SNPS
Shell Nederland Pensioenfonds Stichting

SNPS CONCISE ANNUAL REPORT 2014: SOLID GROWTH

Welcome to the first edition of the SNPS newsletter. The main topics of 2014 are selected for you in this special issue: the concise annual report 2014. We will keep you informed of issues & developments at SNPS. Two more newsletters that require your kind attention will follow later this year... enjoy reading!

Foreword

As Chairman of Shell Nederland Pensioenfonds Stichting (hereafter: Pension Fund or SNPS) I am pleased to present this Concise Annual Report regarding 2014. This was SNPS's first full financial year since the Pension Fund started on July 1, 2013.

In 2014 the number of participants in SNPS grew substantially: starting with 428 to 1,255 by the end of the year. At the end of June 2015 the number of participants in the gross scheme is around 1,400.

The number of former participants that have left Shell is still very limited and the Pension Fund has no retirees yet. Capital invested increased in 2014 from EUR 1.2 million at the start of the year to EUR 20.2 million by 31 December, 2014.

2014 was also a good investment year. The yields were satisfying. SNPS also achieved low costs, which is beneficial for the individual pension capital of participants.

Another development relevant to SNPS is the steady decrease in interest, a trend that continued during the first months of 2015. Long-term low interest rates will impact the amount of pension the participant may purchase on his retirement date. Together with Shell Nederland, SNPS is focusing on further development of the Individual Defined Contribution scheme, whose definitive configuration depends on statutory possibilities. Further development of the Individual Defined Contribution scheme with more collective elements will soften the blow, but will not solve the problem of low interest. The impact of long-term low interest remains high on the Board's 2015 agenda.

Garmt Louw
Independent Chairman, SNPS

The "Concise SNPS Annual Report" illustrates a few events and figures concerning the past year of Shell Nederland Pensioenfonds Stichting (SNPS). This publication has not been verified by an external auditor and no rights can be derived therefrom. The companies in which Royal Dutch Shell plc has direct or indirect participating interests are separate legal entities with their own identity. In this brochure, 'Shell' is used as a collective term to refer to the various Shell employers and joint ventures affiliated with the Shell Pension Fund.

SNPS

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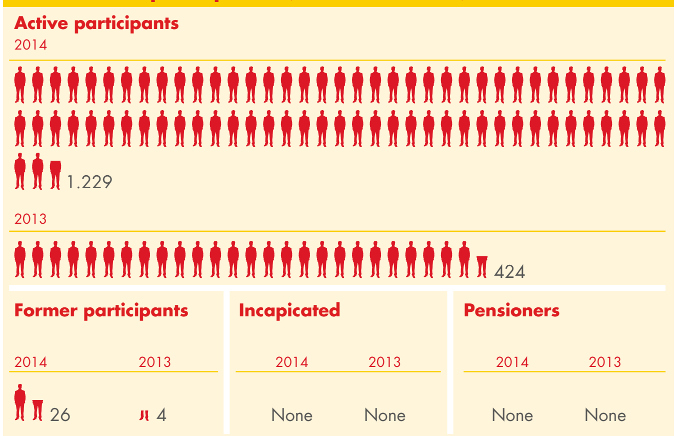
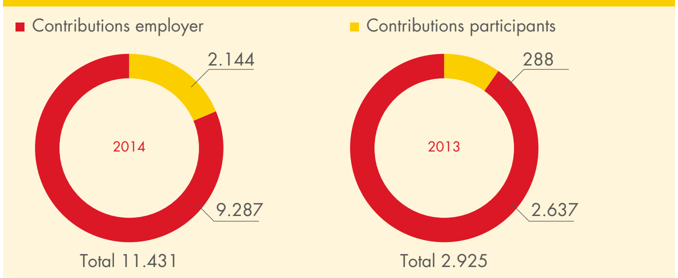
Facts & figures

This is a limited representation of the figures, for more please refer to the SNPS Annual Report 2014 (only available in Dutch).
The amounts below are in thousands of Euros.

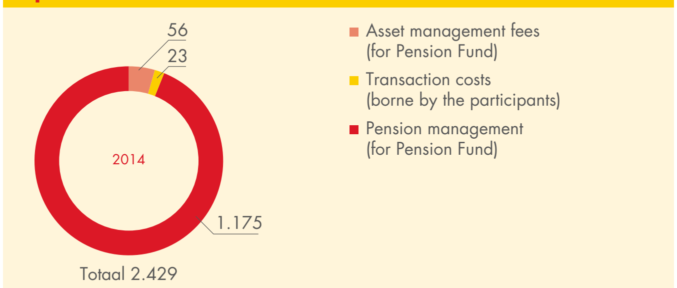
What kind of participants? (2013 was 6 months)



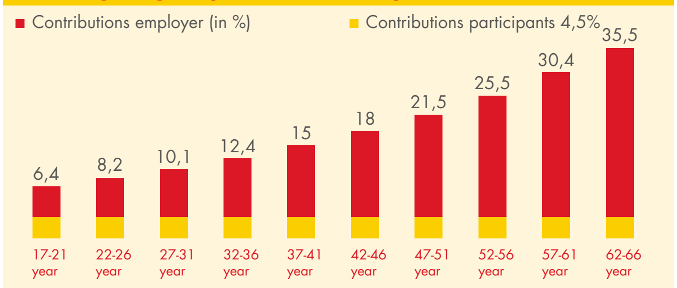
Balance of all contributions, being paid in by participants + employer



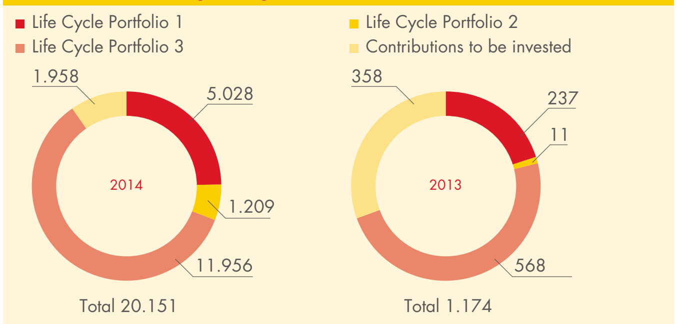
Implementation costs x 1.000 euro



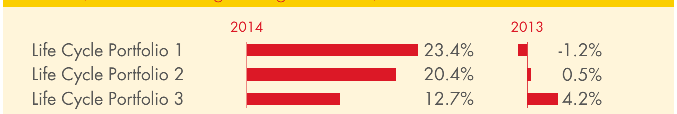
Percentage of your pensionable salary



Invested assets of participants x 1.000 euro



Return (before deducting management fees)



Focus on pension capital

Your SNPS pension is a defined contribution scheme: contributions are invested each month at your expense and risk. These contributions and the return on investments accrue your pension capital. You may choose a Defensive, Neutral or Offensive investment profile. Your monthly investment (both employer and your own) is the maximum permitted by the Tax Authority; this means that the Tax Authority does not allow you to invest any more contributions in the SNPS gross pension scheme.

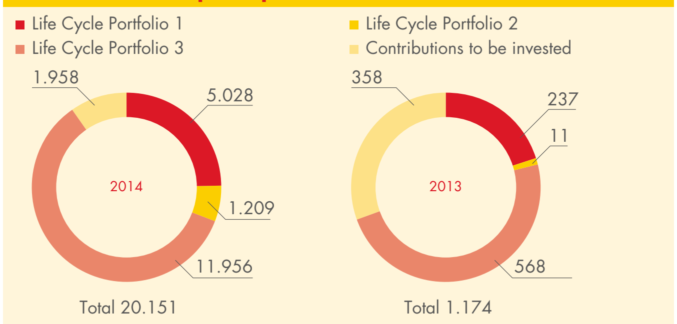
Complete

Your target retirement age is 67. When you retire, you use your accrued capital to purchase a retirement pension (and possibly also a Partner's pension) from the pension insurance company of your choice. You receive this pension benefit for life. The scheme also comprises a number of risk covers: in the event of your death there is a surviving dependant's pension and a disability pension covers you if you become disabled.

Net defined contribution scheme

The amount of your pension benefit is not known in advance. It depends primarily on the amount of contributions invested, investment results and interest rates on the retirement date. Because an SNPS pension is a net contribution scheme you may not withdraw money or add extra money to your accrued pension capital. And since your capital is earmarked for pension you don't need to declare the value of these investments on your tax return.

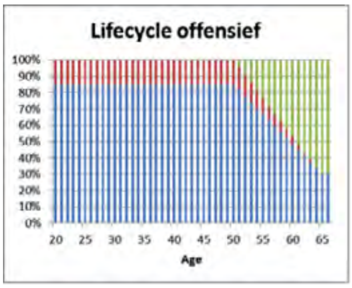
Invested assets of participants x 1.000 euro

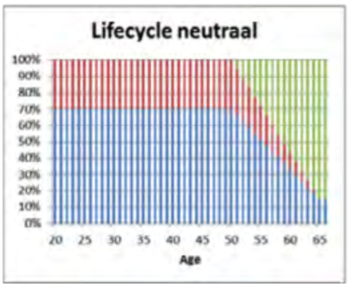


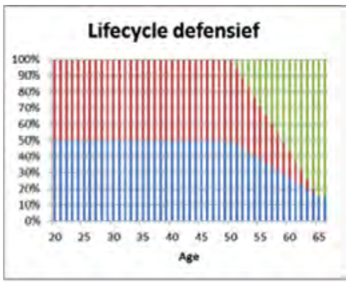
Targeting yield and risks

Share prices, interest rates and exchange rates fluctuate constantly. Investing means taking risks. Therefore it is important to spread the investments over the various investment categories. This is taken into account in the composition of the Life cycle profiles. The Life cycle profiles have various characteristics. The Offensive Life cycle profile features more investment in equities than the Defensive Life cycle profile.

SNPS has established three Life cycle profiles: Offensive, Neutral and Defensive. You can choose which of these three your contributions are invested in. You will see that in all profiles the investment mix is adjusted as your retirement date approaches.







Each Life cycle profile is composed of an investment mix of these three Life cycle portfolios. These Life cycle portfolios invest in institutional investment funds. Life cycle portfolio 3 primarily invests in marketable securities that are expected to yield a higher return (blue), Life cycle portfolio 1 invests in fixed-income securities that combine return with a low exchange risk (red) and Life cycle portfolio 2 invests in fixed-income securities that are primarily focused on mitigating rises and decreases in interest rates. (green). Further information about Life cycle portfolios can be found on www.mijnsnps.nl and in the SNPS Annual Report 2014 (only available in Dutch).

Your risk profile

Before you select a Life cycle profile your risk profile is established based on your answers to specific questions. You can use this risk profile to choose one of the three Life cycle profiles. Additionally, you have the opportunity to adjust your "notional investment age" (age styling).

The Life cycle profiles are based on a number of principles, which are contained in the SNPS Statement of Investment Principles. One of the points of departure is that the income is for the future and not just for asset accrual. If you do not select a Life cycle profile your contributions will be invested in accordance with the Neutral Life cycle profile. Indicate your preference via www.mijnsnps.nl.

Targeting yield and risks

Investment result

The Pension Fund invests in institutional investment funds by means of three Life cycle portfolios. This concerns fixed-income securities (LC portfolios 1 and 2) and marketable securities (LC portfolio 3). Each Life cycle profile that participants can select is composed of an investment mix of these three Life cycle portfolios.

The falling interest rate resulted in a particular situation in 2014: the Defensive Life cycle profile yielded a higher result than the Offensive Life cycle profile.
In 2014 the overall return was positive for most investment categories. The only negative return was on raw materials, due in part to a 50% reduction in the oil price. The other investment categories showed considerable returns. Just as in previous years, monetary policy was a dominant factor on the financial markets. Due in part to the ECB's policy, interest rates in the Euro zone fell throughout the year to new, historically low levels. Exchange-rate movements were also strongly driven by the central banks' actions, for example, in the second half of the year the Euro weakened by 12% against the US dollar.

Fixed-income securities

The overall return on European government bonds amounted to more than 10% in 2014. Low economic growth, falling inflation rates and the ECB's new measures were the reason for this. Bonds with a higher credit risk (for example, bonds in emerging markets) also yielded a positive return. The riskier corporate bonds lagged behind with a small negative return.

Marketable securities

The Equities investment category again showed a positive overall return. American equities, in particular, yielded high returns. On balance, equities in emerging countries and Europe lagged behind other regions in local currency but achieved positive results at year end. Due to the weaker Euro the overall return on equities in emerging countries was over 11% in Euros.

Return (before deducting management fees)

Transparant about risks

Transparency is a characteristic of the SNPS pension scheme: at the www.mijnsnps.nl website you can see how high your net pension is expected to be and how high it will be in an economic downturn. Furthermore, you can also see how much pension capital you have already accrued and how that capital develops over time. Your pension capital grows based on monthly contributions and the investment results yielded in line with the chosen Life cycle profile. The following three risks are linked with investing your pension capital:

Interest-rate risk

This risk has two sides: on one hand rises in interest rates cause accrued capital to decrease, but a higher interest rate at retirement generates a relatively higher retirement pension. On the other hand low interest rates do generate considerably higher pension capital accrual, but a low interest rate at retirement impacts the purchase of your retirement pension.

Investment risk

The value of your investments may rise or fall.

Longevity risk

By the time of your retirement, pension insurance company tariffs may have changed over the course of time. This also depends on life expectancy on your retirement date.

The way in which your capital is invested is focused on your anticipated future pension income. These risks are taken into account in the composition of the Life Cycle profiles. You bare these risks until you retire. The risk is then borne by the insurance company from which you purchase your pension. For a comprehensive overview of risks please refer to the SNPS Annual Report 2014 (only available in Dutch).

Low administration costs

The administration costs of pension funds continued to be a high-profile subject for politicians, supervising authorities, the media and the general public in 2014. In 2014 the Pension Fund Code of Governance took effect. It recommends that pension fund boards give an insight into administration costs, where data is available.

Pension management costs

Pension management costs include pension administration costs, communication costs, management costs, administrative office costs and costs of external advisors and certifiers. In 2014 pension management costs came to EUR 1,175,000. These costs are borne by the Pension Fund. (and therefore financed by the employer)

Asset management costs

The asset management costs, which shall be borne by the Pension Fund, consist primarily of the fee that is paid with respect to the Outsourcing Agreement and the fixed fee for the safekeeping of securities. In 2014 the sum of these costs amounted to EUR 56,000. These costs are also borne by the Pension Fund. (and therefore financed by the employer)

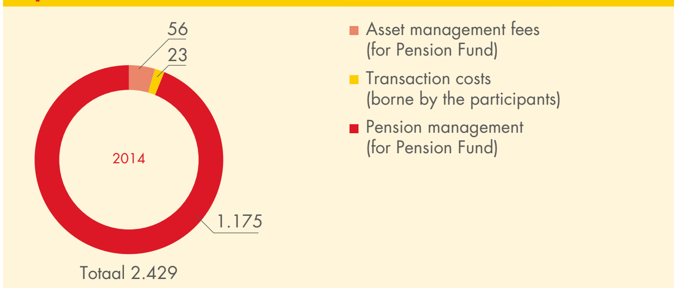
Transaction costs and management fees

To minimise costs borne by participants it has been decided to use institutional investment funds, which have lower fees than retail investment institutions. Transaction costs (custody fees and settlement costs) paid within the Life Cycle portfolios came to a total of EUR 3,355 in 2014.

Asset management fees charged by the managers of underlying investment funds came to a total of EUR 19,754 in 2014. These costs will be borne by the participants: total EUR 23,109.

Costs borne by participants are therefore very low and amount to an average of approximately 0.26%. That works out at roughly EUR 2.60 for every EUR 1,000 invested.

Implementation costs x 1.000 euro



Managed with your interests at heart

SNPS is managed by a one-tier Board of General Managers and Non-Executive Managers (regulators). Furthermore, there is an Accountability Council where employer and participants are represented.

The Board comprises seven members:

- an independent Chair: Garmt Louw
- two employer representatives:
  Peter Westgeest and Hein van den Wildenberg
- two employee representatives:
  Ewald Breunesse and Willem Handels
- two Executive Board Members:
  Janwillem Bouma and Stefan Tabak

The General Managers are employed by Shell Pension Bureau Nederland (SPN). They are responsible for policy-making and day-to-day management of the Pension Fund.

Internal supervision

The Non-Executive Board Members are responsible for determining SNPS policy. They also supervise the General Managers' administration of the policy. More information about the tasks & responsibilities of all Board Members can be found here: SNPS.nl.

Accountability

The Board of SNPS reports to the Accountability Council annually regarding policy, policy administration and about policy choices for the future. In addition, the Accountability Council is entitled to give advice.

External supervision

DNB and AFM supervise SNPS. All members of the Board must meet statutory suitability and trustworthiness requirements and are assessed by De Nederlandsche Bank (DNB) upon their nomination. See here for comprehensive information about external supervision: SNPS.nl. Furthermore, an annual statement is made by a certifying actuary and the Annual Accounts are checked by an external auditor.

External service providers

Syntrus Achmea Pensioenbeheer NV carries out the pension administration. Syntrus Achmea Vermogensbeheer BV carries out asset management for SNPS. SPN advises the Board in respect of pension policy. SPN also supports the Board in the supervision of external service providers as well as in the field of risk management. SPN is a company belonging to the Royal Dutch Shell Group.

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New in 2015: a net scheme

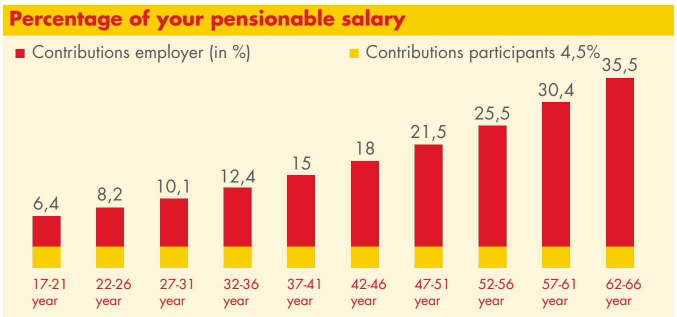
From January 1, 2015, participants in the SNPS pension scheme accrue pension capital on the portion of their pensionable salary up to EUR 88,500. For Shell this corresponds to the tax threshold of full-time employment (100%), which was determined for 2015 by Government.

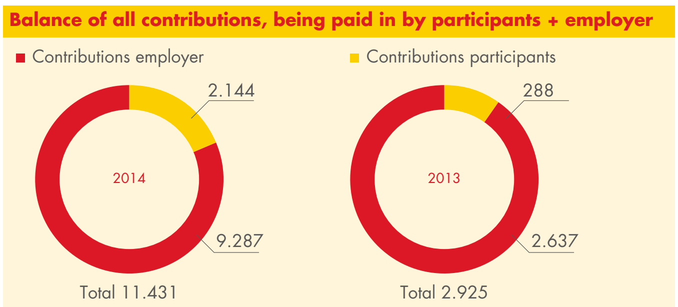
If their pensionable salary exceeds this tax threshold the participants concerned have the option to participate in the Shell net pension scheme. This voluntary scheme is also administered by SNPS. In principle, the Shell net pension scheme works the same way as the SNPS gross pension scheme. The main difference is the payment of taxes: in a gross pension scheme pension benefit is only taxed after retirement, in a net pension it is the opposite: income tax is paid upfront before your net pension benefit benefit is paid out.

Contribution payments

Contributions and investment results combine to form the capital with which you eventually purchase a pension from a pension insurance company of your choice. It is not known in advance how much pension this capital will generate. The amount of pension you receive for your capital depends primarily on the market rate of interest and life expectancy at your retirement date.

The maximum permitted contributions are invested for your SNPS pension, which are age-related according to the table below. In 2014 you paid 4.5% of your pension basis, regardless of your age, your employer paid the remainder. By way of comparison: in 2013 you paid 5% and as of 1 January, 2015, the employee's contribution was decreased further to 2%. Premiums for risk insurances during employment (incapacity for work, death) are paid in full by Shell.





Low interest rates

The positive investment results in 2014 were driven partly by increases in fixed-income investments as a result of low interest rates. The positive effect of the decreased interest rates on investment results also has a flipside. participants who want to purchase a pension when interest rates are low will require larger assets to buy the same pension, since the lower the market rate of interest the less pension a participant can purchase with limited capital. At year end 2014 an equal amount of capital generates approximately 15% less pension for a 67 year old participant than at the end of 2013. In the case of an interest-rate rise the opposite applies in principle. A future increase in interest rates is detrimental to returns on fixed-income securities, but at the same time beneficial to the purchase of a pension. In the event of value transfer it is important to pay extra attention to the effects of interest-rate risk: how useful is it to transfer accrued entitlements from a previous employer if there are only a few years until retirement?

Investments become more sensitive to rises and falls in interest rates as participants become older. Based on participants older than 50, the older the participant, the less is invested in investments that keep pace with the development of interest rates. Because the purchase of a pension is also susceptible to the same developments in interest rates this leads to less pronounced fluctuations in anticipated future income.

Effects when interest-rate falls 1%

Age of participant	Effect on capital	Effect on Euro pension tariffs	Effect on pension benefit
57 years	+ 6,7%	+ 15%	-/- 7,2%
67 years	+ 10,2%	+ 12%	-/- 1,6%

The opposite occurs in the event of an interest-rate rise.

Do you have any questions about your pension at SNPS, after reading this newsletter? Please find the most important information and answers on frequently asked questions at www.snps.nl/uk. You may email your questions or call us on weekdays from 8.30 to 17.00 at phone number (013)4683592. We are happy to assist you!