

THE YEAR 2019 AT SSPF IN BRIEF

Stichting Shell Pensioenfonds



If you took up employment before July 2013, you accrue pension with Stichting Shell Pensioenfonds (SSPF)

The year 2019 of SSPF in brief

What did your pension fund do with your pension money? How did the funding ratio develop and what about the investment returns? Find the answers to these and other questions in our abridged annual report 2019.

What were the main developments in 2019?

- Although SSPF achieved excellent investment returns, which resulted in considerable higher equity. The interest rate fell and as a consequence future obligations became even higher. Which is why - on balance - the funding ratio dropped. Nevertheless, we maintained a solid financial position.
- We made important steps when it comes to responsible investment, without affecting the ration between risk and return.
- The Pension Agreement was broadly reached.
- Survey on communication from SSPF focused on digital services.

Due to the corona crisis the stock market prices dropped considerably in 2020. As a result, the invested capital and the funding ratio of SSPF also decreased.



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WHAT WAS SSPF'S POSITION AT THE END OF 2019?



Is there enough money to pay out all pensions?

The pension fund's financial situation is represented with a funding ratio. This is the ratio between our assets and our liabilities. Every month this indicator shows us if the pension fund is able to pay out pensions both now and in the future. The policy funding ratio is the average funding ratio over the last 12 months. It is used to make policy decisions, i.e. when granting the indexation rates.



Assets of the pension fund € 30,317 million

The funding ratio =  x 100% = **120.6%**



The pension liabilities € 25,134 million

(the pension entitlements of all participants)

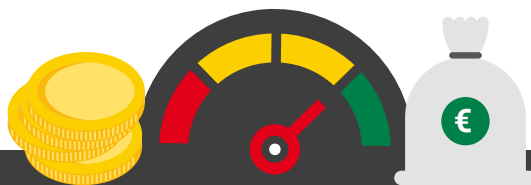
At a funding ratio greater than 100%, there are sufficient funds to be able to meet the pension liabilities in the long term.

The funding ratio is influenced by external factors

Developments in the financial markets, the interest rates and life expectancy (how old participants become) are some of these factors. In 2019, these developments were unfavourable which made the funding ratio drop to 120,6%. The financial position of SSPF was still solid/healthy at the end of 2019. What we do see/notice is that the funding ratio is falling due to the coronacrisis.

The funding ratio indicates the financial situation at a single given moment. In order to take policy decisions, such as granting indexing increases of pension to compensate for price increases, we use the policy funding ratio: the average funding ratio taken over the past 12 months. This ensures that short-term fluctuations in interest rates or investments have a smaller impact. The policy funding ratio is the determining factor for the policy of your pension fund. In 2019 this was **118.7%**.





We use the policy funding ratio to determine if we can increase your pension

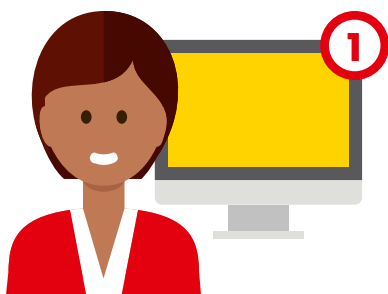
This is called indexing. The purpose of indexing is to compensate for inflation - in other words price increases - by allowing your pension to increase along with the price level development. In 2019, the financial situation of your pension fund was healthy and, therefore, the board decided to raise the pension benefits along with the development of the prices by **1.6%**.

Click here to read how the funding ratio of SSPF has developed in recent years.

INSIGHT INTO YOUR PENSION

View your personal pension portal

Shell Pension stands for transparent communication. We believe it is important that you have insight into your pension, wherever and whenever you wish.



Via www.shellpensioen.nl/mijnpensioen you can:

- see which events influence your pension.
- use my-Flex planner to calculate the effects of your pension choices
- access your annual Uniform Pension Overview in your personal archive

my-Flexplanner

1. Log in easily and securely with your DigiD
2. Watch the full explanation of my-Shell pension [here](#)
3. Logging in for the first time?

Once you are logged in, check that your details are correct and that your partner is correctly listed. Please also make sure you leave your personal email address so we can always contact you.



OUR STRATEGIC PRIORITIES

What have we been working on in the past year? Read about our 6 strategic priorities and the achieved results.

The Pension Agreement



In June, after years of negotiation, a Pension Agreement was agreed between the government, trade unions and employers' organisations. The Pension Agreement may have consequences for SSPF members. How they will be affected, is not yet known. The government will further develop the agreement and wants to have the detailed elaboration of the statutory framework ready in 2022. Obviously, we will update you on all possible consequences of the Pension agreement as quickly as possible.

Integrated Risk Management

At SSPF, risk management is entirely integrated in all our actions. For example, we look far ahead to anticipate on any changes in our environment in the best possible way and use scenario's to develop policies that remain robust under various circumstances. In July 2019, we carried out a crisis exercise in cooperation with our asset manager SAMCo. This is how we test if our crisis plan works well in a situation that is as close to reality as possible. In March 2020, we implemented the financial crisis plan to cope with the effects of corona. This means that we continuously monitor processes, both at SSPF as well as at the parties we work with. The objective is to pay out pensions on time and correctly, as always. The SSPF Crisis Management Team also keeps a close eye on the financial markets. We do so with the help of SAMCo, which is an independent investment adviser, and our Risk & Investment Officer.



SSPF & SNPS Integrated Pension Planner

Imagine you have been working with Shell for 20 years. You accrue a pension with SSPF as well as with SNPS. How do you calculate the expected pensions of those funds together? Since 2019, you can do so easily by using my-Flex planner! The flex planner is the first in its kind, showing you results of various pension plans in one go: clear and simple!



Use of technology



It is our ambition to make pension as easy and accessible as possible and to have 100% satisfied participants! We will bring in more and more technology to achieve this: it can be used at large scale and is cost-efficient. In 2019, for example, we experimented with "video calling with our customer service desk" and investigated mobile applications such as a pension app. Of course we also looked into further improvement of my-Shell pension.

Customer focus as the basis for all our services



In order to offer our participants the best possible services, we conducted a survey into our communication in 2019. An important element of this survey was the appreciation by participants valuation for our digital services and information. On average our communication was given a final rating of 7. We also asked our participants which future innovations they would like to see us use. We received important insights to help us further improve the communication from SSPF in 2020. Participants indicated that they prefer digital communication as much as possible, but also want a personal approach.

Responsible Investment

Our renewed responsible investment policy is in line with the 'Sustainable Development Goals' of the United Nations (UN). They supervise the compliance with international human and labour rights, environment and combating corruption. In the next few years, we want to focus on a few objectives. In 2020, we will present the choices we want to make.

We made important steps when it comes to responsible investment often referred to as ESG (Environment, Social, Governance).

- We adjusted several benchmarks (standard point of reference) for share investments.
- We investigated how the Sustainable Development Goals of the United Nations could further shape our responsible investment policy. We will further elaborate on this in 2020.
- We worked hard on the development of a renewed responsible investment policy and the implementation of the Covenant on International Socially Responsible Investment (ISRI).
- In 2019, SSPF moved up from the 41st position in 2018 to a shared 26th position in the annual Benchmark of VBDO.



E (environment) S (social) G (governance)

YOUR PENSION IN BRIEF

Pension accrual

You accrue pension with Stichting Shell Pensioenfond (SSPF) in order to enjoy a lifelong pension. You and your employer pay contributions during your employment with Shell. You pay a contribution of 2% yourself, Shell pays the rest of the contribution. Your salary slip shows how much contribution you pay yourself.

Are you earning more than the statutory fiscal maximum (€ 101,963 in 2020)? You will then be able to accrue pension in the Shell Net Pension Scheme with the other Shell pension fund SNPS for your salary above this amount. Pursuant to this scheme, you already pay income tax with your contribution. For that reason you are not subject to income tax when your pension is paid out.



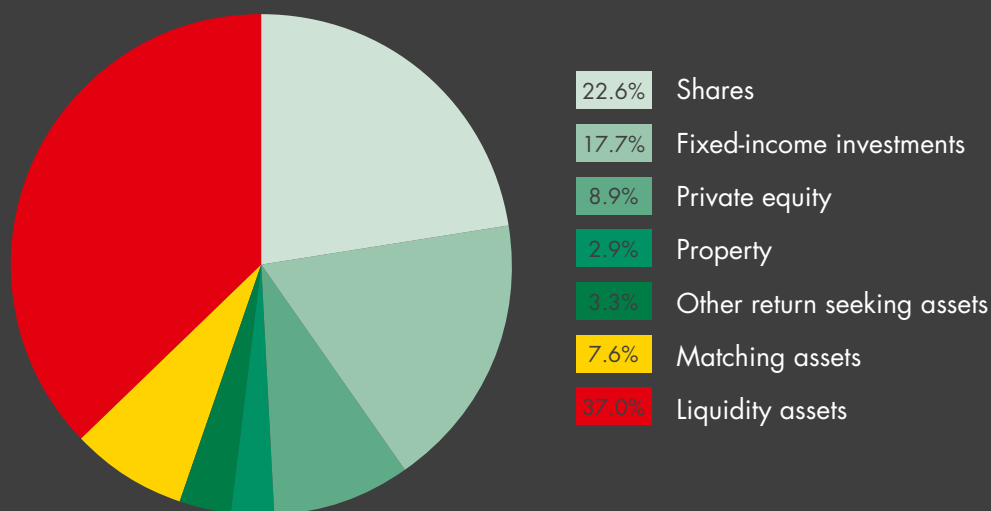
We invest contributions for a good pension

The payment of contributions alone is not enough for a good pension. Returns must be achieved. That is why SSPF invests. Of course, we do so in accordance with strict regulations. In 2019, we achieved a return of 13.6% on investments. With that it stood out as an exceptional investment year. All investment categories achieved positive results in 2019. SSPF's capital increased by approx. 3 billion.



The board invests in accordance with a long-term strategic investment policy

In order to spread the investment risk and to achieve the best possible return, we invest in different investment products. **This entailed the following for SSPF in 2019:**



Funding ratio

The funding ratio dropped from 122.4% at the end of 2018 to 120.6% at the end of 2019.

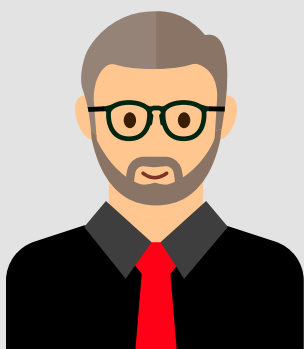
The interest rate dropped in 2019. Therefore, we must maintain more capital to meet our obligations in the future. On the other hand, we had an exceptional investment year which resulted in a higher capital. That is why we were still in a solid financial position at the end of 2019. However, major economic damage is expected for 2020 because of the corona crisis. In the first few months of 2020, the prices on the stock market dropped considerably - and with that SSPF's invested capital. This is why the funding ratio dropped even further.



YOU AND YOUR COLLEAGUES

SSPF is a closed fund

You can no longer enter the pension fund, but you can still accrue pension with or receive pension from SSPF. Also if you start to work outside of Shell. In such case you are a former or deferred member.



Number of members
who accrued pension

7,280

7,685 in 2018



Number of people who
received a pension from SSPF

18,709

18,666 in 2018



Number of former members

7,032

7,258 in 2018

Overview of the year 2019



2019 was a year in which much work was performed, with the following highlights:

- A good investment result, which partially compensated the negative consequences of the interest rate drop.
- Incorporation of the UN Sustainable Development Goals into the investment policy.
- Second strongest climber in the VBDO ranking (Dutch Association of Investors for Sustainable Development).
- Pro-active approach on the outlines of the possible implications of the Pension Agreement.
- Good evaluation of our innovation and pension communication by our participants.



