



**SNPS**

Shell Nederland Pensioenfonds Stichting



# Collective Variable Pension

## For whom is this brochure intended?

You are participating in the SNPS pension scheme and/or the Shell net pension scheme for employees whose income exceeds the fiscal limit. The information in this brochure is intended for participants in the SNPS pension scheme as well as participants in the Shell net pension scheme. You can use the brochure to assist you in making your decision whether or not to participate in the CVP.

## What's in this brochure?

This brochure contains general information about the Collective Variable Pension (CVP) at SNPS. The information does not take your personal circumstances into account. This brochure does not give advice on whether or not you should participate in the CVP. Participation is voluntary. You decide whether the CVP suits your financial situation. We advise you to consult a financial advisor to aid you.



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# Your pension scheme at SNPS

## *Individual defined contribution scheme (IDC scheme)*

Your pension scheme at SNPS is an individual defined contribution scheme. The contributions that you and your employer pay are used to accrue your own pension capital, over your pensionable salary up to the fiscal upper income limit. If your pensionable salary exceeds this limit, you can participate in the Shell net pension scheme at SNPS. In that case, you can accrue a net pension capital for the portion of your pensionable salary above the fiscal limit.

In an IDC scheme, your pension capital is invested in accordance with your chosen individual Life cycle profile. The risks and investment results are at your own expense until you retire.

## *Collective variable pension (CVP)*

SNPS administers the variable pension (CVP) as part of your pension scheme. In the CVP your pension continues to be invested, even after your pension commences. In this way it is still possible to take advantage of investment returns. This does not apply to a fixed pension, that is to say you have to purchase a fixed pension in one go from an external pension provider of your choice on your retirement date.

## **You can choose a fixed or variable pension**

If you are 58 or older, you make a preliminary choice for a fixed or a variable pension after retirement. You have to make a final choice when you retire.

A fixed benefit provides a certain pension, but is expected to be lower over the period of retirement. A pension in the CVP is variable and is expected to provide a higher pension over the period of retirement. However, there is no guarantee. In a downturn there is also a risk of the CVP being less than the fixed benefit.

At the age of 58 you therefore have the choice of two possibilities:

### ■ *Participate in the CVP - variable pension from SNPS after retirement*

Participation in the CVP is intended to provide you with a variable pension from SNPS when you retire, which is expected to increase over the period of retirement. From the age of 58 up to your chosen retirement date, your accrued individual pension capital will gradually be converted into pension entitlements in the CVP and invested in accordance with the collective CVP investment mix. If you are accruing gross pension capital as well as net pension capital at SNPS, you will participate for both schemes. It is not possible to participate in the CVP with a portion of your pension capital.

### ■ *Non-participation in the CVP - fixed pension benefit from an external pension administrator after retirement*

If you do not participate in the CVP, your aim is to purchase a fixed pension benefit from an external pension administrator of your choice. You still continue to accrue and invest pension capital from the age of 58 until you retire in accordance with your individual Life cycle profile in the IDC scheme. If you are accruing gross pension capital as well as net pension capital at SNPS, your decision not to participate in the CVP applies to both schemes.

You make your preliminary choice using the form "Preliminary Collective Variable Pension choice".

**Please note:** If you do not choose or do not choose in time, you will be deemed to have chosen to participate in the CVP.

## Collective risk sharing

In the existing IDC scheme, you bear various risks yourself until you retire. These risks are taken into account as much as possible in the composition of the individual Life cycle profiles. These include:

- Investment risk
- Longevity risk
- Mortality risk
- Interest risk

In the CVP the participants' accrued pension capital is invested collectively. Consequently, participants share various risks with each other. Because participation in the CVP commences 10 years before you retire and your pension capital is contributed gradually from participation to retirement, some risks are spread over time. And because the results are spread gradually in the CVP, the risk of large fluctuations in your pension is reduced (read more on page 5).

### *Investment risk*

The value of your investments may go down as well as up. The collective scheme absorbs and spreads any major fluctuations in returns, both negative and positive. Therefore your pension is less sensitive to the impact of any shocks in the stock markets. This is extra important if such a shock were to occur just before you retire.

### *Longevity risk*

The life expectancy in the Netherlands could rise more quickly than expected.

### *Mortality risk*

The number of participants who die in a year could be more or less than would be expected statistically. This is absorbed in the collective scheme.

### *Interest risk*

If you convert the accrued capital to a pension when you retire you are dependent on the interest

rate at that specific time. Because of the way in which your accrued IDC pension capital is converted to pension entitlements over several years in the CVP, you are less dependent on the interest rate at a given time.

These risks and costs (see box on page 6) jointly determine the result that is applied to the CVP annually (see spreading of results on page 5).

### *The effect of interest rates on your pension*

To a large extent interest rates determine the amount of pension you will receive. An explanation follows. Suppose that you retire now. You use all your accrued pension capital at once to purchase a pension from an external pension administrator. The pension administrator uses the interest rate applicable at that time to calculate how much pension you will receive annually.

Here is a fictitious example to clarify this. At the age of 68, a participant wishes to purchase a pension with a pension capital of €100,000. How much can this participant expect?

<b>Market rate interest</b>	<b>Annual pension</b>
1%	€ 4.460
2%	€ 5.060
3%	€ 5.690
4%	€ 6.350

## Your pension capital from IDC to CVP

In the CVP your individual, accrued pension capital is gradually converted into pension entitlements at SNPS in a maximum of 10 annual steps from the age of 58. These pension entitlements are variable and move with the financial results. You don't receive a pension yet.

The interest rates applicable at the time of the annual conversions of your pension capital into the CVP determine the amount of pension that you will purchase. Because the conversion is spread over a ten-year period you are less dependent on a given interest rate at one specific time (when you retire).

If you would like to know how capital conversion works please watch the video "conversion of capital" at [www.shellpensioen.nl/cvp](http://www.shellpensioen.nl/cvp).

### Investment mix

During the gradual conversion of your individual capital into the CVP you continue to accrue pension capital. Your remaining pension capital in the IDC scheme remains invested in accordance with your chosen risk profile: Defensive, Neutral or Offensive. Your pension entitlements in the CVP are invested in accordance with the CVP investment mix. This is one mix with a fixed distribution of 35% marketable securities (such as shares) and 65% fixed securities (such as bonds). Hence the CVP investment mix is not tailored to your personal circumstances, but is specifically set up for the collective scheme including the phase during which you are almost retired. The Board of SNPS establishes the CVP investment mix carefully. This is done with the assistance of a legally prescribed, thorough "Asset and Liability Management" study (ALM). The Board repeats the ALM frequently, in any event every 3 years and checks whether the CVP investment mix needs to be adjusted as a result of the findings of the ALM study. Investments are made in institutional investment funds. These funds carry lower fees than investment funds for private individuals.

More information about the investment mix for the CVP is available on your personal SNPS pension portal. Capital from your chosen individual IDC investment mix is converted to the fixed CVP investment mix over a maximum of 10 years. Therefore you participate in two different investment mixes up to your retirement.

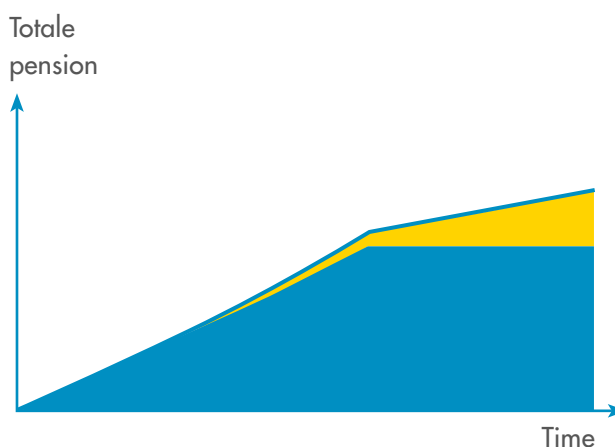
### Spreading of results and continued investment after retirement date

Each year, from the age of 58 the collective results in the CVP (profits as well as losses) are applied once costs have been deducted. This application does not happen in one go, it is spread over five years, as a result of which the risk of large fluctuations in your pension is reduced.

Your pension continues to be invested, even after it has commenced. Results (positive or negative) are also spread over five years after retirement. This prevents large fluctuations in your pension, but the amount of your pension will vary slightly from year to year.

If you would like to know how the spreading of results works, click on the video "spreading of results" at [www.shellpensioen.nl/cvp](http://www.shellpensioen.nl/cvp).

Schematic representation of your pension's expected capital gain, where the yellow part shows the CVP's capital gain in comparison to a fixed pension benefit.



## Participate immediately or at retirement?

Immediate participation in the CVP is expected to have two advantages:

1. In the CVP your risks are decreased by the gradual purchase of pension entitlements in the collective scheme. For your CVP entitlements, you no longer bear the risks alone, you share them with the other participants and pension beneficiaries.
2. The gradual conversion from IDC to CVP ensures that the amount of your pension is not dependent on interest rates at a specific time (your retirement).

## Information about your pension in the CVP

It is important that you know what you can expect, especially when your pension can vary in amount. In your personal pension portal you can see how your pension is developing in the CVP. This will show you what you can expect. Furthermore, it shows what happens to your pension entitlements in the CVP when things go well (strong economy) and how they develop in adverse conditions (downturn). See example opposite on page 7.

## Administration and investment costs

SNPS is a pension fund in which employees, pension beneficiaries and the employer jointly determine the policy and how it is administered. We are a non-profit organisation. We do incur costs in administering the CVP. There are two types of cost: administrative and investment.

### *Administration costs*

In order to cover administration costs in the CVP an amount is deducted from the annual result each year. This also happens if the result is nil or negative.

These administration costs are charged onto you by this deduction. Up to April 1, 2022, the maximum deduction will be 0.1% of the capital invested in the CVP for you. If a higher amount is necessary to cover the administration costs in any year during this period Shell will pay the rest. At the end of this period Shell Nederland will decide whether this mechanism continues, is terminated or takes a different direction.

### *Investment costs*

Investment costs are deducted from the return on investment and are thus at your expense. SNPS is able to keep these costs as low as possible by making collective investments.



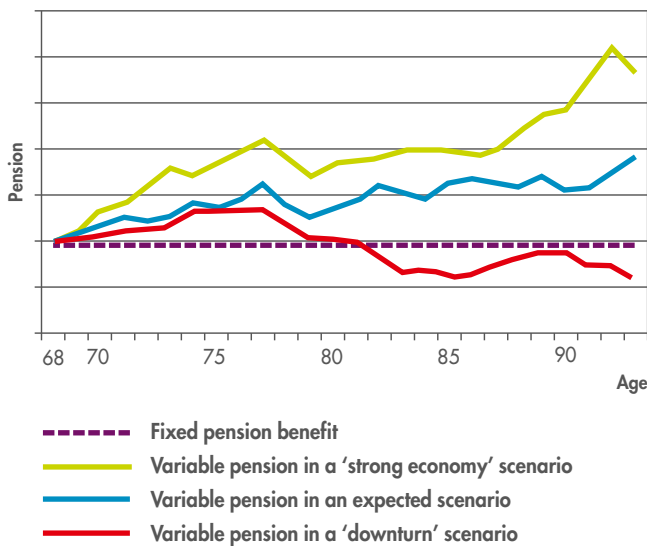
# Example of fixed and variable pension after retirement

This is a hypothetical example of a participant who retires at age 68 in the CVP. Pension remains invested even after retirement. Thus the participant continues to benefit from return on investment achieved. His pension varies from year to year, both upwards and downwards. This is just an example, reality will be different.

A fixed benefit offers more security because there are no variations in the amount of pension, but it is expected to provide a lower pension than a variable pension over the period of retirement.

At age 58, you receive a letter and a personal example together with this brochure, so that you can make a well-informed decision.

**Variable and fixed**



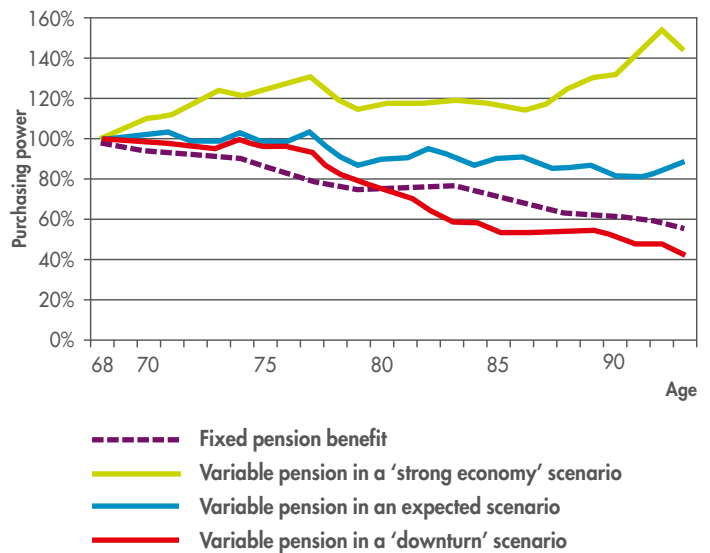
**What this graph shows**

This participant's pension in the CVP will vary in amount, this is visible in the graph. The blue line shows how the expected pension in the CVP is developing.

The green and red lines show expected pension development in a strong economy and a downturn respectively.

By way of illustration the graph also shows a fixed benefit, based on current general market rates (dotted purple line). Inflation is not taken into account.

**Development of purchasing power**



**What this graph shows**

Again, you see the participant's expected pension in three scenarios. By way of illustration a fixed benefit is also shown. In these scenarios about development in purchasing power, inflation is taken into account. Purchasing power is reduced due to inflation. In the long term, participants will be able to buy less and less with the same amount of euros. Therefore, you see a downward trend in the fixed benefit in this graph. The CVP is expected to compensate for (some of) this loss of purchasing power.

## The choice you need to make

You make a preliminary choice whether to participate in the CVP or not. It is important that you consider whether you want to run the risk that in the CVP your pension will vary and could in some circumstances be less than the fixed benefit alternative and whether your own financial situation can withstand that. Or if you prefer to opt for a fixed, guaranteed benefit based on the size of your pension capital and the interest rate at the time of purchase, and you accept that your purchasing power is expected to decrease more over time.

Indicate your preliminary choice in good time, using the form "Preliminary Collective Variable Pension choice".

- ***If you want to receive a variable pension from SNPS after you retire***, you should opt to participate in the CVP from the age of 58. Your accrued individual pension capital will then gradually be converted into pension entitlements in the CVP and invested in accordance with the collective CVP investment mix.
- ***If you want to purchase a fixed pension benefit from an external pension administrator when you retire***, you should not opt to participate in the CVP from the age of 58. You will then continue to accrue and invest pension capital in accordance with your individual Life cycle profile in the existing pension scheme (IDC).

SNPS will send you a confirmation of your preliminary choice. You cannot change your preliminary selection until you retire. Please note: if you do not choose or do not choose in time, you will participate in the CVP until you retire.

There will be another key choice date just before you retire. You must then make a final choice.



### Once you have chosen

#### ***Variable pension from SNPS***

If you have chosen to participate in the CVP you can follow developments in your pension entitlements using your personal pension portal.

When you retire you can still opt to leave the CVP. At that time, you then have your pension entitlements in the CVP converted into capital at once. All profits and losses that have not yet been shared will be applied. You use this capital to purchase a fixed benefit from an external pension administrator of your choice. According to the regulations it is not permitted to purchase a variable pension from anywhere other than SNPS.

#### ***Fixed pension from an external pension administrator***

If you have chosen not to participate in the CVP we will assume that you will purchase a fixed pension benefit from an external pension administrator when you retire. According to the regulations it is not permitted to purchase a variable pension from anywhere other than SNPS.

When you retire you will be given this choice again. If you opt to purchase a fixed pension benefit from an external pension administrator when you retire, you must inform SNPS which pension administrator you wish to purchase your pension from. You can still decide to participate in the CVP. If you do not communicate your choice of pension administrator you will be deemed to have chosen to participate in the CVP. In both cases, your accrued IDC capital is converted into pension entitlements in the CVP at once, on the basis of factors such as the interest rate at that time. You subsequently receive a variable pension from SNPS.

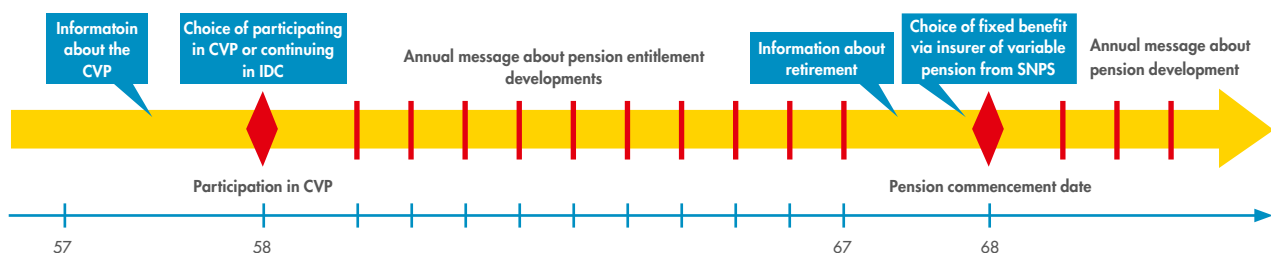


## More information about the CVP

What information can you expect and who can you turn to with any questions? At various times you will receive personal information about the CVP.

- In the second half of the year in which you become 58 you will receive a personal letter containing information about the CVP. You will make a preliminary choice to participate (variable pension) or not to participate (fixed pension benefit) in the CVP before 1 December of that year.
- You will receive a confirmation of your choice.
- Payments into the CVP will take place annually in January, the first time in the year in which you turn 58.
- You will receive a notification about the development of your pension in the CVP every year.
- SNPS will send you a letter containing information about retirement and further pension choices approximately six months before you retire.
- At latest 2 months before you retire you can then make the final choice for a variable pension from SNPS or a fixed pension benefit from an external pension administrator.
- You then receive a message when your pension commences.

Schematic timeline of important information moments



### Any questions?

For general information about your SNPS pension scheme (IDC and CVP) please visit the website: [www.shellpensioen.nl](http://www.shellpensioen.nl). In addition to this brochure you will also find an FAQ and various videos about the CVP.

You will find your personal retirement situation and your personal archive containing all your details and messages on your online portal: [www.shellpensioen.nl/mijnpensioen](http://www.shellpensioen.nl/mijnpensioen). Both for the gross SNPS pension scheme as for the Shell net pension scheme. Log on with your DigiD.

Finally, the SNPS helpdesk is available to help you. You can send an e-mail to: [info@shellpensioen.nl](mailto:info@shellpensioen.nl) You can also phone: +31 (0)88 462 34 56, on weekdays from 8:30 to 17:00.



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## What happens if ...

### *... You retire early*

In the CVP you can harmonise various elements of your pension with your personal wishes. For instance, you can retire early or opt to take partial-retirement. If you have more pension schemes, a net scheme and a gross pension scheme for example, and you retire before the age of 68, you do not have to commence these pensions at the same time. But it is allowed.

When you retire, you can make a number of other choices to make your pension suit your personal situation optimally. You will receive more information about this when the time approaches.

### *... You find a partner*

If you get married or enter into a registered partnership your partner will be entitled to a partner's pension and a temporary pension in the event of death in company service. The partner with whom you are cohabiting may also be entitled to a partner's pension under certain conditions. Your choice whether or not to participate in the CVP does not affect the partner's pension.

### *... You separate*

If your marriage or registered partnership ends, your former partner is then legally entitled to half of the pension capital you accrued during the marriage or registered partnership. After your death, your former partner receives a so-called "special partner's pension". This also applies to pension entitlements in the CVP.

If your cohabitation contract ends, your former partner will not be entitled to pension capital, however there will be a special partner's pension. Also in the CVP.

### *... You die*

In the event of your death in company service your partner and any children receive a surviving dependant's pension regardless of whether you participate in the CVP or not.

If you die once you have commenced your pension, your partner receives a partner's pension, if you

purchased one when you retired. The partner's pension can be paid either from the CVP or an external pension administrator, depending on the choice you made when you retired.

### *... You become unfit for work*

If you are ill for more than two years and UWV then declares you fully or partially unfit for work (and your employment with Shell is terminated on that basis), you are then entitled to a disability benefit. Your pension accrual is then continued automatically until your retirement because the pension fund pays your contributions while you are unfit, or partially unfit, for work. Participation in the CVP also continues if you have opted for it.

### *... You leave Shell service*

If you terminate your employment at Shell, your active participation in SNPS will cease. You then become a "former participant". The pension capital you accrued in the IDC scheme remains invested for you and the annual conversion of a portion of your IDC capital into the CVP continues.

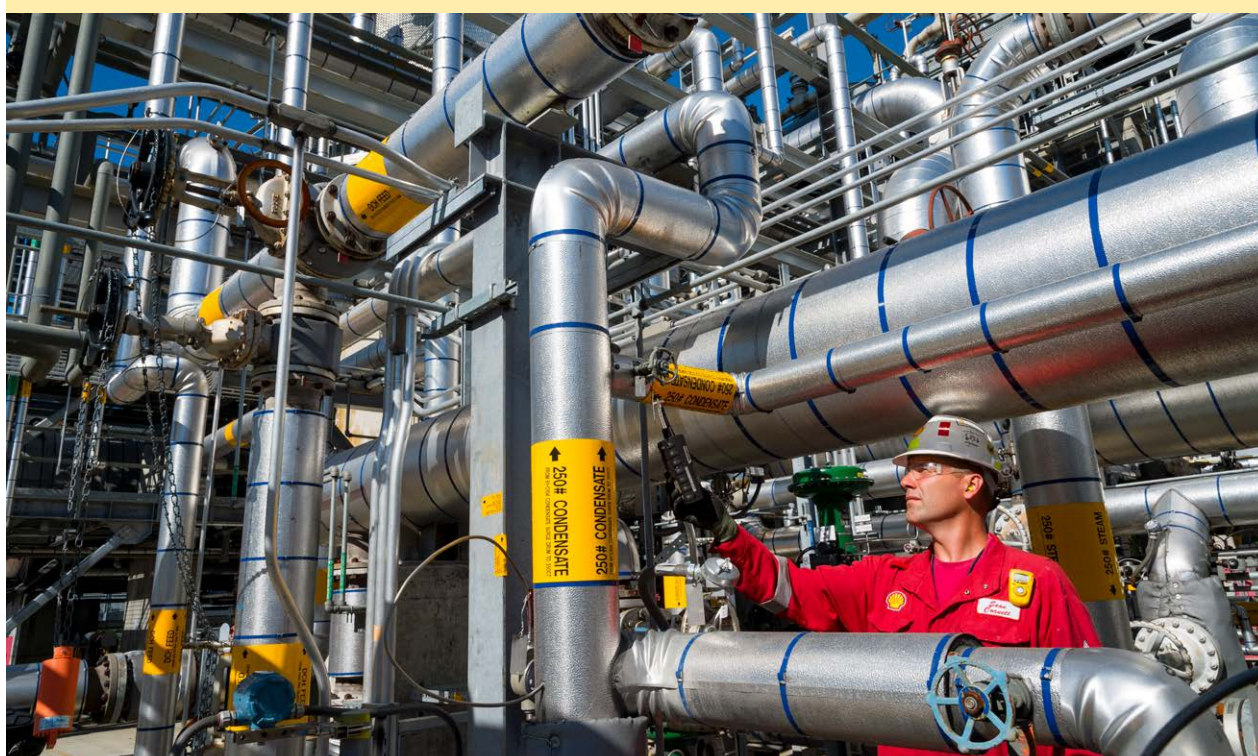
If you go to work somewhere else and you want to take your pension to your new employer you must inform SNPS. Your pension entitlements in the CVP are then converted into capital. You can then transfer this capital along with your remaining IDC capital to your new employer's pension

The above events work the same way in the CVP and the IDC scheme. Therefore it does not matter whether you choose to participate in the CVP or continue in the IDC scheme.

For more information please see the SNPS website: [www.shellpensioen.nl](http://www.shellpensioen.nl).

## Glossary

Investment mix	capital is invested in various ways with various risks, in shares and bonds for example. The investment mix is the ratio between the various types of investment
Return on investment	profit or loss made by the invested capital
CVP	Collective Variable Pension
IDC	Individual Defined Contribution
Life cycle profile	individual investment mix in the IDC scheme that is based on age and the amount of risk that a participant is prepared to take
Market rate of interest (interest rate)	the interest that is used to calculate how much pension can be purchased with a certain amount of capital
Pension entitlements	entitlements to a pension that has not yet commenced payment
Pension capital	the amount consisting of contributions paid by the employee and employer and the returns achieved by the invested contributions
Results	profit or loss in the CVP, after deduction of costs from collective returns on investments, changes in interest rates, changes in life expectancy, or because of the mortality risk.



## **Main principles of the Collective Variable Pension (CVP) at a glance:**

- Your pension remains invested after retirement.
- Your total pension is expected to be higher than a fixed pension benefit in the long term; however, there is no guarantee.
- The amount of your pension will vary after it has commenced, both upwards and downwards.
- Spreading of the results ensures that the annual impact of these variations is reduced.
- Your IDC pension capital is gradually converted into the CVP in a maximum of 10 annual steps.
- Consequently you are not dependent on the interest rate at one specific time (when you retire).
- In the CVP there are several risks that you no longer bear alone up to retirement, these are shared with other participants, also after retirement.
- You may participate from the age of 58, it isn't mandatory, you are given the choice.
- When you are 68 (or on your chosen early retirement age) you can choose again whether or not to participate. This choice is final.
- You receive your pension in the CVP from SNPS.
- An amount is deducted from the results to cover the administration costs every year. Up to April 1, 2022, this will be capped as up to 0.1% of the capital invested in the CVP for you and Shell pays the remaining administration costs.

*The purpose of this brochure is to explain the Collective Variable Pension (CVP) in an understandable manner and provide an outline of the scheme. The examples, graphs and accompanying videos show a simplified, schematic representation of reality. You can not derive any rights from this brochure and the accompanying material. The official legal wording of the pension scheme is given in the Regulations, and is ultimately leading. You can download the Regulations via [snps.nl](https://www.snps.nl).*

*The Board of SNPS has outsourced investment administration and asset management to Achmea Pensioenservices N.V. and Achmea Investment Management B.V. respectively. However, the Board of SNPS remains ultimately responsible for the proper and timely administration of the pension scheme.*

*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, the collective term 'Shell' is used to indicate the various Shell employers and joint ventures affiliated with Shell Nederland Pensioenfondstichting.*