



# Pre-Pension Savings Regulations

Stichting Pensioenfonds SABIC

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# 1 DEFINITIONS

1.1 In these regulations, the following terms have the stated meaning:

<b>State Pension Age (AOW age)</b>	the age as referred to in Section 7a of the Dutch General Old Age Pensions Act ( <i>Algemene Ouderdomswet, AOW</i> ).
<b>Policy funding level</b>	the policy funding level defined in Section 133a of the Dutch Pensions Act ( <i>Pensioenwet</i> ).
<b>Board</b>	the board of the Fund.
<b>Member</b>	the Employee who is a member of the PPS Scheme under the provisions of Article 2 of these regulations.
<b>Fund</b>	the “Stichting Pensioenfonds SABIC” with its registered office in Sittard.
<b>Deferred Member</b>	a person whose Membership has ended, with due observance of Article 2.4, other than as a result of death or retirement and who may derive rights from these Pension Regulations, but for whom no further pre-pension is acquired.
<b>Pensioner</b>	the person to whom a PPS benefit is paid.
<b>Pension Regulations</b>	“Pension Regulations of Stichting Pensioenfonds SABIC”
<b>PPS combination</b>	the combination of PPS date and pension amount of the PPS benefit to be determined by the Member.
<b>PPS date</b>	the date on which the Member reaches State Pension Age (AOW age) minus three years.
<b>PPS Scheme</b>	the Pre-Pension Savings Scheme as documented in these regulations.
<b>PPS balance</b>	the amount held by the Fund on behalf of the Member, consisting of the contributions paid by the Member under these Regulations, plus the return on them credited by the Fund, which will be used on the PPS date for a PPS benefit.
<b>Employer</b>	SABIC Europe B.V., with its registered office in Sittard. For the application of these regulations, SABIC Limburg B.V. acts for the Employer, insofar as they relate to Employees of SABIC Limburg B.V.
<b>Employee</b>	the persons employed by the Employer under an employment contract.

## 2 PPS SCHEME MEMBERS

### **Members**

- 2.1 Subject to the provisions of Article 2.2, all Employees are PPS Scheme Members. Employees born on or after January 1, 1950 are excluded from membership of the PPS Scheme as from January 1, 2006.

### **Waiver**

- 2.2 Employees who have signed a waiver to state they do not wish to participate in the PPS Scheme are not Members.

For Employees who were Members of the Stichting Pensioenfonds DSM-Chemie PPS Scheme immediately before this and who have therefore already submitted a valid waiver to that Fund, this waiver will be regarded as a waiver made towards Stichting Pensioenfonds SABIC.

The Fund must have received the waiver of Employees who took up employment with the Employer after the PPS Scheme entered into force within two months of the start of their employment contract.

The waiver must be made on a form drawn up and issued for this purpose by the Fund.

### **Beginning and end of membership**

- 2.3 Membership begins on the first day of the month in which employment with the Employer has started, but not before January 1, 2003.
- 2.4 Membership ends:
- a) on the PPS date or early PPS date agreed with the Employer;
  - b) on termination of the employment relationship with the Employer, unless the Board, in view of special circumstances and on the Employer's proposal, allows continued membership
  - c) if and insofar as the Member receives a benefit under the Work and Income (Capacity for Work) Act (*Wet werk en inkomen naar arbeidsvermogen, WIA*), on the date on which that WIA benefit starts
  - d) on the Member's date of death
  - e) for a Member born on or after January 1, 1950, on December 31, 2005

### **3 CONTENT OF THE PPS SCHEME**

- 3.1 This PPS Scheme provides for the accrual of a PPS balance in favor of the Member, which the Member can use to finance a PPS benefit that starts on the PPS date, with due observance of the provisions of Article 11.

For this purpose, the Fund maintains an individual PPS balance for each Member, which accrues through contributions from the Member and the return achieved on these contributions, all as described in the other articles of this PPS Scheme.

This constitutes a defined contribution agreement as referred to in Section 10 of the Pensions Act.

## **4 IMPLEMENTATION OF THE PPS SCHEME**

- 4.1 The PPS Scheme has been placed with the Fund.

## **5 PPS INCOME BASE**

[Ceased to apply as of September 1, 2015]

## **6 PPS CONTRIBUTION**

[Ceased to apply as of September 1, 2015]

## **7 TRANSITIONAL PROVISION: CONTRIBUTION GUARANTEE**

[Ceased to apply as of September 1, 2015]

## **8 RETURN ON PPS BALANCE**

- 8.1 On January 1 of each calendar year (for the first time on January 1, 2004), the Board will determine the return made by the Fund for the previous calendar year on the sum of investments relating to the combined amount of the PPS balances of all Members and Deferred Members. The return is expressed as a percentage that the Board determines based on the Fund's total investment income.

If the total investment income is negative in any year, the Board will set the return to be granted at zero, and in future years in which the total investment income is positive, the Board will consider this when determining the return to be granted. The Board may decide otherwise if the financial resources give cause to do so.

- 8.2 The PPS balance of each Member and Deferred Member is increased by the return calculated in accordance with Article 8.1 , on the understanding that the increase for the first six months is based on the return made for the penultimate calendar year and the increase for the last six months is based on the return made for the last calendar year.

## **9 TECHNICAL PROFIT SHARING**

[Ceased to apply as of September 1, 2015]

## **10 ANNUAL OVERVIEW OF THE PPS BALANCE**

[Ceased to apply as of September 1, 2015]

## 11 AMOUNT OF THE PPS BENEFIT

### **Calculation**

- 11.1 On the PPS date, the PPS balance of the Member or Deferred Member is used for a PPS benefit that begins immediately according to the allocation factors based on the fund principles in 0. The allocation factors are periodically updated.
- 11.2 The PPS benefit begins:
- a) on the PPS date or earlier insofar as the Member or Deferred Member opts for early payment, as referred to in Article 11.4; or
  - b) no later than the day before reaching the maximum age permitted for tax purposes (currently 65) insofar as the Member or Deferred Member opts for deferment as referred to in Article 11.7.
- 11.3 The PPS benefit ends:
- a) on the last day of the month in which the Member or Deferred Member dies before reaching State Pension Age (AOW age), or
  - b) no later than the date on which the Member or Deferred Member reaches State Pension Age (AOW age).

### **Early payment**

- 11.4 The Member or Deferred Member may opt to use the PPS balance for a PPS benefit before the PPS date. These conditions apply;
- a) The PPS benefit may not start before the Member's or Deferred Member's 60<sup>th</sup> birthday.
  - b) the early PPS benefit is determined according to the allocation factors based on the fund principles in 0. The allocation factors are periodically updated.
- 11.5 Insofar as the PPS benefit starts fully or partially before the relevant Member or Deferred Member reaches State Pension Age (AOW age) minus five years, early payment, as referred to Article 11.4, is possible only if the Member or Deferred Member is able to produce a written declaration demonstrating to the Fund that he/she is performing no further (or proportionally less) paid work from the date on which the PPS benefit starts.
- 11.6 A request for early payment will be accepted only if it is submitted to the Fund's Board at least three months, but no more than six months, before the desired start date of the early PPS benefit.

### **Deferment**

- 11.7 Deferring the start of the PPS benefit is possible only under these conditions:
- a) Deferment is possible only insofar and as long as the Member or Deferred Member is still receiving income from current employment to the same extent after the PPS date;
  - b) the PPS balance is used for a PPS benefit no later than the day before reaching the maximum early retirement age permitted for tax purposes (currently age 65) or reaching the start date of the retirement pension as specified in the Pension Regulations if the retirement pension starts earlier than the day before the date on which the Member or Deferred Member reaches the maximum early retirement age permitted for tax purposes (currently age 65); and

- c) the deferred PPS benefit is determined according to the allocation factors based on the fund principles in 0. The allocation factors are periodically updated.
- 11.8 If the Member or Deferred Member opts for deferment of the PPS date, he/she must give the Fund a written declaration demonstrating that after the day on which he/she reaches the PPS date, he/she is still receiving income from current employment to the same extent.
- 11.9 If the Member or Deferred Member starts earning no income or less income from current employment during the deferment period, the PPS balance must be used for a PPS benefit to the same extent as the income from current employment is reduced. The Member or Deferred Member must notify the pension fund immediately if he/she starts earning no income or less income from current employment.
- 11.10 If a Member or Deferred Member opts for deferment, as referred to in Article 11.7 and the allocation of the PPS balance is deferred until the start date of the retirement pension, as referred to in the Pension Regulations, or until the day before reaching the maximum early retirement age permitted for tax purposes (currently 65), the PPS balance on reaching the maximum early retirement age permitted for tax purposes (currently 65), or such earlier date as the retirement pension referred to in the Pension Regulations starts, will be used to increase the pension entitlements under the Pension Regulations according to the factors based on the fund principles in 0.
- 11.11 Notwithstanding the provisions of Article 11.10, deferment until the day before reaching the maximum early retirement age permitted for tax purposes (currently 65) is not possible insofar as the Member or Deferred Member no longer has any pension entitlements under the Pension Regulations because of a value transfer or commutation. In that case, the allocation of the PPS balance will be deferred until the deferred PPS benefit amounts to 100% of the pensionable salary as referred to in Section 38a, paragraph 3, of the Wages and Salaries Tax Act 1964 (*Wet op de Loonbelasting 1964*) (2004 text).
- 11.12 A request for deferment of the pension will be accepted only if it is submitted to the Fund's Board at least three months, but no more than six months, before the PPS date.

### ***Part-time pension***

- 11.13 The Member or Deferred Member may choose part-time retirement, provided that the normal working hours are at least proportionally reduced at the same time. A proportional part of the PPS balance will be used for this purpose.
- The Member or Deferred Member has only one opportunity to choose part-time retirement and this choice may not be revoked by the Member, Deferred Member or the Employer. Part-time retirement cannot start before the Member or Deferred Member turns 60. A request for part-time retirement will be accepted only if it is submitted to the Fund at least three months, but no more than six months, before the desired start date of the part-time retirement.



## 12 OCCUPATIONAL DISABILITY

12.1 If the employment relationship between a Member or Deferred Member and the Employer ends because the Member or Deferred Member becomes fully or partially disabled within the meaning of the WIA, the Member or Deferred Member may choose to have one of these two provisions apply upon the termination of employment:

- a) The disabled Deferred Member retains the right to the PPS balance that he/she had already saved by the date of termination of the employment. Articles 8, 11, and 13 will remain applicable to that PPS balance.
- b) The PPS balance that the disabled Deferred Member already has saved by the employment end date is used for a disability pension that starts immediately according to the allocation factors based on the fund principles in 0. The allocation factors are periodically updated. This disability pension ends:
  - i. on the last day of the month in which no further right to a WIA benefit exists;
  - ii. on the last day of the month in which the person concerned dies before reaching State Pension Age (AOW age);
  - iii. on the day that the retirement pension, as referred to in the Fund's Pension Regulations, becomes payable, insofar as the retirement pension becomes payable before State Pension Age (AOW age); or
  - iv. no later than the date on which the person concerned reaches State Pension Age (AOW age).

If membership ends partially under the provisions of Article 2.4, subparagraph c) because of partial disability, the provisions of subparagraph a above will apply by analogy.

### **13 DEATH BEFORE THE PPS DATE**

- 13.1 If a Member or Deferred Member dies before the PPS benefit, as referred to in Article 11, has started, the PPS balance will be used to temporarily supplement the partner's pension under the Fund's Pension Regulations, if and insofar as this is permitted by tax criteria, at the Fund's sole discretion. The PPS benefit is allocated according to the allocation factors based on the fund principles in 0. The allocation factors are periodically updated.
- 13.2 The portion of the PPS balance that cannot be used under Article 13.1 to supplement partner's pension is released into the Fund's resources.

## 14 TERMINATION OF EMPLOYMENT BEFORE THE PPS DATE

### *Retaining the PPS balance*

- 14.1 If the employment relationship between a Member or Deferred Member and the Employer is terminated before the PPS date, other than through disability or death, and no value transfer has occurred, the Deferred Member will remain entitled to the PPS balance that he/she had already saved on that date. In that case, the Deferred Member receives an overview of the PPS balance as of the employment end date.

### *Return*

- 14.2 Articles 8, 11, and 13 remain applicable to the PPS balance referred to in Article 14.1.

### *Using the PPS balance for value transfer*

- 14.3 At the request of a Deferred Member, the PPS balance retained on termination of employment may be transferred to another pension administrator under a value transfer, if the requirements established for this purpose by, or by virtue of, the Pensions Act are met.

### *Provision of information at the end of employment*

- 14.4 The Deferred Member will receive proof of the PPS balance accrued at the end of his/her employment. The provisions of Section 39 of the Pensions Act will be observed in requests for a statement of the Deferred Member's accrued PPS balance.

## 15 ADJUSTMENT OF COMMENCED PPS BENEFITS

- 15.1 Annual indexation may be granted on the PPS benefit and disability pension as referred to in Article 12, which may not exceed the increase in the consumer price index (CPI - All Expenditure - derived) established by Statistics Netherlands. The Board determines this indexation based on the percentage by which the consumer price index rose in the previous October in comparison with the percentage in October of the previous year. However, the Board decides each year to what extent commenced PPS benefits will be adjusted in line with commenced pensions under the Pension Regulations.
- 15.2 No reserve is formed, and no contribution is paid for this conditional indexation. The indexation is financed from the return on investments.
- 15.3 The Board decides to grant indexation only if and insofar as it believes the financial means are available to do so. Indexation takes place on the first of January each year on the basis of the following policy:
- If:
- a) the Policy Funding Level of the Fund is lower than 110%, the Board will not grant indexation
  - b) the Policy Funding level of the Fund is higher than 110%, the Fund may grant indexation, as referred to in Articles 15.1 and 15.2, to the extent permitted and with due regard for the provisions of Section 15 of the Decree on the Financial Assessment Framework for Pension Funds.

The Policy Funding Level on December 31 directly preceding January first on which the indexation is granted is decisive here.

- 15.4 In addition to Article 15.3, the Board can grant extra indexation in accordance with the regulations and legislation. Extra indexation, as described in this article, affects pension entitlements and pension rights as of the date on which the extra indexation is granted.
- 15.5 The Board reserves the right to adjust the indexation policy or parts thereof, established in the provisions of this article, in accordance with formal requirements for the changing of regulations described in the articles of association. Future changes in this article will be binding on all Members, Deferred Members and Pensioners of the Fund.

## 16 REDUCTION OF COMMENCED PPS BENEFITS

- 16.1 The Fund may decide to reduce the commenced PPS benefit if:
- for five consecutive years the Fund does not fulfill the requirements established by, or by virtue of, Section 131 of the Pensions Act for the minimum required capital or the requirements established by, or by virtue of, Section 132 of the Pensions Act for the required capital or is unable to restore the required capital within 10 years without disproportionately harming the interests of the Members, Deferred Members, pensioners, other beneficiaries or the Employer; and
  - all other available steering instruments, with the exception of the investment policy, have been deployed in the Recovery Plan
- 16.2 The reduction of the PPS benefits, as referred to in Article 16.1, will occur in the form of a fixed-percentage deduction for all commenced PPS benefits.
- 16.3 If the Fund's Policy Funding Level remains below the level as referred to in Section 131 of the Pensions Act for five consecutive years, the Fund will reduce the PPS benefits to comply with the minimum required capital as referred to in Section 131 of the Pensions Act. The reduction required for this will be spread over a maximum period of five years.
- 16.4 If the Fund is unable to comply with the requirements of Section 132 of the Pensions Act on the basis of the Recovery Plan within ten years, it will reduce the commenced PPS benefits on a proportional basis by the amount required under the Recovery Plan.
- 16.5 If the Fund decides to reduce the commenced PPS benefits, it will inform the Pensioners, union organizations, and the Employer in writing of the decision to reduce the PPS benefits.
- 16.6 The reduction referred to in Article 16.1 cannot be implemented until three months after notice has been given to the Pensioners, union organizations, the Employer, and the supervisory authority.

## 17 CATCH-UP INDEXATION

- 17.1 The Board may grant catch-up indexation to compensate for indexation not granted in the past, as referred to in Article 15, or for a past reduction of pension entitlements and pension rights, as referred to in Article 16, if:
- this has no effect on future indexation as referred to in Article 15; and
  - the Policy Funding Level remains at least at the level of the required capital, as referred to in Section 132 of the Pensions Act
- no more than one fifth of the available capital is used for catch-up indexation
- 17.2 Catch-up indexation, as referred to in Article 17.1, will be granted to a Pensioner only insofar as that Pensioner has previously been granted no indexation or less indexation, as referred to in Article 15, or if his/her PPS benefit has actually been reduced, as referred to in Article 16.
- 17.3 The catch-up indexation to be granted to a Pensioner, as referred to in Article 17.1, is expressed as a percentage of the indexations not granted in the past and any benefit cuts made. The percentage as referred to in the previous sentence is calculated by dividing the capital available for catch-up indexation, as referred to in Article 17.1, by the value of the indexations not granted and the value of any benefit cuts. The percentage referred to in the previous sentence never exceeds 100%.
- 17.4 Catch-up indexation affects pension rights as of the date on which the catch-up indexation is granted. Catch-up indexations are not paid retrospectively.
- 17.5 The Board reserves the right to adjust all or part of the catch-up indexation policy, as established in this article, in accordance with formal requirements for amending regulations described in the articles of association. Future changes in this article will be binding on all Members, Deferred Members, and Pensioners of the Fund.

## 18 CONVERSION

- 18.1 At the request of a Member or Deferred Member, the Board is authorized to convert all or part of the PPS balance of that Member or Deferred Member on the PPS date or the date on which a deferred PPS benefit starts under Article 11.7 into an increase of the pension entitlements under the Fund's Pension Regulations. The conversion of the PPS balance, as referred to in this article, is possible only insofar as the Deferred Member is a Member or Deferred Member of the Fund's pension scheme as stipulated in the Pension Regulations. The PPS balance is fully or partially converted according to the conversion factors based on the fund principles in 0. The conversion factors are periodically updated.
- 18.2 If the Member or Deferred Member opts for conversion as referred to in Article 18.1, he/she must give the Fund a written declaration on request demonstrating that after the day on which he/she reaches the PPS date, he/she is still receiving income from current employment to the same extent.
- 18.3 A conversion as referred to in Article 18.1 is possible only insofar as the requirements established by, or by virtue of, the Pensions Act are met.

## **19 GRANTING AND PAYING A PPS BENEFIT**

- 19.1 The PPS benefit is granted upon a written application to the Fund. The person to whom a PPS benefit is granted will receive a statement of that benefit.
- 19.2 The recipient of a benefit must submit an annual 'life certificate' at the Board's request. Failure to do so will result in suspension of the benefit. In cases where the Board has satisfied itself that the recipient is still living, there is no need to submit a life certificate.
- 19.3 The PPS benefit is paid in euros by funds transfer. The transfer costs associated with the payment may be deducted from the benefit. The PPS benefit is paid in equal monthly instalments and made payable at the end of the month.
- 19.4 Benefits received in error must be repaid immediately.



## 20 MISCELLANEOUS

- 20.1 Each Member receives a copy of the Fund's articles of association and these regulations, including any amendments to them. Other interested parties may examine the articles of association and the PPS regulations at the Fund's secretariat.
- 20.2 Any disputes that may arise during the implementation of these PPS regulations between the Fund and the person who is entitled to, or thinks he/she is entitled to, a PPS benefit under these regulations may be submitted in writing to the Board for a ruling.
- 20.3 The entitlements of a Member or Deferred Member under this scheme cannot be reduced by agreement between that Member or Deferred Member and the Fund or Employer without the consent of his/her spouse, other than by commutation as provided for by, or by virtue of, the Pensions Act, unless the spouses have excluded the right to pension equalization under the Equalization of Pension Rights in the Event of a Divorce Act (*Wet Verevening Pensioenrechten bij Scheiding*). Any stipulation contrary to the provisions of this paragraph is void.
- 20.4 The pension entitlements under these regulations may not be commuted, sold, or relinquished, or formally or actually become the object of security, except in the cases provided for by, or by virtue of, the Pensions Act.
- 20.5 In these pension regulations, the accrued pension entitlements may not exceed those allowed within the legal framework of the Wages and Salaries Tax Act 1964.
- 20.6 If it is established that the pension scheme does not comply with the provisions of the Dutch Wages and Salaries Tax Act 1964, the scheme will immediately and retroactively be brought to a level acceptable under the terms of Section 19c of this Act.

## **21 ENTRY INTO EFFECT**

- 21.1 These regulations came into effect on January 1, 2003 and, with due regard for the transitional provisions set out below, supersede the previous Pre-Pension Savings Regulations. These regulations were last amended on July 1, 2022 and came into effect on July 1, 2022. These regulations supersede the amended regulations dated January 1, 2021 (reference: 2020-000343).

## **22 TRANSITIONAL PROVISION**

[Ceased to apply on September 1, 2015]

## **23 TRANSITIONAL PROVISIONS 2005**

[Ceased to apply on September 1, 2015]

## Attachement 1 Allocation factors based on the fund principles

The principles applied for determining the allocation rates as referred to in Articles 11, 12, 13, and 18 are set out in the table below.

Type of principle	Description
Death	Forecast table Actuarial Association 2020 with SPF experience 2020
Marriage	Marriage frequencies 1985-1990 as published by the Actuarial Association; 100% marriage at retirement age; after retirement date based on the specific partner system
Age difference	The female partner/insured person is assumed to be two years younger than the male insured person/partner with additional loading of 0.75% on the net provision
Unisex rule	Based on the ratio of the male/female provision for non-pensioners in the basic pension scheme
Disbursements	0% for the factors referred to in Article 11 2.75% for the factors referred to in Articles 12, 13, and 18.
Duration of the benefit	Loading of 0.25% on the net provision for regulatory benefit conditions
Interest	4% for the factors referred to in Article 11 DNB interest-rate structure at the end of each quarter prior to the allocation as referred to in Articles 12, 13, and 18
Cost-of-capital loading	No cost-of-capital loading for the factors as referred to in Article 11  Loading according to the policy funding level at the end of each quarter prior to the purchase, capped at required capital and minimized at 0% for the factors referred to in Articles 12, 13, and 18.

The Board may adopt a resolution to adjust the principles at any time. Future changes of the fund principles and the factors based on them will be binding on all Members, Deferred Members, and Pensioners of the Fund.