percentage effect if a value transfer is made. In both cases, it concerns the change in the net benefit compared to the continuation of the scheme in the current system. The red line starts at –15% and increases the older the participant. This is caused by the fact that relatively more capital goes to the elderly in case of value transfer, based on the precondition to provide a perspective that the expected pension outcomes when integrated in at least 2/3rd part of the scenarios show a better pension outcome for all groups of participants. As a result, the elderly receive relatively more value at a lower coverage level than at a higher coverage level.

The main reasons that the red line is negative are the loss of protection in negative scenarios plus the financing of the compensation for the introduction of an age-independent premium. The value of this protection is greater to the extent that the coverage ratio is lower, so that the loss of the protection with a coverage ratio of 125% has a greater negative effect than with a coverage ratio of 138%. This decreasing protection is also reflected in the pension expectations shown above, which improves in the vast majority of the scenarios but shows a deterioration in worse scenarios.



For actives, the net benefit effects, both with and without value transfer, are mainly positive – especially for younger actives. This is to a large extent the result of the closed nature of the fund and that the indexation of the active members is now financed from the premium. In the current scheme, the premium is relatively high due to the unconditional indexation and this premium gradually increases due to the ageing population and rests on an increasingly smaller population of active people.

The elimination of this aspect of the current scheme, together with the compensation for the introduction of an age-independent premium, leads to an apparent benefit in terms of net benefit as determined according to the regulations. If a value transfer is made, and the active participants would not be compensated for the transition from age-dependent to age-independent accrual value, the net benefit would be approximately 10% points lower for the 40- and 50-year-old active participant descending to 1% point for the 60-year-old active participant.

Stability in the benefit phase

The distributions increase due to value transfer, but can then also decrease (in the event of disappointing investment results). This is inherent in that new system for the future, which is partly because all buffers are allocated to participants after value transfer and are converted into a higher pension. Despite this, this is an important change for already and almost retired participants compared to the degree of (nominal) security they now know or expect.

Older participants also have less time to recover from disappointing investment results compared to younger participants due to a shorter investment horizon. For this reason, extra guarantees are created for this group in the transition, which greatly limits the chance of negative adjustments to the benefits (after the benefits have been increased during the transition) during the first fifteen years after the transition to the new system.

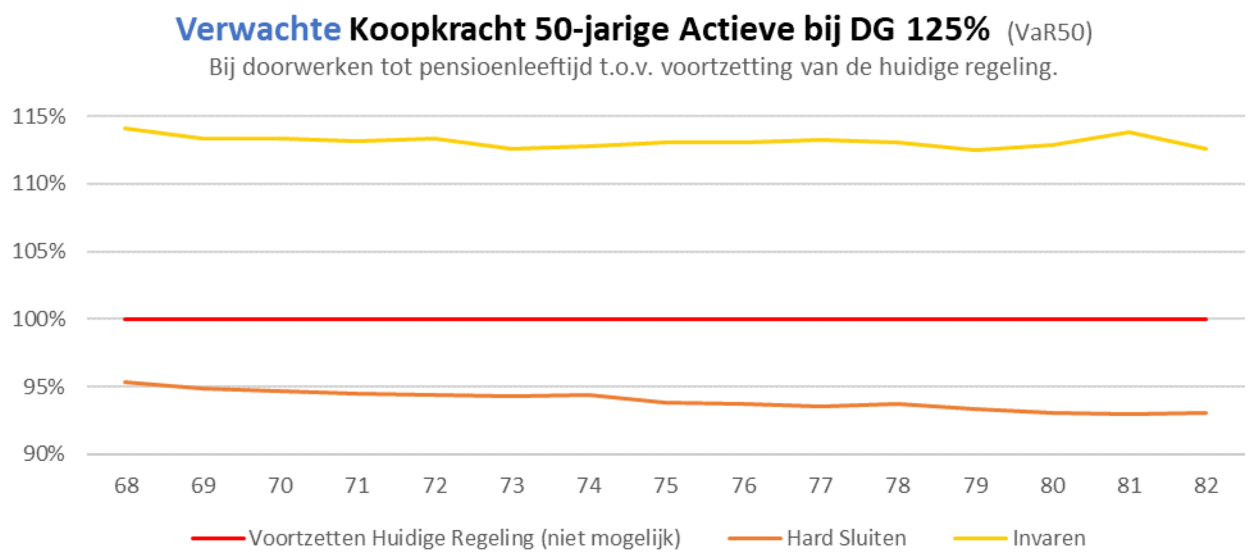
The chance of a pension cut is almost as great with a lower coverage ratio as with a higher coverage ratio, after all in both cases a risk-sharing reserve of EUR 500 million is formed which is then used to prevent decreases. With a slightly lower coverage level, the chances on pension cuts are even slightly lower (not significant) because the pensions have been slightly increased, which means that potential pension cuts that must be absorbed by the risk-sharing reserve are also slightly smaller. (This measure is in addition to the mitigating effect of spreading returns within an investment circle over 5 years.) Because the graph showing the pension cut chances at a value transfer coverage ratio of 125% is almost the same as the graph with the pension cut chances at a value transfer coverage ratio of 138%, the graph was left out here.

Appendix 7 – Purchasing power development at a coverage ratio of 125%

This Appendix shows the expected purchasing power development of a number of age cohorts, and also the purchasing power development if it is going worse or better economically.

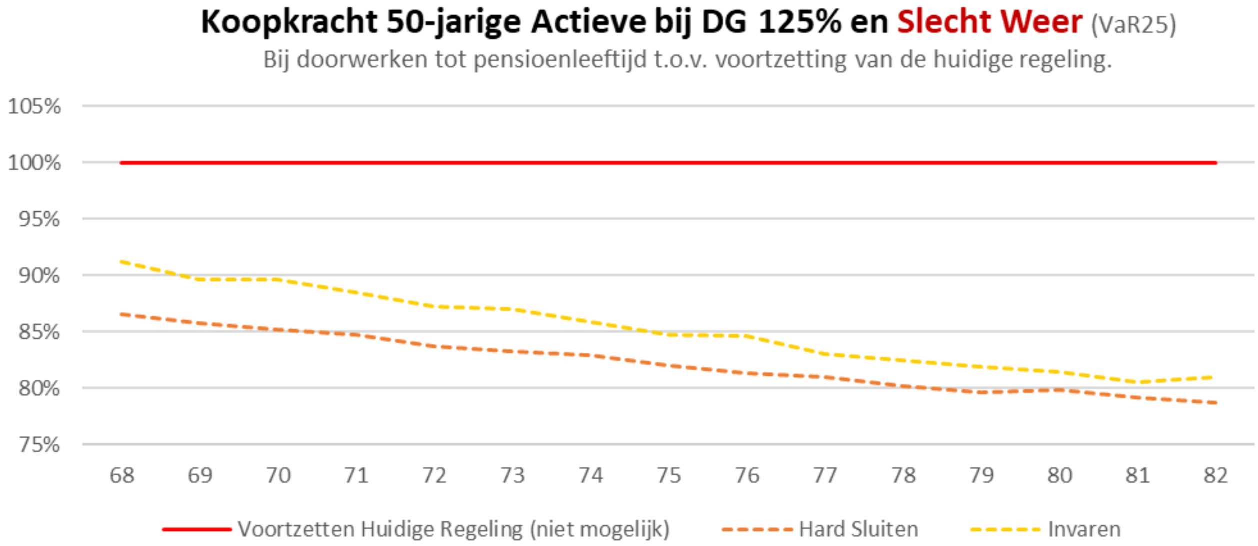
50-year-old active participant

The purchasing power development from age 68 onwards is shown below for a 50-year-old participant in 2027. The purchasing power is measured compared to continuing the current scheme if there would have been no Wtp (this is not an option). In addition, the minimum value transfer coverage ratio of 125% is assumed.

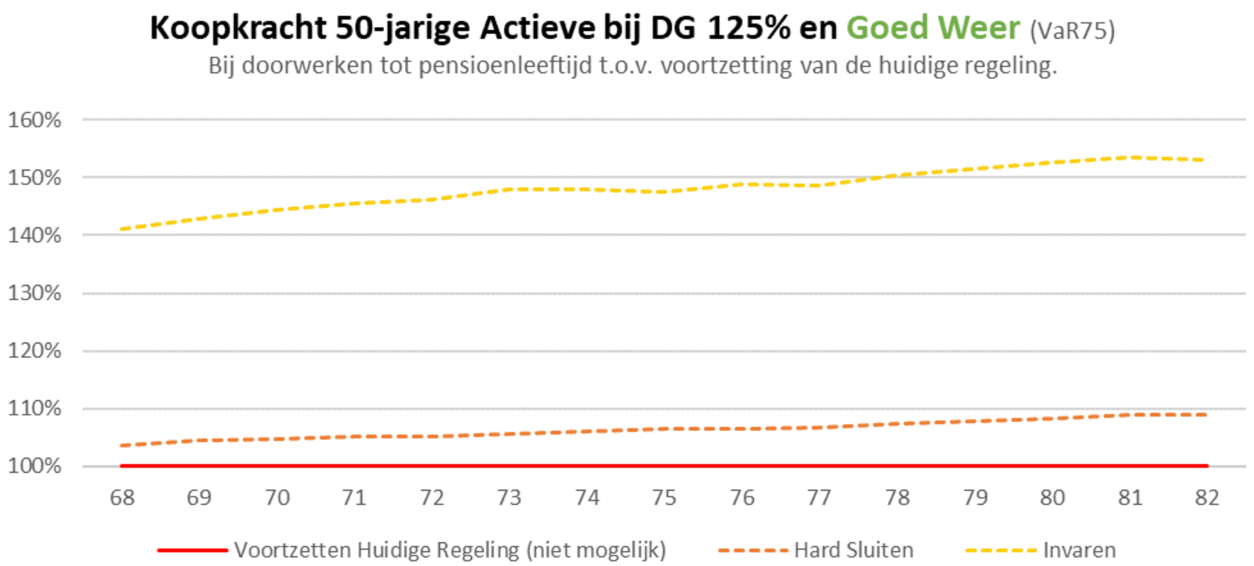


It is expected that the purchasing power will increase sharply due to value transfer (yellow line). In the event of hard closing, the expectation is that purchasing power will be surrendered (orange line). The purchasing power in case of a value transfer is much higher compared to a hard close.

If things are going worse economically, the purchasing power will decrease, both in case of value transfer (yellow line) and in case of a hard close (orange line). However, the purchasing power in an event of value transfer will be higher in comparison to the purchasing power in a hard close.



If the economy is well, the participant will also benefit from economic prosperity upon value transfer, and the purchasing power will increase significantly (yellow line). In the case of a hard close, this is not the case for the pension entitlements already accrued, which remain in the old system in which the indexation is fiscally capped. In the event of a hard close, only the future accrual, which will take place in a premium scheme in the new system, will improve, which means that the purchasing power of the total (orange line) is better than that of continuing the current scheme (red line).

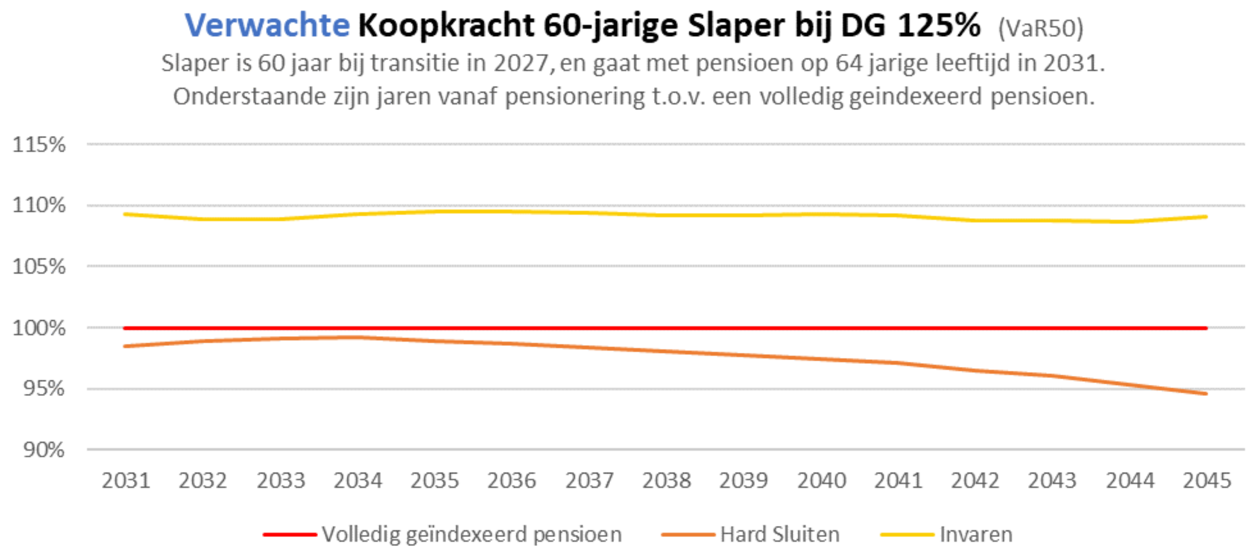


60-year-old deferred member

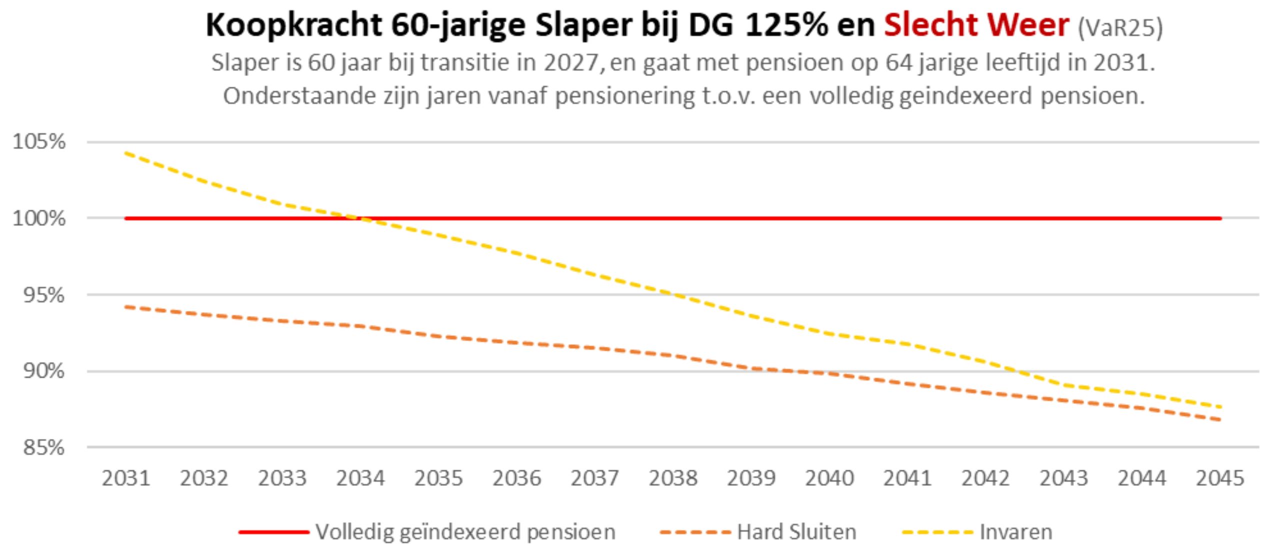
Below is the purchasing power development for a deferred participant who is 60 years old at the time of transition on 1 January 2027. This participant then retires at the age of 64.

The purchasing power is measured compared to a fully indexed pension, whereby inflation is fully granted. In addition, the minimum value transfer coverage ratio of 125% is assumed.

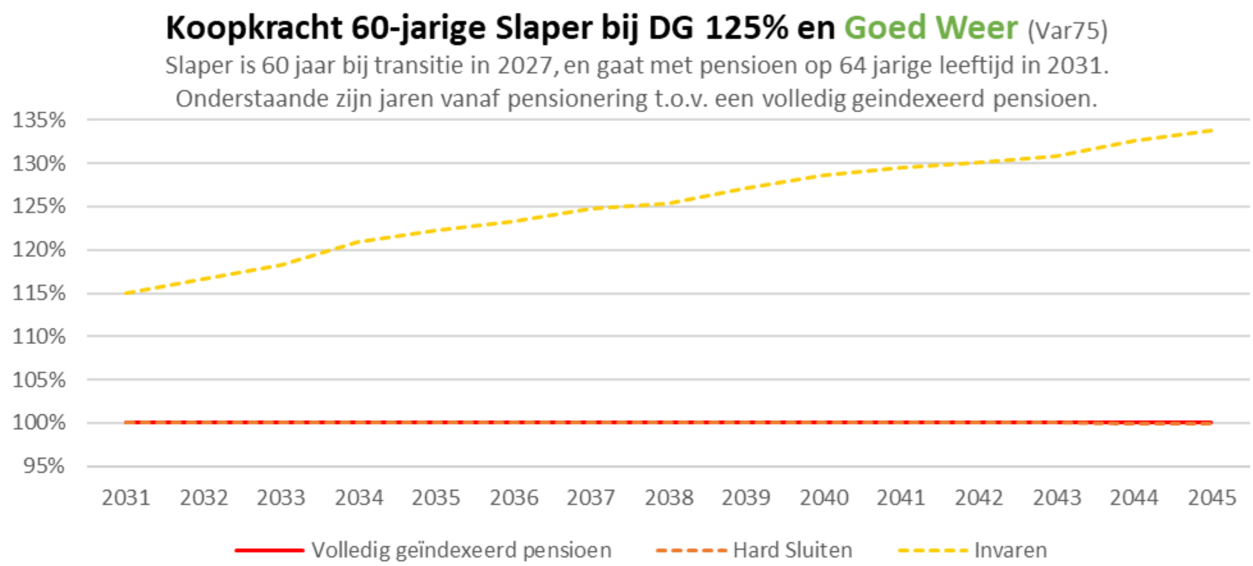
It is expected that the purchasing power will increase sharply due to value transfer (yellow line). In the event of a hard close, the expectation is that purchasing power will first decrease slightly and then further deteriorate in the longer term (orange line). The purchasing power when in case of a value transfer is much higher than in case of a hard close.



If things are going worse economically, the purchasing power will initially improve upon value transfer, but will then decrease (yellow line). However, in the event of hard closing, the purchasing power will immediately decrease and then further deteriorate in the longer term (orange line). However, the purchasing power in the case of value transfer will be higher than the purchasing power in the case of a hard close.



If the economy is going well, the deferred participant will also benefit from economic prosperity upon value transfer, and the purchasing power will increase significantly (yellow line). This is not the case with hard closing (orange line), the deferred participant cannot profit from economic prosperity due to the limitations of the old system in which the indexation is fiscally capped.

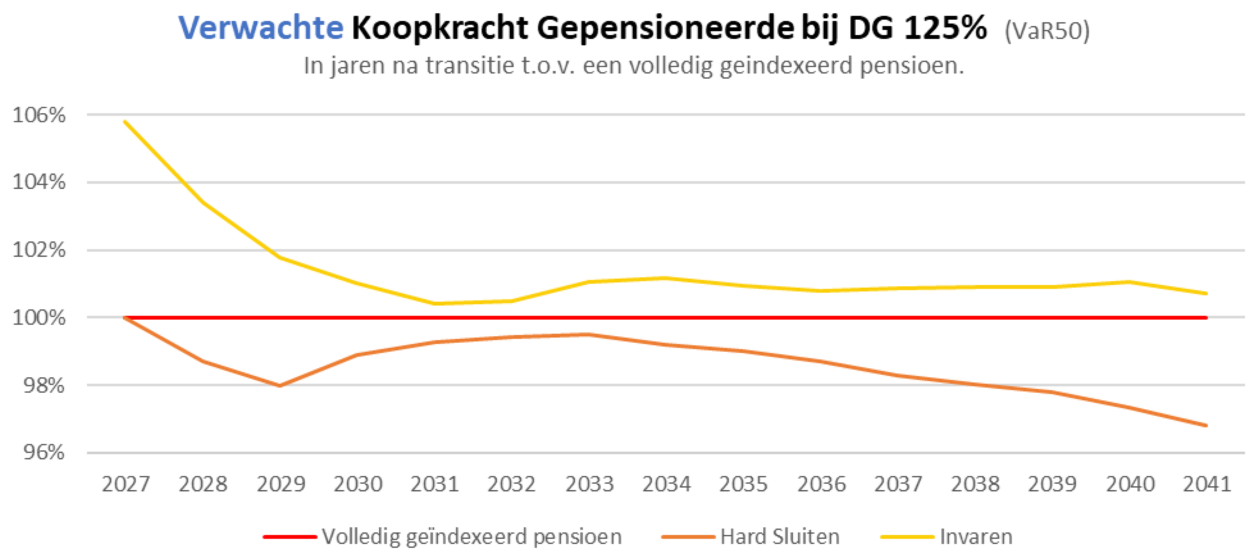


68-year-old retiree (also indicative of a 75-year-old retiree)

The purchasing power development for a 68-year-old pensioner is shown below, which is also indicative of a 75-year-old pensioner.

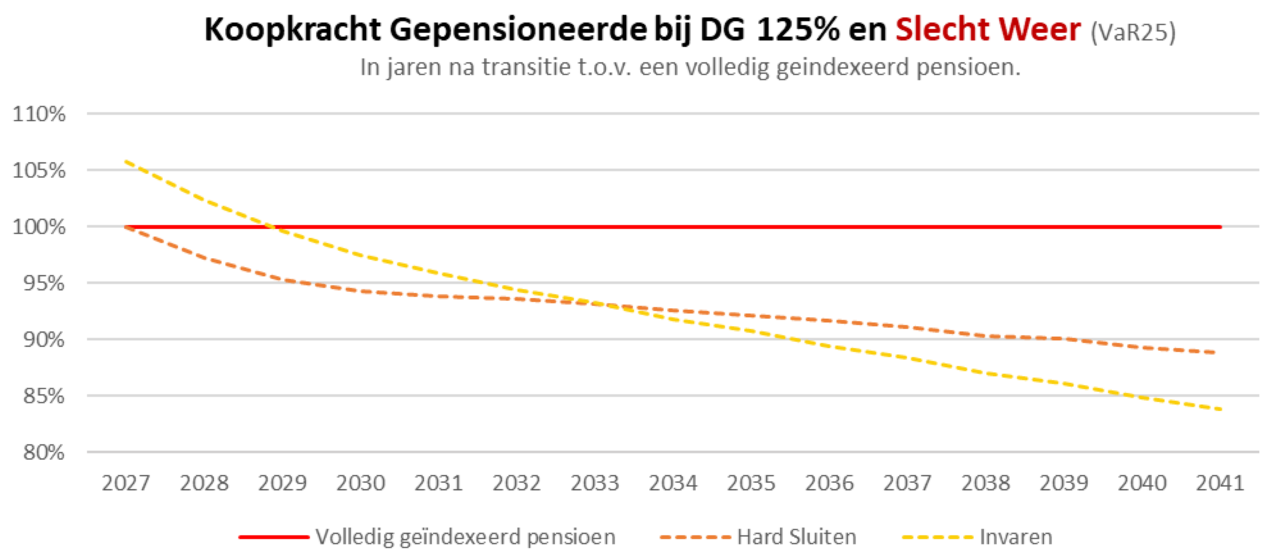
The purchasing power is measured compared to a fully indexed pension, whereby inflation is therefore fully granted. In addition, the minimum value transfer coverage ratio of 125% is assumed and from the time of transition on 1 January 2027.

It is expected that the purchasing power will increase immediately due to value transfer (yellow line) and in the longer term the purchasing power will remain above that of a fully indexed pension (red line). In the event of a hard close, it is expected that the purchasing power will immediately decrease and then further deteriorate in the longer term (orange line). The purchasing power in case of value transfer is higher than in the case of a hard close.

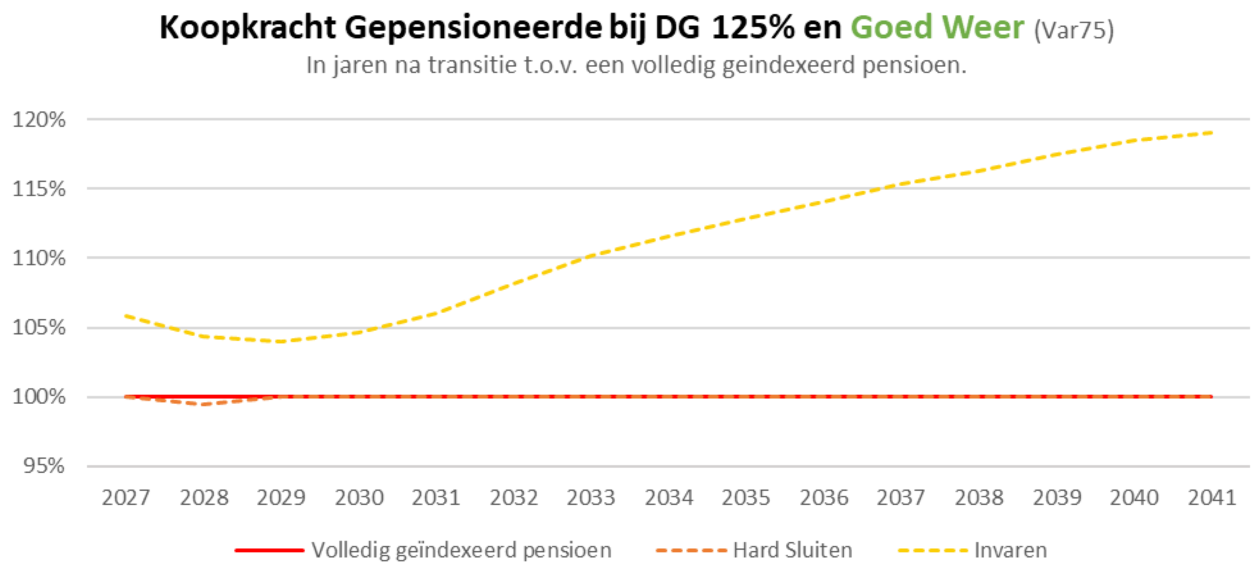


If things are going worse economically, the purchasing power will initially improve upon value transfer, but will then decrease (yellow line). However, in the event of a hard close, the purchasing power will immediately decrease and then further deteriorate in the longer term (orange line).

However, the purchasing power will be higher until 2034 upon value transfer. Due to life expectancy, the following years will be less important for some of the older pensioners.

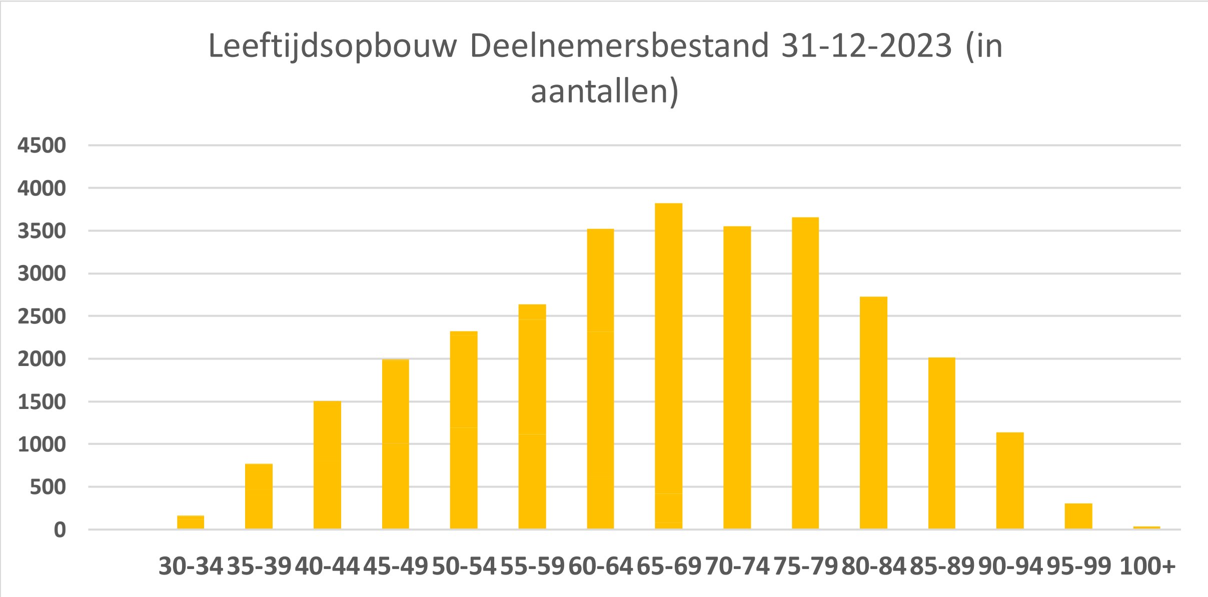


Upon value transfer, pensioners will also benefit from economic prosperity, and the purchasing power will increase immediately and then also further by increasing in the longer term (yellow line). This is not the case with a hard close (orange line), pensioners cannot benefit from economic prosperity due to the limitations of the old system in which the indexation is fiscally capped.



Appendix 8 - Demographics SSPF 2023

This graph shows the numbers of participants per five-year age cohort as of December 31, 2023. On the intended transition date, 1 January 2027, these ages will have increased further – after all, there are no new accessions. It concerns active people, deferred members and pensioners.



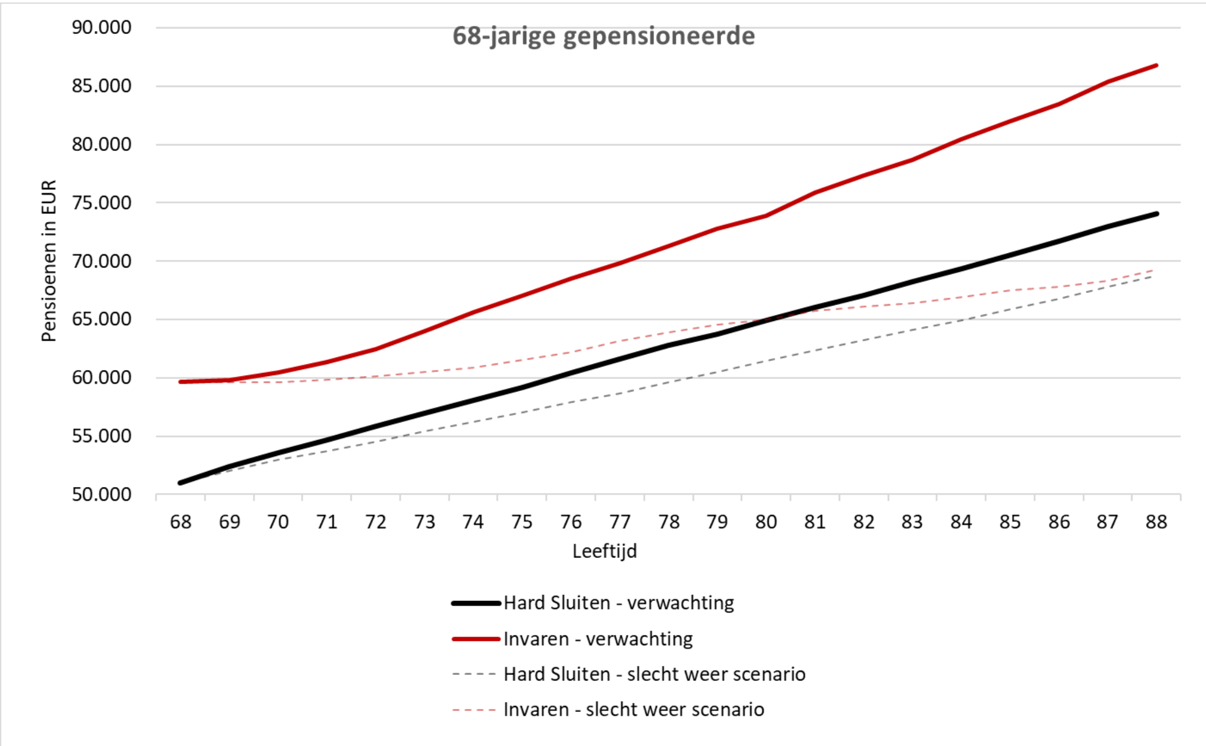
Appendix 9 –Development of old-age pension pensioners

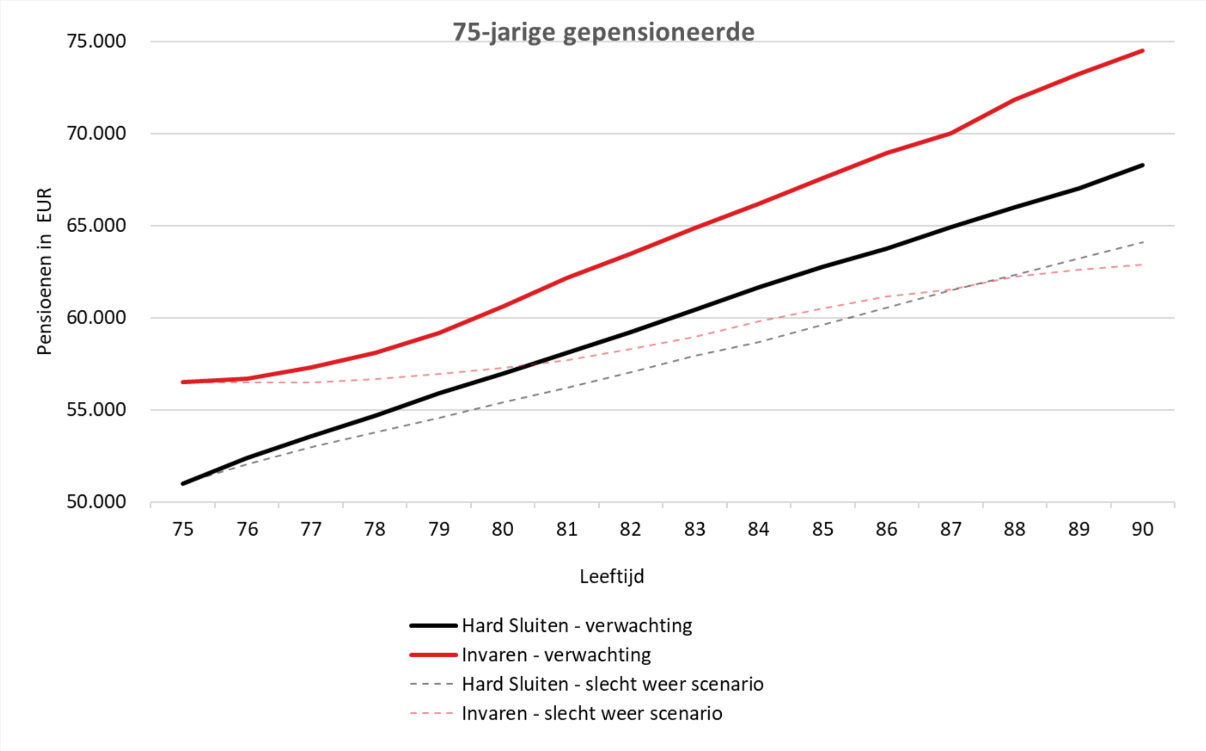
The graphs below show examples of the progress of the expected annual pension as well as the progress of the pension in a bad weather scenario with a transition coverage ratio of 138%.

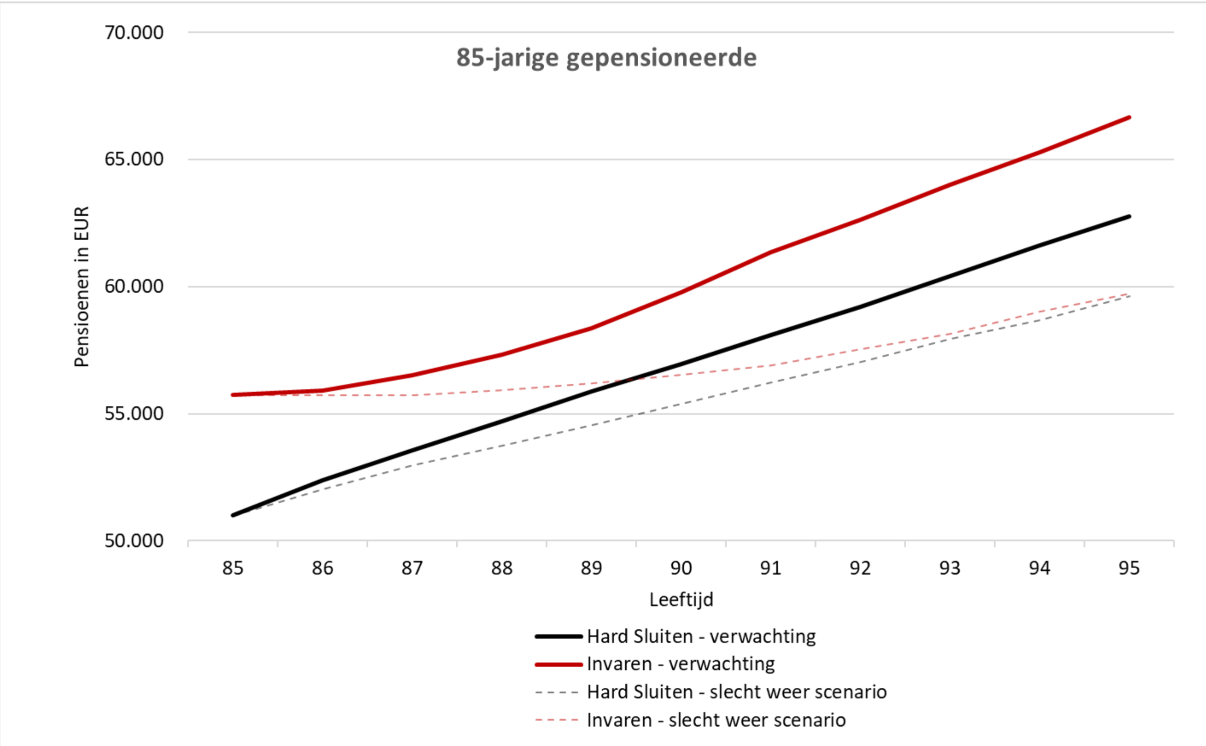
All these examples are standardised on an annual pension of EUR 50,000 in the year prior to the transition. For the expectation - or the 50th percentile - half of the scenarios show a better progress and half of the scenarios show a less good progress. The bad weather scenario in this example is the 25th percentile of the economic scenarios (this means that in 25% of the scenarios, a less good course of the pension is expected and in 75% of the scenarios, a better course of the pension is expected).

A good weather scenario is not shown here, however, in all good weather scenarios the expected progress of the pension in case of value transfer is significantly above the expected progress of the pension when closing hard.

In the event of a hard close, the pension is expected to be adjusted annually with the price inflation, in line with the current ambition of SSPF. It is also expected that this ambition will be met upon value transfer.




75-jarige gepensioneerde
75.000
70.000
65.000
60.000
55.000
50.000
Pensioenen in EUR
75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90
Leeftijd
Hard Sluiten - verwachting
Invaren - verwachting
Hard Sluiten - slecht weer scenario
Invaren - slecht weer scenario


85-jarige gepensioneerde
70.000
65.000
60.000
55.000
50.000
Pensioenen in EUR
85 86 87 88 89 90 91 92 93 94 95
Leeftijd
Hard Sluiten - verwachting
Invaren - verwachting
Hard Sluiten - slecht weer scenario
Invaren - slecht weer scenario

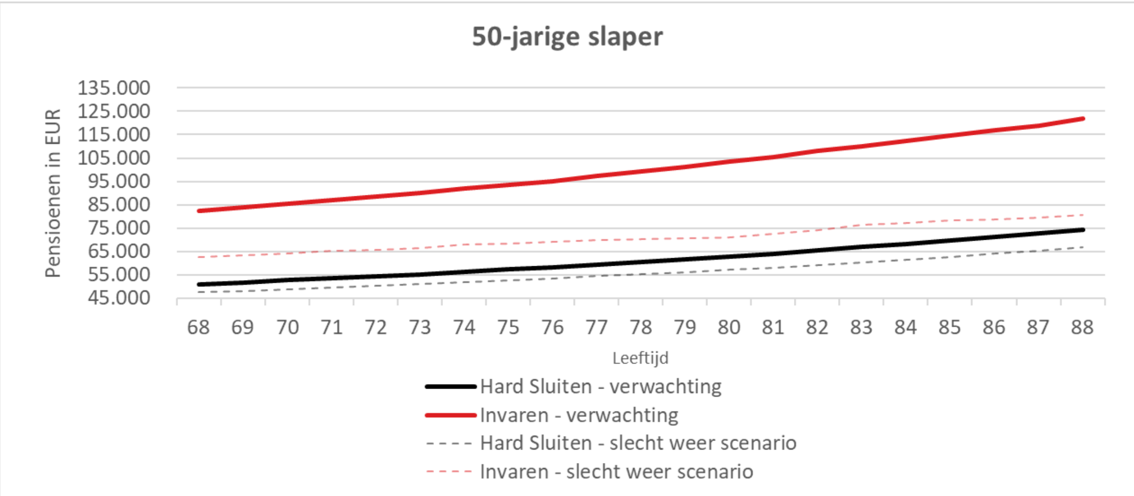
Appendix 10 - Development of old-age pension for deferred participants

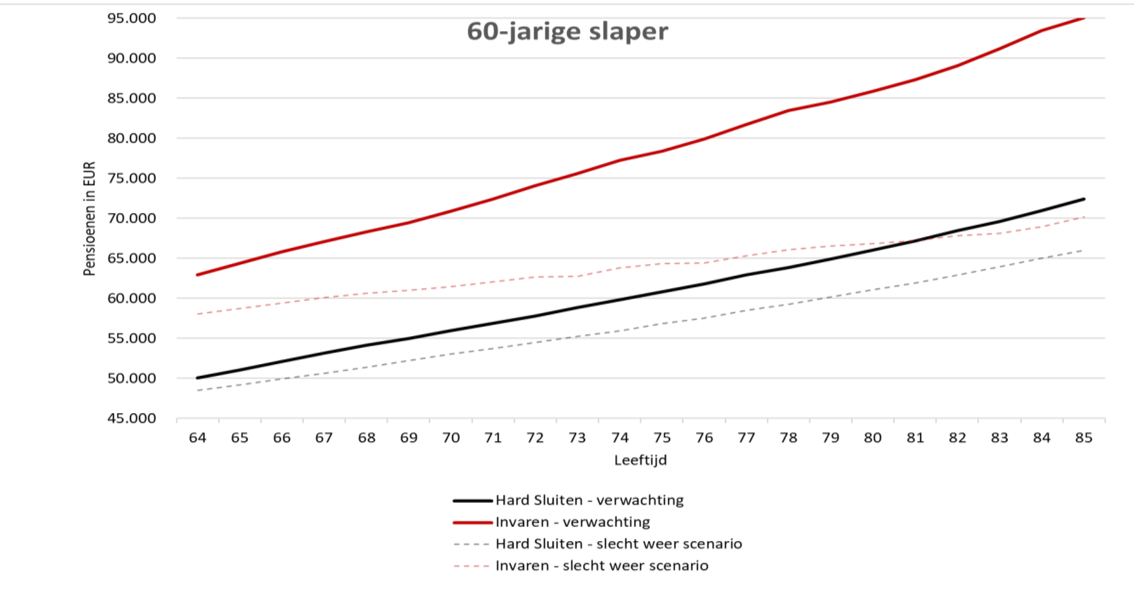
The graphs below show examples of the progress of the expected annual pension as well as the progress of the pension in a bad weather scenario with a transition coverage ratio of 138%. All these examples are standardised on an annual pension of EUR 50,000 in the year of retirement.

For the expectation - or the 50th percentile - half of the scenarios show a better course and half of the scenarios show a less good course. The bad weather scenario is the 25th percentile of the economic scenarios (this means that in 25% of the scenarios, a lesser pension development is expected and in 75% of the scenarios, a better pension development is expected).

A good weather scenario is not shown here, however, in all good weather scenarios the expected progress of the pension in case of value transfer is significantly above the expected progress of the pension when closing hard.

In the event of a hard close, the pension is expected to be adjusted annually with the price inflation, in line with the current ambition of SSPF. The ambition is also expected to be met upon value transfer.



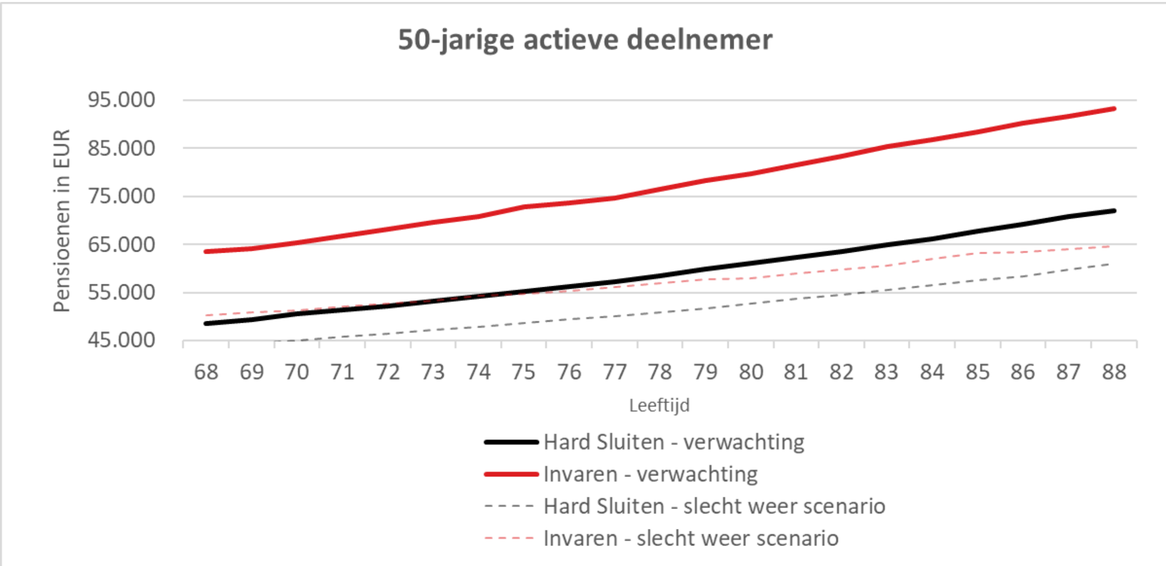


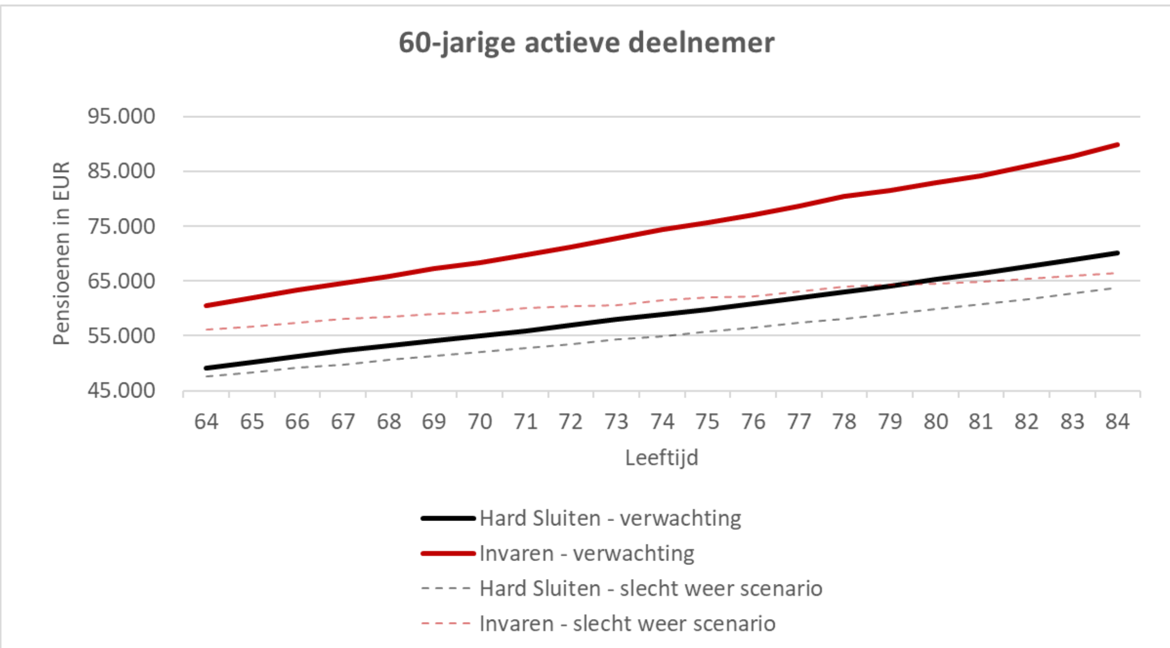
Appendix 11 – Development of the active participants' old-age pension

The graphs below (made for the largest age groups of active participants) show examples of the progress of the expected annual pension as well as the progress of the pension in a bad weather scenario with a transition coverage ratio of 138%.

All these examples are standardised on an annual pension of EUR 50,000 in the year of retirement. For the expectation - or the 50th percentile - half of the scenarios show a better development and half of the scenarios show a less good development. The bad weather scenario is the 25th percentile of the economic scenarios (this means that in 25% of the scenarios, a less good pension development is expected and in 75% of the scenarios, a better pension development is expected).

A good weather scenario is not shown here, however, in all good weather scenarios the expected progress of the pension in case of value transfer is significantly above the expected progress of the pension when closing hard. These graphs also take into account compensation for the actives in case of a hard close.





Appendix 12 – Compensation percentages

As described in section 5.6, a compensation deposit of EUR 355 million is formed, plus a prudential margin of 15%. The compensation percentages listed in the table below are the compensation percentages that would be granted if the compensation were granted during the remaining active service period.

Since the compensation must be granted in 10 years, the fund is requested to grant the total compensation in 10 years, taking into account the likelihood of participants leaving employment after the age of 10 but before the age of 68. As a result, the percentages shown in the table below for participants who are more than 10 years before the regulatory retirement age will be adjusted.

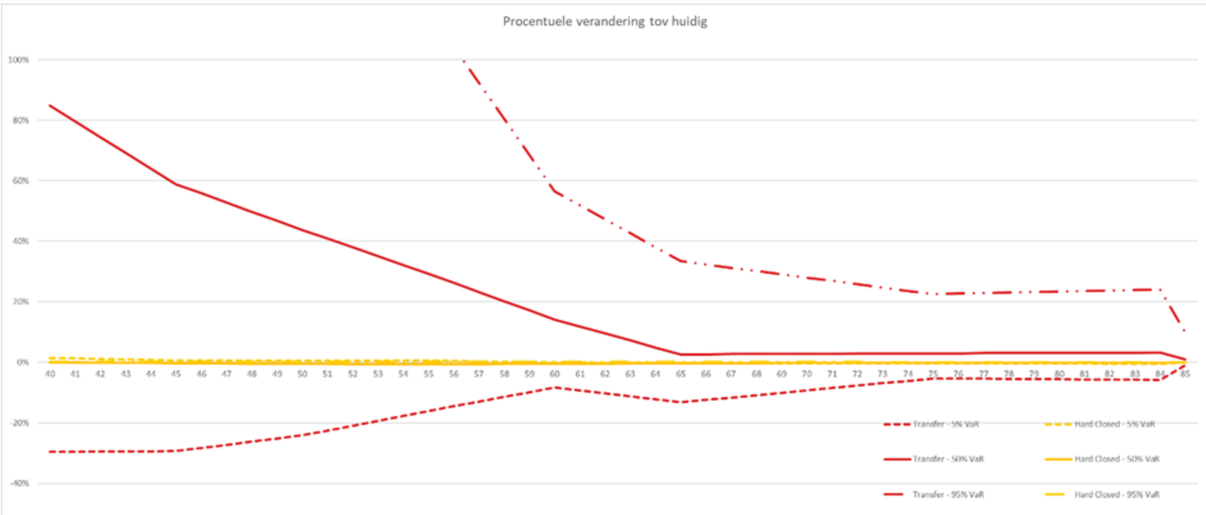
SSPF Compensatiefactoren	
Geboortejaar	In % van de Pensioengrondslag
1959	19,77%
1960	19,14%
1961	18,52%
1962	17,90%
1963	17,27%
1964	16,65%
1965	16,03%
1966	15,41%
1967	15,29%
1968	15,17%
1969	15,05%
1970	14,93%
1971	14,81%
1972	14,66%
1973	14,51%
1974	14,36%
1975	14,21%
1976	14,06%
1977	13,86%
1978	13,65%
1979	13,45%
1980	13,24%
1981	13,04%
1982	12,80%
1983	12,57%
1984	12,33%
1985	12,10%
1986	11,87%
1987	11,58%
1988	11,29%
1989	11,00%
1990	10,71%
1991	10,42%
1992	10,19%
1993	9,95%
1994	9,71%
1995	9,47%
1996	9,23%

Appendix 13 - Sensitivity analysis: alternative actuarial interest rate (at minimum value transfer coverage ratio 125%)

This Appendix compares the results with a value transfer coverage ratio at the transition time of 125% with the results with the same coverage ratio but with a higher one, and then with a lower interest rate. These comparisons are not included from the coverage ratio of 138%; from that level the achievement of the set objectives is not at stake even with changing interest rates.

Like the scenario sets in the basic variants, the scenario sets for these sensitivity analyses have also been published by DNB. The assumption was a value transfer coverage ratio of 125%, and an interest rate that is 1% higher or 1% lower at the moment of transition than in the basic scenario.

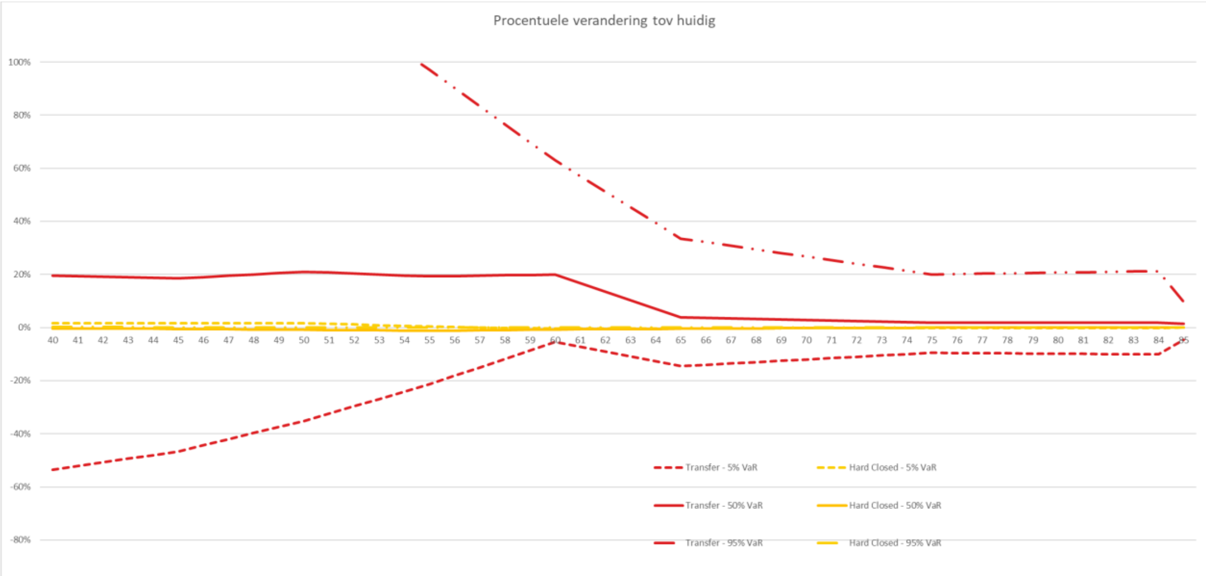
<u>Basic scenario (interest as at 30 September 2023)</u>



For the inactive people for all ages, the above graph shows how the outcomes in the new scheme relate to the current scheme, by expressing the change compared to the current scheme as a percentage of the outcomes as would have been in the current scheme.

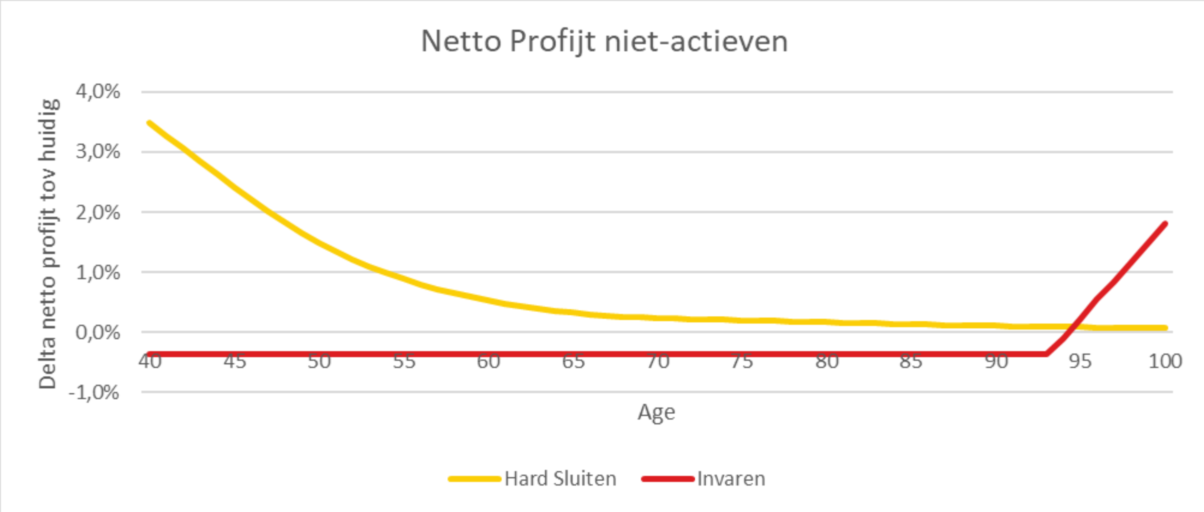
The red lines reflect those percentages in case of a value transfer, the yellow represents the percentages when the scheme is hard closed. Both the red and yellow lines are shown not only for the median outcomes, but also for the 5th and 95th percentiles. The median outcomes remain approximately the same as the current ones in the case of hard close, and increase for all ages when value transfer takes place. The results distribution is significantly smaller in case of a hard close than in case of value transfer. This is reflected in high to very high increases in positive scenarios, but also in decreases of up to approximately 30% for 40-year-old participants in negative scenarios.

1%-point higher actuarial interest rate

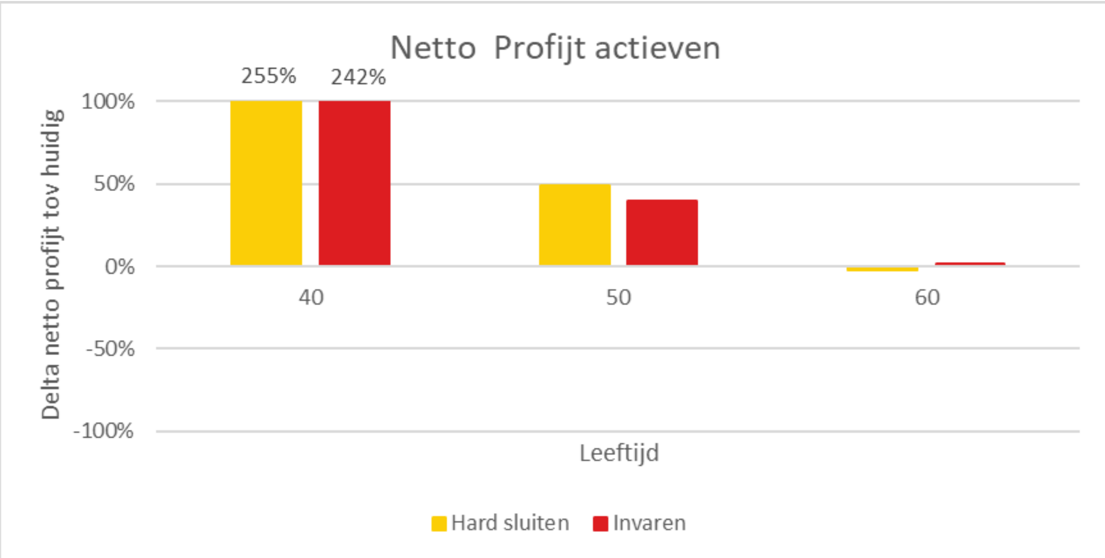


This graph shows the pension results for inactive people from the value transfer coverage rate of 125%, but now in the case of an interest rate that is 1% point higher at the moment of transition than in the basic variant.

As a result, the increase in the pension results in the case of value transfer compared to those in the current scheme decreases. This is the result of decreasing excess returns: the higher assumed interest rate also means that a higher annual return is required. The expected return does not move equally, so that the outcomes in the new system become less good than with the interest rate as at 30 September 2023. The majority of the variants still show progress for all ages within the participant base at this interest rate level.



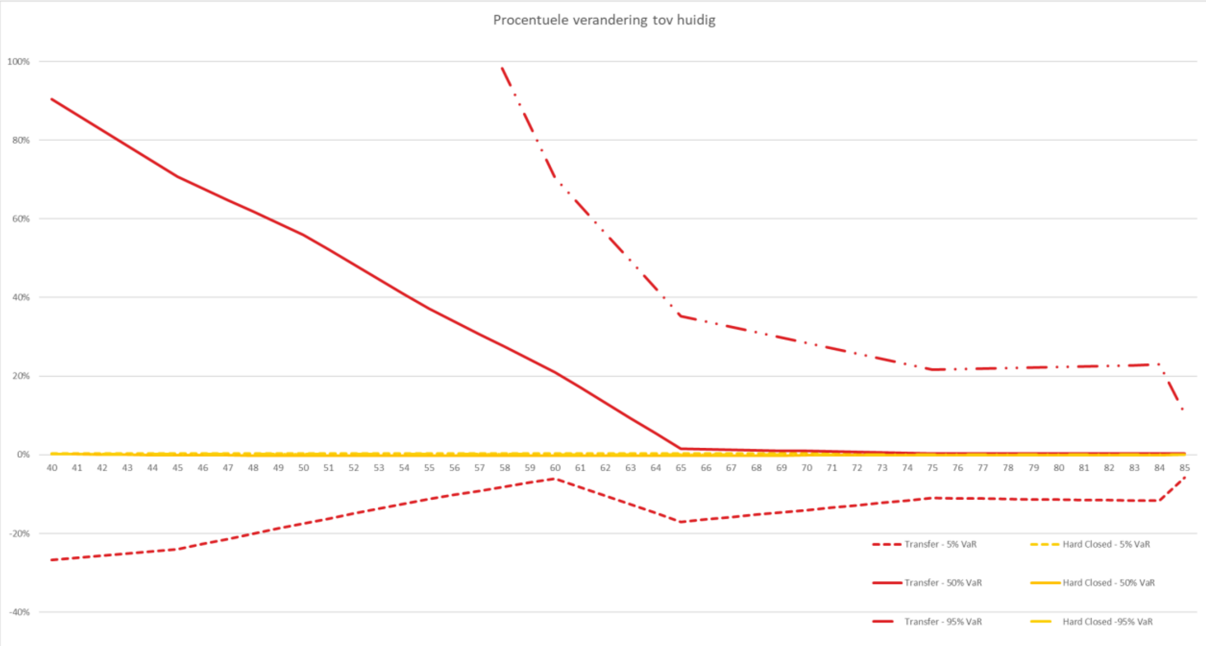
The net benefit for non-active participants is much less negative compared to the variant in Appendix 6 (value transfer coverage ratio 125%, interest as of 30 September 2023) when transferring the value, if the interest set increased by 1% is assumed.



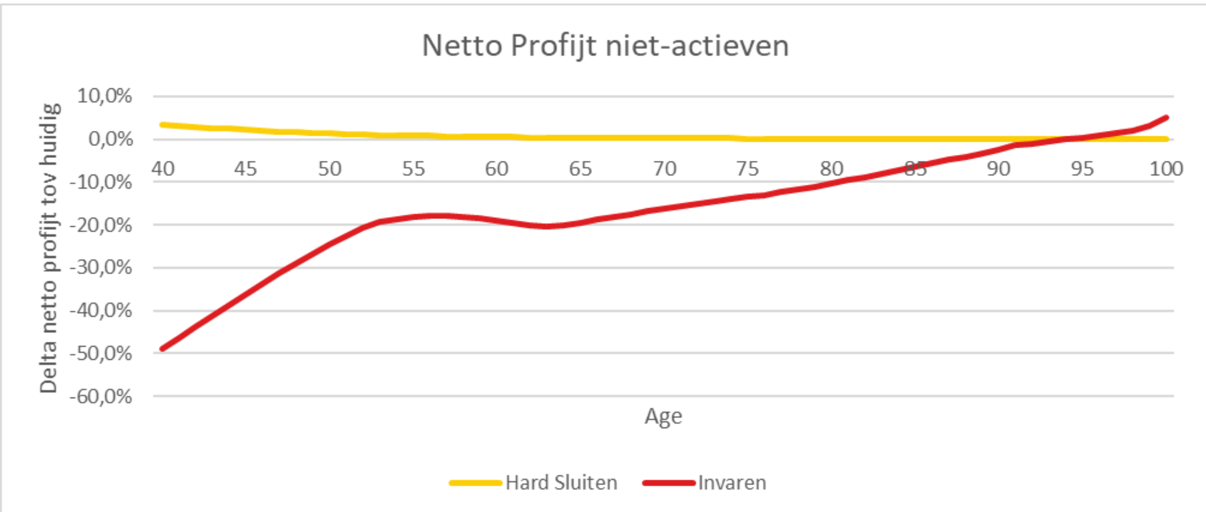
The net benefit effects for active participants are lower than those presented in Appendix 5 at this interest rate level.

The effects are smaller because with a higher interest rate, the pension premium for the new pension accrual in the current scheme is a lot lower and therefore the profit from the transition to another premium is also smaller. The dominant factor in the effects for active participants, namely the premium in the current system that increases excessively due to the ageing of the employee base and the premium for the unconditional indexation, also occurs in this scenario, but is slightly less.

<u>1%-point lower actuarial interest rate</u>

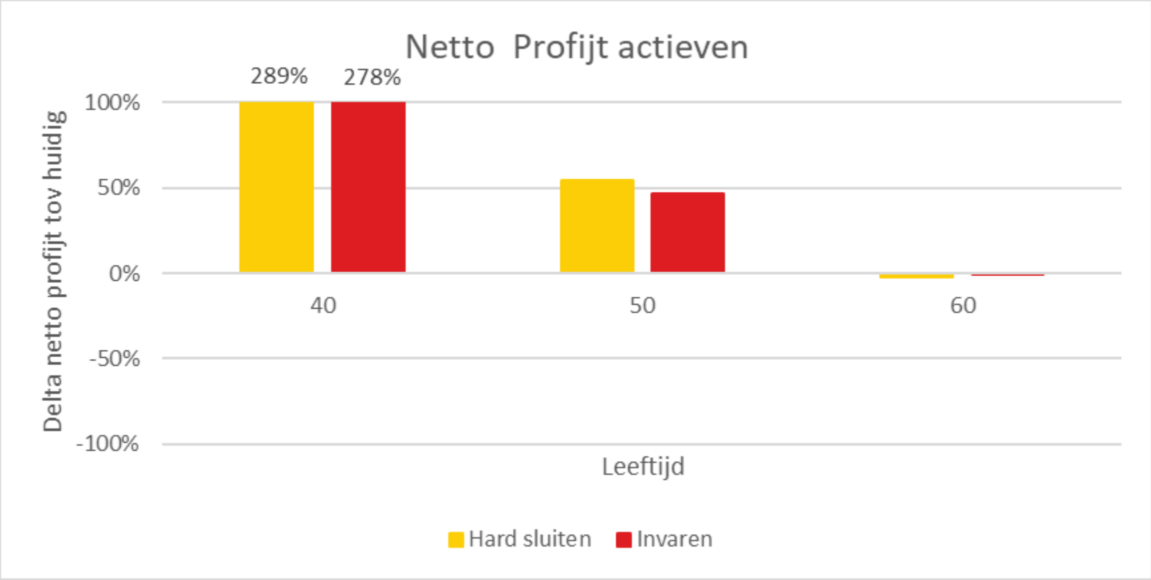


With a lower actuarial interest rate, the changes are opposite to those with a higher actuarial interest rate. The graph above shows that the median is more different from that in the current system, while the negative differences compared to the current system in the 5th percentile are smaller here. These two effects are the result of the larger surplus returns that are present at this lower interest rate level.



For non-active participants, the net benefit effects increase because the distribution at this interest rate level does not take place net benefit neutrally, but the capital is allocated in such a way that all participants in about 60 to 65% of the scenarios can achieve higher pension outcomes in case of value transfer than when there is a hard close.

As a result, older people get more and young people (flink) less than net profit neutral. The 60 to 65% fall within the bandwidths defined by Shell Nederland and the COR, as a result of which the objectives of a balanced transition are not jeopardised.



The graph above shows greater progress for actives. This is due to the lower interest rate, as a result of which the (cost-covering) premium in the current scheme is higher than with a higher interest rate. As a result, the transition to another premium system leads to a greater cost reduction.

The sensitivity analyses shown in this annex meet the objectives of a balanced transition. However, in very exceptional cases, there may be situations in which, despite the level of value transfer coverage being at least 125%, the objectives of a balanced value transfer transition are at risk. In this situation, SSPF can - under the emergency protocol - consult with Shell Nederland (see section 5.7).

Appendix 14 – Principles document

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Appendix 15 – Glossary of terms

Active Participant	An employee of Shell Nederland for whom pension entitlements are accrued.
Adequate Compensation	Compensation for active participants that relates to missing future pension accrual due to a change in the contribution system and is included in the transition plan as compensation scheme. The switch to a premium scheme with a flat premium can lead to (active) participants in the changed pension scheme accumulating less pension than would have been the case with the continuation of the current pension scheme and system. The consequences of this change must be considered in conjunction with the consequences of the entire transition. A balanced transition can therefore require that if a pension provider does a value transfer, this must be done in a balanced manner. This means that active participants who experience a disproportionate disadvantage (from the switch to a contribution scheme with an age-independent premium) must be adequately and cost-neutrally compensated. Whether there is a disproportionate disadvantage that must be compensated (and if so, to what extent) is up to the social partners, or employers and employees, to determine.
Buffer(s)	The total fund assets minus the total liabilities. Where buffers are mentioned in this transition plan, it concerns the total fund assets minus the total liabilities minus the legally required reserves that must be maintained.
Participants	An active participant, former participant, former partners or pensioner who has joined SSPF and/or SNPS as a (surviving relative of a) employee or former employee of Shell Nederland based on the pension regulations and for whom pension entitlements are acquired, have been acquired and/or are already paid.
Coverage ratio	The coverage ratio is a (global) indicator of the capital position of a pension fund. Hereby the current value of the investments/assets is divided by the cash value of the pension obligations.
Flexible premium scheme	A premium scheme (with an optional risk-sharing reserve) in which a personal pension capital is accrued and in which investments are made according to an investment mix (life cycle) determined per age cohort based on risk appetite with individual risk-sharing whereby investment results directly impact own pension capital.
Former participant / former partner	A participant who no longer accrues pension entitlements, but whose pension benefit has not yet commenced; also known as a “deferred participant”. The former participant has paid contributions to the pension fund in the past and is therefore entitled to a pension benefit from the retirement age. A former partner is the partner of a former participant who has already died before retirement age.

	Together with the pensioners, this group is also called the "inactives".
Hearing right	An association of pensioners representing a substantial number of pensioners at the pension fund is given the opportunity to be 'heard', or to provide written input on the transition plan. The same guarantee is introduced for an association of former participants that represents a substantial number of former participants in the pension fund. Social partners and employers are free in the way in which they shape the right to hearing. However, they are obliged to provide feedback on what was contributed by associations of pensioners and/or associations of former participants.
Net benefit	The net benefit is the difference between the value of the expected future pension benefits and the value of the future premium deposit. This not only looks at the accrued pension entitlements, but also at the pension entitlements still to be accrued in the future. By comparing the net benefit of the current pension scheme with the net benefit of the new pension scheme, any redistribution between age cohorts is made clear. These redistributive effects show whether age cohorts are progressing forward or backward through the transition. This is used in decision making for a balanced transition.
Pensioner / Retired Participant	A participant or, in the case of a deceased participant, a partner or orphan for whom the pension benefit has commenced. Together with the former participant, this group is also called the "inactives".
Pension regulations	The combination of rules, in which the pension scheme is described. The pension regulations are the legal basis from which the participants can derive their entitlements and contain the rights and obligations of all participants.
Shell Netherlands	All Shell entities that qualify as a member company as agreed in the administration agreement and employ employees who accrue pension in one of the pension schemes at Shell in the Netherlands.
SNPS pension scheme	A gross defined contribution scheme implemented by Shell Nederland Pensioen Stichting (SNPS) for employees who joined Shell Nederland on or after 1 July 2013
SSPF pension scheme	A gross benefit scheme implemented by Stichting Shell Pensioenfonds (SSPF) for employees who joined Shell Nederland before1 July 2013
Administration Agreement	The agreement between the pension administrator and the employer about the implementation of one or more pension regulations. The employer who offers pension as a condition of employment is obliged to place this pension agreement externally with a pension administrator. The implementation agreement gives shape to this obligation.
Risk sharing reserve	A collective capital reserve with which financial windfalls or setbacks can be shared in a flexible contribution scheme.