

Stichting Shell Pensioenfonds

Your pension at Shell



The pension scheme in brief



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Regulations V and the Constitution of the Pension Fund apply to all employees who have joined the pension scheme. Every participant receives a copy of the Regulations and the Constitution. This brochure contains a brief summary of the present pension scheme under Regulations V, effective as of July 1, 2008.

Throughout this brochure, salary is taken to mean twelve months' salary plus the extra payments in April and/or December, even when this is not specifically mentioned.

All money amounts stated in this brochure are effective as of July 1, 2008 and are subject to change. All amounts quoted in the examples have been rounded off to the nearest whole euro.

The broad outlines of the pension scheme

Every employee who is in Shell service and participates in the Pension Fund's pension scheme (in short: every participant) accrues pension entitlements. The pension scheme is based on the final pay system, which means that a participant's pension is based on his or her last-earned salary. The pension scheme offers a great deal of flexibility, and every participant is free to make a number of choices.

Pension package

As a participant, your pension package comprises:

- a retirement pension;
- a partner's pension and orphan's pension
- a disability pension.

Each year in February you receive a personal pension statement detailing your pension entitlements. The next section (page 6) contains more information about the various elements of your pension package.



Pension entitlements

When you retire, you will receive a retirement pension. As soon as your employment with Shell has ended, your accrued pension entitlements are calculated. The level of your pension depends on:

- your pension basis;
- the number of pension years you have accrued;
- the accrual percentages.

More information and example calculations are provided on pages 6-8.

Pensionable age

The official retirement age is 65. However, you yourself can decide when, between the ages of 55 and 65, you actually retire. The longer you remain in employment, the higher your pension will be when you stop working. The pension scheme has other options in addition to the choice of your retirement age. You can find more information about these on page 11.

THE PENSION SCHEME IN A NUTSHELL

- As a participant you accrue retirement pension.
- The pension is based on your final salary.
- You accrue a certain percentage of your pension basis in the form of pension entitlements for every pension year.
- Your pensionable shiftwork supplement is factored into your pension basis proportionately.
- The official retirement age is 65.
- You can decide when, between the ages of 55 and 65, you actually retire.
- You can choose a number of other options in addition to your retirement age.
- As a participant you are insured for a disability pension.
- Every participant accrues entitlements to a partner's pension.
- All participants pay pension contributions.



Pension contribution

Every participant pays pension contribution. The amount you pay depends on your salary. For example, if you receive a shiftwork supplement that counts towards your pension accrual, you will pay pension contribution over it. Pages 6 and 7 contain more information on pensionable allowances, and on page 10 you can read more about the pension contribution and how it is calculated.

AOW benefit

As from the age of 65, you will be entitled to receive AOW benefit, the Dutch State retirement pension. For each insured year, you accrue 2 per cent of AOW benefit. You will have accrued a full AOW benefit if you resided in the Netherlands from the age of 15 to the age of 65 ($50 \times 2\% = 100\%$). If you have resided outside the Netherlands for any length of time, you will not usually accrue any AOW benefit during this time.

If you have a partner, you each receive your own AOW benefit. This AOW benefit amounts to 50 per cent of the AOW benefit for married persons and is paid out as from the age of 65. If you were born before 1950 and if you have a younger partner, you may be eligible for a supplementary AOW benefit until your partner turns 65. The level of this supplement depends, among other things, on your partner's income. The scheme under which this supplement is granted will be discontinued as of January 1, 2015.

If you do not have a partner, you will receive 70 per cent of the AOW benefit for married persons from the age of 65.

The AOW benefit is not paid by the Pension Fund but by the Social Insurance Bank (Sociale Verzekeringsbank – SVB). For more information on the AOW benefit, visit the SVB's website at www.svb.nl.



Your pension package

As a participant in the pension scheme, you accrue entitlements to a retirement pension, partner's pension and orphan's pension and you are insured for a disability pension. The pension is based on final salary. Its level depends on your salary, the number of pension years you have accrued and the age at which you wish it to enter into effect.

Retirement pension

As from your retirement date you will receive retirement pension for the remainder of your life. This pension is determined from your pension basis, the number of pension years you have accrued by the time you terminate employment, and with the relevant accrual percentages. The amount of your retirement pension is indicated in the personal pension statement that you receive each year. You can also view your pension entitlements using the Pension Calculator found on the Pension Fund's website. The calculator gives you the most recent details of your situation, so that you can see what your current pension entitlements are. To access the calculator, you must be logged on to the internal Shell network (sww).

Pension basis

Your pension basis is often the same as your salary (twelve months' salary plus the extra payments in April and/or December). Your pension basis is always determined on the basis of full-time

employment. If you work part-time, your pension basis will therefore be higher than the salary you receive.

If you receive a shiftwork supplement that counts towards your pension accrual, this supplement will be considered as a pensionable supplement. The employer determines whether a supplement is pensionable.

Pensionable supplements are factored into the calculation of your pension basis proportionately, i.e. depending on the number of years that you received this supplement.

In short:

your pension basis is your salary based on full-time employment, plus any pensionable supplements factored in proportionately.

Example: shiftwork supplement – 1

Mr Bos enters service in 2006. He accrues 35 pension years in total. During that period he is deployed for a total of 15 years on shiftwork, receiving a shiftwork supplement of 30 per cent on 12 months' salary. His salary on his retirement date is € 50,600. This is 12 months' salary plus the extra payments in April and December, a total of 14 months' salary. Mr Bos's pensionable supplement amounts to $12/14 \times 30\% \times € 50,600 = € 13,011$ a year. The shiftwork supplement counts towards Mr Bos's pension basis proportionately, according to the number of years that he received the supplement. In other words, the supplement counts for 15 of the total number of 35 pension years (15/35).

Mr Bos's pension basis consists of his salary plus the proportional pensionable supplement. In total this comes to $€ 50,600 + 15/35 \times € 13,011 = € 56,176$.





Accrual percentages

For each pension year, you accrue pension entitlements according to certain percentages of your pension basis

pension basis ^(*)	accrual per pension year
up to normal maximum of salary group 15 (€ 28,506)	1.1%
band between normal maximums of salary groups 15 and 6 (€ 28,506 t/m € 63,659)	2.0%
band between normal maximums of salary groups 6 and 3 (€ 63,659 to € 106,578)	1.75%
band above normal maximum of salary group 3 (€ 106,578)	1.5%

^(*) Pension basis = your salary plus pensionable supplements pro rata.

Example: shiftwork supplement – 2

Mr Bos from the previous example received different shiftwork supplement percentages during the 15 years that he worked shifts. During the first six years he received a shiftwork supplement of 15 per cent and during the subsequent nine years this was 30 per cent. On average he received an annual shiftwork supplement of $(6 \times 15\% + 9 \times 30\%) / 15 = 24$ per cent. The average pensionable supplement is $12/14 \times 24\% \times € 50,600 = € 10,409$ a year. The average proportional pensionable supplement is $15/35 \times € 10,409 = € 4,461$. His pension basis is $€ 50,600 + € 4,461 = € 55,061$.

Example: calculation of accrued pension entitlement

Ms Zwart has accrued 31 pension years on her retirement date. At that time, her pension basis is € 113,400. She has accrued the following pension entitlements in each pension year:

1.1% on	€ 28,506	= €	314
2.0% on	(€ 63,659 - € 28,506)	= €	703
1.75% on	(€ 106,578 - € 63,659)	= €	751
1.50% on	(€ 113,400 - € 106,578)	= €	102
			<u>€ 1,870</u>

Over a period of 31 pension years, this comes to $€ 1,870 \times 31 = € 57,970$

Pension years

If you work full time, the number of pension years you accrue is the same as the number of years that you worked for Shell (service years). If you work or have worked part-time, those service years are calculated according to your part-time working percentage. In that case, you will have fewer pension years than service years. If you have transferred pension entitlements from a previous employer, you may have more pension years than service years with Shell. Read more on page 18.

Example: pension years and part-time employment

Mr Koper enters service in 2006. After he has been in Shell service for 30 years, he decides to start working part-time (80 per cent). After having been in Shell service for a further five years (at which point he has 35 service years) he decides to retire. The number of pension years Mr Koper has on his retirement date is $30 + (5 \times 0.8) = 34$.

Partner's pension and orphan's pension

Every participant in the pension scheme accrues a partner's pension. If you do not have a partner, the accrued partner's pension is converted into a higher retirement pension when you retire.

Partner's pension

If you are married, your spouse is entitled to a partner's pension for the remainder of his or her life when you die. The same applies in a legally registered partnership. If you are resident in the Netherlands, the Pension Fund automatically receives your partner's data. If you marry abroad, you are required to provide the Pension Fund with documentary proof of your marriage.

It may also be the case that you are living together with a partner, and have concluded a cohabitation agreement before a civil-law notary. If you wish your partner to be eligible for a partner's pension in that case, you are required to register your partner with the Pension Fund. This is not done automatically. If you acquire a partner after you retire, this partner

will not be eligible for a partner's pension when you die.

The partner's pension is 70 per cent of the participant's retirement pension. There are two possibilities:

- If you are in Shell service at the time of your death, the pension years that you would otherwise have accrued until the age of 65 are factored into the calculation of the partner's pension.
- If you die after you have left Shell service, the pension years that you have actually accrued are taken into account when calculating the partner's pension.

Supplementary partner's pension

If your partner has not turned 65 at the time of your death, your partner receives a supplementary partner's pension by way of compensation for the lack of AOW benefits. This is discontinued when your partner turns 65.

Orphan's pension

If you have children at the time of your death, they will receive an orphan's pension until they reach the age of 18. For as long as your child is pursuing a course of study, he will receive this pension until the end of the month of August following his 24th birthday. The orphan's pension is 14 per cent of the sum total of partner's pension and partner's supplementary pension. Orphans receive double this amount if both their parents have died.

Benefit under the General Surviving Dependents Act

In some cases your partner may also be entitled to a government benefit under the General Surviving Dependents Act (Algemene Nabestaandenwet – Anw). This does not affect the supplementary partner's pension. You can find out more about this on the website of the Social Insurance Bank (Sociale Verzekeringsbank) at www.svb.nl, or on the website of the Ministry of Social Affairs and Employment (Ministerie van Sociale Zaken en Werkgelegenheid) at www.szw.nl.



Disability pension

If you become disabled, you may be entitled to a disability pension. The precondition is that, for example due to sickness or an accident as a result of which your chance of recovery in the long-term is very small, you are unable to earn more than 20 per cent of the salary that other people with similar educational qualifications and experience usually earn. The Pension Fund decides on the existence of such disability. A Shell physician designated by the Pension Fund makes the assessment. While the disability pension is being paid, your retirement pension continues to accrue until you turn 65. You are not required to pay any contributions towards this. You will accrue not more than 100 per cent of your pension basis, at which point accrual ceases.

If you receive a disability pension at the time of your death, the pension years that you would have accrued until the official retirement age are factored into the calculation of the partner's pension.

WAO or WIA benefit

If you are entitled to statutory disability benefit such as WAO (Wet op de arbeidsongeschiktheidsverzekering – the Disablement Insurance Act) or WIA (Wet werk en inkomen naar arbeidsvermogen – the Work and Income based on Ability to Work Act) and you retire before you turn 65, that benefit is deducted from your pension until you reach the age of 65.



Pension contribution

All participants in the Pension Fund pay pension contributions, and so does the employer. The contribution that you pay is laid down in the Regulations and calculated over your pension contribution basis.

Your pension contribution basis is equal to your salary (12 months' salary plus extra payments in April and/or December) plus any pensionable shiftwork supplement you may receive.

The pension contribution you pay as an employee consists of two elements:

1. 2 per cent of the pension contribution basis up to the normal maximum of salary group 5 (€ 74,881);
2. 8 per cent of the portion of the pension contribution basis exceeding this maximum. The Board may decide to reduce the contribution, but the minimum contribution is always 2 per cent.

If you take unpaid or parental leave, you will not accrue any new pension entitlements during the period in question and you will not pay any pension contributions either (see also page 16). If you work part-time, your contribution is multiplied by your part-time percentage.

Example: pension contribution basis and pension contribution

Mr Maurits has a salary of € 52,000. This consists of 12 months' salary plus the extra payments in April and December, which comes to a total of 14 months' salary. His pension contribution basis is € 52,000, and his pension contribution is € 52,000 x 2% = € 1,040 a year. Mr Maurits starts working shifts and receives a shiftwork supplement of 30 per cent of 12 months' salary. This supplement is a pensionable supplement and counts towards his pension accrual. Mr Maurits is required to pay pension contribution over the shiftwork supplement he receives.

He receives an annual shiftwork supplement of € 52,000 x 12/14 x 30% = € 13,371. His pension contribution basis is € 52,000 + € 13,371 = € 65,371.

The pension contribution is therefore € 65,371 x 2% = € 1,307 per year.

Example: pension contribution and part-time work

Mr Peters has a salary of € 85,600, and does not receive a shiftwork supplement. His pension contribution basis is therefore € 85,600. The pension contribution he pays in a year is:

2% of € 74,881	= € 1,498
8% of (€ 85,600 - € 74,881)	= € 858
Total	€ 2,356

Mr Peters proceeds to work 60 per cent part-time.

From then on his pension contribution is

60% x € 2,356 = € 1,414 a year.

On January 1, 2008 the contribution of 8 per cent was reduced to the minimum amount of 2 per cent for a period of a year. Mr Peters' pension contribution in 2008 is therefore 60% x 2% x € 85,600 = € 1,027.

Every year in December the Board decides on the possibility of a reduction of the contribution for the following year.



The choices you can make

The pension scheme of the Pension Fund offers a great deal of flexibility. This relates both to the moment at which you wish to retire and to the level of your pension. All pension scheme participants can make a number of choices.



EARLY, LATE OR PART-TIME RETIREMENT

You can opt for full early retirement or you may prefer to reduce your work gradually by taking partial retirement. You may also decide, in consultation with your employer, to continue working. These choices will have consequences for the level of retirement pension and partner's pension. If you are divorced, your choice will also affect your ex-partner's pension situation (see 'Changes in your private circumstances' on page 19).

Part-time pension

You decide to reduce your working hours for one or more years before you retire. Your income from salary will consequently be reduced. You can offset this income loss by having part of your pension paid out prior to your full retirement. This is referred to as part-time pension. You are entitled to a part-time pension only if you continue to work on an 80, 60 or 50 per cent part-time basis. The portion of your pension that is paid out earlier will be lower than the amount you would receive on full retirement. Once you receive a part-time pension, you cannot increase your working hours again. However, you may reduce your part-time working percentage further, down to a minimum of 50 per cent.

You may opt for a part-time pension from the age of 55. Part-time pension is also possible after you have turned 65. You always need to receive permission from your employer to be able to take a part-time pension.

Early retirement

You can opt for full early retirement from the age of 55. You must give the Pension Fund and your employer not less than six and not more than twelve months' notice of this. If you retire early you must stop working completely. This means you will accrue fewer pension years. Also, your pension will have to be paid over a larger number of years. Consequently your annual pension will be lower.

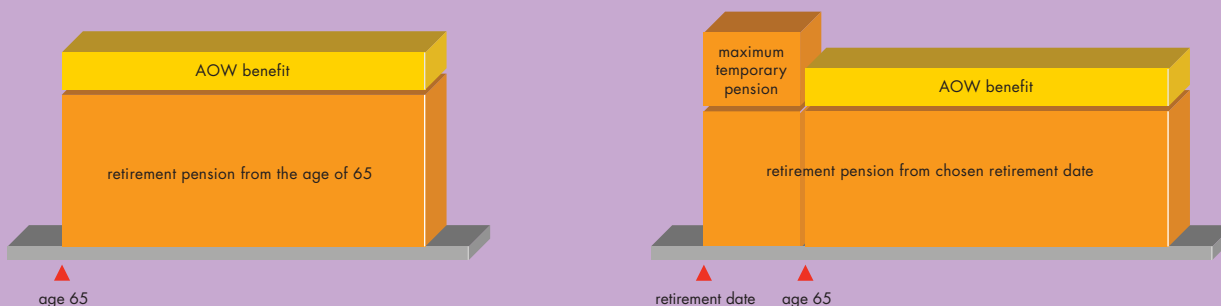
Working longer

By arrangement with your employer you can remain in employment after your 65th birthday until you turn 70 at the latest, thereby deferring your pension commencement date. Your annual pension payments following your retirement will be higher as a result. This is because you will have accrued more pension years and the pension payments will be made over a shorter period. The tax rules stipulate that a pension must be paid out as soon as pension accrual attains 100 per cent of salary: at that point in time you retire. This is not the case if the pension accrual is 100 per cent or more because you have transferred pension rights from a previous employer.

TEMPORARY PENSION

If you retire early, you can use part of your pension towards a temporary pension until the age of 65, before your AOW benefit commences (see figure). However, tax rules stipulate that such a temporary pension may not exceed the AOW benefit for a married couple. A maximum of € 17,654 can be paid as temporary pension in addition to your lower

retirement pension. Every year on July 1 the Pension Fund adjusts the maximum temporary pension. If you receive a part-time pension you can also opt to have a temporary pension paid out until you turn 65. The temporary pension may not exceed the AOW benefit for married couples, multiplied by your part-time pension percentage.



Part of the retirement pension (a maximum of € 17,654) is converted into a temporary pension from the chosen retirement date up to age 65. A lower retirement pension will remain from the age of 65 onwards.

CHOICES AFTER YOUR RETIREMENT DATE IS DETERMINED

Once your date of retirement is determined, you still have the one-off option of choosing more flexibility in the level of your pension. For example, you can exchange your partner's pension for retirement pension. You can also opt for a temporarily higher pension followed by a lower pension, or vice versa: temporarily a lower pension, followed by a higher pension. The Pension Fund must be informed of such choices no later than two months before you take full retirement.

Conversion

When you retire, you have the one-off option of conversion. In that case you exchange certain pension entitlements for others. Various exchange options are available.

A: exchanging partner's pension for a higher retirement pension

You can opt for a different ratio between your retirement pension and partner's pension by reducing the partner's pension so that you have a higher retirement pension.

This may be beneficial if no partner's pension or a lower partner's pension is needed, for example if your partner is entitled to a pension of his or her own. In that case you can exchange all or part of your partner's pension for a higher retirement pension. After the exchange, the partner's pension will be 0, 30 or 50 per cent of the resulting higher retirement pension.

Example: exchanging partner's pension

Ms Lomans retires at age 65. She has accrued an annual pension of € 40,000 with the Pension Fund. When she dies, her partner's pension will be € 28,000 (70% x € 40,000).

Ms Lomans's partner has accrued a pension elsewhere, so they decide to exchange her entire partner's pension for a higher retirement pension.

After the exchange the retirement pension is € 48,600 a year (121.5% x € 40,000), and there is no remaining partner's pension. When Ms Lomans dies, her partner will not receive a partner's pension from the Pension Fund.



B: higher retirement pension while both partners are alive

You feel that if your partner dies before you, you will not need a full retirement pension on your own. You prefer a higher retirement pension for as long you and your partner are both alive. In that case, you can exchange part (30 or 50 per cent) of the retirement pension you would normally receive after your partner's death for a higher retirement pension for as long as you are both alive.

If you were then to die, your partner would receive 70 per cent of this retirement pension as a partner's pension. If your partner were to die, your retirement pension would be reduced to 70 or 50 per cent of the retirement pension that you received together.

C: combinations of A and B

You can also combine the two exchange options described earlier by exchanging part of the retirement pension that you would receive after the death of your partner and part of the partner's pension for a higher retirement pension for as long as you are both alive.

The table below presents several possible forms of exchange based on a retirement age of 65. If you retire earlier or later than this, the percentages will change accordingly.

If you have no partner or ex-partner when you retire, the partner's pension will automatically be exchanged in full for retirement pension. This also applies if your partner has died and you do not have a new partner on your retirement date.

Forms of conversion (exchange) available at retirement age 65			
	retirement pension for as long as you are both alive (%)	retirement pension following your partner's death (%)	partner's pension following your death %
default situation	100	100	70
A: exchanging partner's pension for a higher retirement pension	105.3	105.3	50% of 105.3 = 52.7
	111.2	111.2	30% of 111.2 = 33.4
	121.5	121.5	0
B: exchanging retirement pension that would normally be paid following the death of your partner, for a higher retirement pension for as long as you are both alive	103.7	70% of 103.7 = 72.6	70% of 103.7 = 72.6
	106.2	50% of 106.2 = 53.1	70% of 106.2 = 74.4
C: combinations of A and B	109.4	70% of 109.4 = 76.6	50% of 109.4 = 54.7
	112.3	50% of 112.3 = 56.1	50% of 112.3 = 56.1

You can find the percentages in the Attachment to Regulations V.

Note: These percentages are adjusted from time to time. The next adjustments are expected to take place in 2009.

Example: exchange retirement pension for as long as both partners are alive

Mr Smulders has accrued a pension of € 47,000 with the Pension Fund. The related partner's pension is € 32,900 a year. Mr Smulders is 65 and retires. He would like to have a higher retirement pension for as long as he and his partner are both alive, so they decide to exchange. Mr Smulders exchanges 30 per cent of the retirement pension that he would normally receive after his partner's death for a higher retirement pension for as long as both are alive.

After the exchange the pension situation is as follows:

- as long as Mr Smulders and his partner are both alive, they will receive a retirement pension of € 48,739 ($103.7\% \times € 47,000$);
- if Mr Smulders dies, his partner will receive a partner's pension of € 34,117 a year ($70\% \times € 48,739$);
- if his partner dies, Mr Smulders' retirement pension will be reduced to € 34,117 a year ($70\% \times € 48,739$).

Variable pension: high/low or low/high

You might prefer to have a higher pension during your first years of retirement than thereafter, for instance if you have children who are still studying, or your mortgage has not yet been redeemed. Or because you have opted for a temporary pension until you turn 65 (see box on page 12) and wish to supplement this. In such cases you can opt for the high/low variant. You will then receive a temporarily higher pension as from your retirement date. After the agreed period has elapsed you will receive a lower pension. The converse is also possible (low/high): first a temporarily lower pension and subsequently a higher one.

The ratio between the higher and lower pension you can opt for is tied to certain limits. If you opt for a high/low or low/high variant this will affect the level of partner's pension, which varies according to the level of your retirement pension.

Example: results for one of the high/low possibilities

Mr van Velzen is nearly 65 and will retire soon. His retirement pension from the age of 65 is € 30,000 a year. His partner's pension is € 21,000 a year. Mr van Velzen's children are still students, and so he opts to receive a higher pension for the first five years. By then his children are expected to have graduated and he will be able to manage on a lower pension income.

Mr van Velzen wants the difference between the higher pension and the lower pension to be 25 per cent of the lower pension.

In other words: he wants to receive a higher pension for five years and a lower pension thereafter, with a high/low ratio of 125/100. This is illustrated in the table below.

The table shows that during the first five years Mr van Velzen's retirement pension is € 34,320. After those five years he will receive the lower pension of € 27,450. If Mr van Velzen were to die during the five years of higher pension payout, his partner would receive 70 per cent of that higher pension, i.e. € 24,024. After elapse of those five years his partner would then be paid 70 per cent of the lower pension, i.e. € 19,215.

	Default situation	High/low ratio = 125/100	
		first 5 years higher	subsequently lower
period	as from 65	from 65 to 70	as from 70
factor (*)		1.144	0.915
retirement pension	€ 30,000	€ 34,320	€ 27,450
partner's pension	70% = € 21,000	70% = € 24,024	70% = € 19,215

^(*)The factors are derived from the high/low ratios contained in the Attachment to Regulations V.

Note: These factors are adjusted from time to time. The next adjustments are expected to take place in 2009.





Consequences for your pension

The Attachment to Regulations V contains tables that show how your pension will be affected if you:

- retire early;
- work longer;
- exchange your pension (at various ages);
- opt for the high/low or low/high variant (all possible combinations).

The Pension Fund's website contains a calculator that you can use to make pension calculations. To use the calculator you must be logged onto Shell's internal network (sww). The calculator shows how the choices you make affect your pension.

Note: No rights may be derived from any calculations made with the calculator. The actual effect of your choices on your pension will be determined on your retirement date on the basis of the data applicable at that time.

Pension supplementation

You cannot accrue extra pension entitlements with the Pension Fund by making additional contributions yourself or depositing extra amounts (voluntary purchase). In other words, you cannot supplement your pension with the Pension Fund yourself. If you consider that you cannot accrue sufficient pension under the Shell pension scheme, you can make private savings through a bank or insurance company of your choice. Shell has a pension saving arrangement with an insurance company. This arrangement is not linked to the pension scheme. Further information about this can be found at HR Online.

In some cases you may take out supplementary pension insurance under favourable tax conditions. This depends on your personal pension situation. An independent adviser can provide further information.

Changes at work

Changes in your employment situation may affect your pension. Such as service abroad, a period of unpaid leave, or if you leave Shell before your retire.

Service abroad

If you are employed by Shell abroad, you can remain a Pension Fund participant in most cases. Contributions will be calculated over your Dutch pension contribution basis. However, a period of employment abroad does have implications for your AOW benefit as from the age of 65, because in many cases you will accrue 2 per cent less AOW benefit for every year you spend abroad. You can cover this shortfall yourself if you wish, by means of a supplementary insurance through the Social Insurance Bank (Sociale Verzekeringsbank) or an insurance company. Alternatively, of course, you can make your own saving arrangements. Read more about pension supplementation on page 15.

Unpaid leave

If you take unpaid or parental leave, you continue to participate in the pension scheme. However, you do not accrue further pension entitlements, nor do you pay pension contribution during that period. Your employer does not pay any contributions for the accrual of retirement pension either. If you take part-time leave, you only accrue entitlements over the period spent working, and you and your employer pay contribution over that period.

Risk cover

During your leave the employer pays insurance premiums to cover the risk that you may die or become disabled during your leave. This risk cover ensures that in the event of your death during your leave period, the pension years you would have accrued by your official retirement age are factored into your partner's pension. The same applies if you become disabled during your leave period: the pension years you would have accrued by your official retirement age are factored into your

retirement pension. If you had agreed to resume work on a part-time basis after your leave, those pension years are determined on the basis of your part-time working percentage. When you return to work after your leave, your pension accrual is resumed on the basis of your full-time salary and, if appropriate, your post-leave part-time working percentage.

Life cycle leave

Life cycle leave is also a form of unpaid leave. The difference with unpaid leave is that during life cycle leave you continue to accrue pension on your life cycle payout for a maximum of six months. You and your employer pay the normal pension contribution for this. During life cycle leave periods when no pension is accrued, the above-mentioned risk cover arrangement is effective. More information about the life cycle savings scheme can be found in Shell Nederland's 'Shell Life Cycle Savings Scheme' brochure available at HR Online.

Leaving Shell employment; deferred pension

If you leave Shell service before your retirement date, you will stop accruing pension with the Pension Fund and will no longer pay pension contribution. You will be entitled to a deferred pension. This comprises the retirement pension, partner's pension and orphan's pension entitlements you have accrued until that date. You will no longer be eligible for a disability pension. As you no longer pay pension contribution for a deferred pension, it is sometimes referred to as a 'non-contributory pension entitlement'. Your deferred pension is paid out as from your official retirement date.

If you wish and if it is financially feasible, you can opt to have your deferred pension enter into effect



earlier, as from the age of 55. However, your pension will be lower if you do this. If you are in full-time employment with another employer, you can opt to have your deferred pension enter into effect later, up to the age of 70. The other options as indicated on pages 12 to 14 are also applicable. However, you may not have part of the deferred pension enter into effect (part-time pension).

If you are entitled to a statutory disability benefit, such as WAO or WIA, and you choose to have your deferred pension enter into effect before you turn 65,

all or part of this benefit will be deducted from your deferred pension until you reach the age of 65.

Other changes

Other changes in your employment can also affect your pension, for example if you decide to work part-time or change from shiftwork to daytime work and vice versa. The section entitled 'Your pension package' explains how part-time work and shiftwork can affect pensions.



Value transfer

If you take up employment elsewhere, you can transfer your Shell pension entitlements to your next employer's pension scheme by applying for a value transfer. The value of your accrued pension entitlements will then be transferred from your previous pension scheme to your new pension scheme.

A statutory right to transfer pension entitlements when taking up work with a new employer was implemented on July 8, 1994. Like the Shell Pension Fund, most pension funds are willing to co-operate in the transfer of pension entitlements that were accrued before that date.

Joining Shell

If you have accrued pension entitlements with another employer before joining Shell, you can transfer the value of these entitlements to the Pension Fund. You will be granted additional pension years in return. This may also be an ideal time to review your pension situation (see also 'Pension supplementation' on page 15).

Example: pension years and value transfer

Ms van Hout worked for another employer before she joined Shell. She transferred the pension entitlements she had accrued with that employer to the Pension Fund. In return she received eight pension years with the Pension Fund. After working full-time for Shell for 20 years (at which point she has 20 service years)

Ms van Hout retires.

The number of pension years on her retirement date is $8 + 20 = 28$.

The transfer of pension rights may have a favourable effect on the level of your eventual pension. The pension entitlements you have accrued elsewhere are based on the salary that you received from your previous employer. This means that they do not develop in the same way as your present salary at



Shell. Whether it is favourable for you to transfer pension entitlements acquired at previous employers, also depends on the difference between your previous pension scheme and that of Shell. In any case, your pension will be paid from fewer sources if you decide to transfer it.

When you apply to become a Pension Fund participant, you can state on the form that you wish to transfer the pension entitlements you accrued with your previous employer to the Pension Fund. If you have worked for Shell previously and have deferred Shell pension entitlements, you can also state on the form that you wish to 'add' this deferred pension to the new pension that you will accrue. You can also request a value transfer at a later date, up to six months after joining Shell.

If you request a transfer of previous pension entitlements, the Pension Fund will contact the pensions administrator of your previous employer. If this organisation is prepared to co-operate with the transfer, the Pension Fund will arrange this further with your previous pensions administrator. You will receive notification of the consequences of the transfer for your pension and will be asked whether you agree to the transfer. At that moment you can decide whether or not you actually want the transfer to go ahead.

Leaving Shell

If you leave Shell to work for another employer, you can transfer your Shell pension entitlements to the pension administrator of your new employer. You should contact your new pension administrator to arrange the transfer.



Changes in your private circumstances

Changes in your private circumstances, particularly in your marital status, can also affect your pension situation. Getting married, cohabiting and ending a relationship all have an impact on pension entitlements.

Marriage/cohabitation

If you get married or enter into a legally registered partnership in the Netherlands while you are a Pension Fund participant, your partner will be entitled to a partner's pension in the event of your death. You do not need to enrol your partner in the Pension Fund for that purpose. If you marry abroad, you are required to provide the Pension Fund with documentary proof of your marriage. If you are cohabiting or planning to cohabit, the enrolment of your partner as your partner's pension beneficiary is subject to certain requirements, which are set out in the Regulations.

Ending of a relationship

The ending of a relationship has implications for both the partner's pension and the retirement pension.

Partner's pension

In the event of divorce or the ending of a registered partnership, your ex-partner retains a right to the partner's pension accrued until the date of separation. This also applies if you are cohabiting and have enrolled your partner with the Pension Fund. The pension to which your ex-partner remains entitled is termed a special partner's pension. It is deducted from the partner's pension that your new partner, if you have one, would otherwise be entitled to. Partners can exclude each other from entitlements to the special partner's pension in a prenuptial agreement or cohabitation contract, or by explicitly relinquishing any rights to such entitlements in a divorce settlement.

Retirement pension

In the case of divorce, judicial separation or termination of a registered partnership, the former partner is also entitled to payment of part of the

retirement pension. This is realized pursuant to the Dutch Pension Settlement (Divorce) Act. Under the Act, the former partner is eligible for payment of half of the retirement pension that was accrued during the period of the marriage or registered partnership. However, the partners can also agree some other apportionment. The Pension Fund must be notified if the retirement pension needs to be divided up (equalised). To this end, the ex-partner must complete the special form prescribed by law for this purpose and submit it to the Pension Fund within two years of the date on which the relationship ended. If you live abroad, you must report the termination of your relationship to the Pension Fund, but you are not required to do this if you live in the Netherlands. If you are cohabiting with an enrolled partner and your relationship ends, your ex-partner is not entitled to retirement pension. If you are in this type of relationship, you must always notify the Pension Fund if your relationship ends.

CONSEQUENCES OF YOUR PENSION CHOICES FOR YOUR EX-PARTNER'S RETIREMENT PENSION

If your ex-partner has a right to payment of part of your retirement pension, any decision you make to take early retirement or work longer will affect this right. So, if you retire early or work longer, the retirement pension your ex-partner receives will be paid out earlier or later. These decisions will also affect the level of pension to which your ex-partner is entitled. If you retire early your ex-partner will receive a lower pension. If you postpone your retirement date your ex-partner, like you, will receive a higher pension as from the later retirement date.

Indexation of pensions

Indexation is the adjustment of pensions by a certain percentage. For certain pension elements, indexation is unconditional. These elements are specified in the Regulations. For all other pensions in payment and non-contributory pension entitlements, indexation is conditional.

Unconditional indexation

Indexation is unconditional for certain pension elements. These elements are specified in the Regulations. They are adjusted on July 1 of each year. The adjustment is in line with developments in social security or participants' salaries.

These elements include:

- partner's and orphan's pensions in payment for which the retirement date of the deceased participant has not yet been reached; these are adjusted in line with the development of Shell salary group 15;
- disability pensions in payment; these are recalculated in line with the development of normal salary maximums at Shell.

Conditional indexation

For all other pensions in payment and non-contributory pension entitlements, indexation is conditional. Each year the Board decides whether such an adjustment will be effected. The Pension Fund's aim is to adjust pension rights and pension entitlements on July 1 each year in line with the rise or fall of the 'derived consumer price index for all households', as determined by Statistics Netherlands (CBS) for the reference period from March of the previous year to March of the current year.

Other factors

The Board may decide to grant a supplement on the basis of other factors, such as developments in social security or health care or the development of salaries at Shell in the Netherlands, in addition to the above conditional indexation. Any decision to grant such a supplement is at the discretion of the Board.

The application of the Indexation policy is evaluated every five years.

Information on indexation levels in the past ten years can be found in 'Facts & Figures', the summary of the Pension Fund's annual report.



FORMS

The Pension Fund provides forms for different situations or events, such as:

- Participant application
- Application for partner's pension arrangement
- Termination of cohabitation agreement
- Application for part-time retirement
- Early retirement
- Early payment of deferred pension
- Final pension choices

All the forms are conveniently listed together on the website.



Key terms

Exchange

When you retire, you can exchange some or all of your partner's pension for a higher retirement pension.

High/low

A high/low pension is a variant whereby you opt for a higher retirement pension in the first years following retirement and a lower retirement pension during the years thereafter. Conversely, a low/high pension variant is also possible.

Indexation

Indexation is the adjustment by a certain percentage of pensions in payment (pension rights) and/or deferred pensions (non-contributory pension entitlements).

Non-contributory pension entitlements

Or: deferred pension. If you leave Shell before your retirement date, you are entitled to the retirement pension, partner's pension and orphans' pension that you have accrued until your leaving date. No further contributions are paid in respect of these entitlements and no further accrual takes place.

Participant

You are a participant if you are in the service of a Shell company and are accruing pension entitlements with the Pension Fund.

Part-time pension

A part-time pension can be drawn for 20, 40 or 50 per cent of your working hours while you remain in employment for the remaining working hours.

Pension administrator

The Pension fund or insurance company where you accrue or have accrued pension entitlements. The pension administrator administers the pension scheme for the employer.

Pension basis

Your salary (12 months plus extra payments in April and/or December) plus any accrued pensionable supplements. Your pension is determined on this basis.

Pension contribution basis

Your salary (12 months plus extra payments in April and/or December) plus any current pensionable supplements. The pension contribution you have to pay is determined on this basis.

Pension years

Your number of pension years is in principle equal to the number of years in which you were in full service (100%) of Shell. If you worked part-time for a certain period, those years will count proportionally as pension years. You may have extra pension years if you have transferred the pension entitlements accrued with a previous employer.

Pensionable supplement

Any salary supplement that is factored into your pension entitlements. A pensionable supplement is expressed as a percentage of your salary and is included proportionately in your pension basis according to the number of years (or: pro rata) that you received the supplement. The employer determines whether a supplement is pensionable.

Temporary pension

The pension that may be paid on top of your retirement pension until you turn 65. Under the fiscal rules a temporary pension may not exceed the AOW benefit for a married couple.

Value transfer

When you join Shell, you may already have accrued pension entitlements with one or more previous employers. You may transfer these pension rights to the Pension Fund. If you leave Shell to work for a new employer, you may transfer the pension entitlements you have accrued with the Pension Fund to your new employer. In other words, value transfer can work in both directions, by joining or leaving the Pension Fund.

More information

If you would like more information about the pension scheme or the Pension Fund's structure and policy, please consult www.shell.nl/pensioenfonds. This site also contains forms and other brochures that you are free to download.

If you have specific questions about a certain subject mentioned in this brochure or about your personal pension situation, please contact the Pension Fund. The pension administration staff can access your pension records and will be glad to give you personal information.

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DISCLAIMER

This brochure summarizes the main aspects of the pension scheme. No rights may therefore be derived from it. The full text of the pension scheme is contained in Regulations V. In cases of doubt or if discrepancies occur between the texts, the official text of the Regulations will apply.

The Regulations and the Constitution are sent to all Pension Fund participants and are published on the website (www.shell.nl/pensioenfonds).

The choices that you make under the pension scheme are strictly personal. Neither Stichting Shell Pensioenfond, nor Shell Pensioenbureau Nederland B.V. nor any other Group companies can be held responsible or liable for such choices or the consequences thereof.

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