Introduction

There is a new law applicable to pensions, the Dutch Future Pensions Act (*Wet toekomst pensioenen - Wtp*). As a result, Bpf Koopvaardij's pension scheme is changing. The employer and employee organisations in the merchant shipping sector (the 'social partners') have made arrangements regarding the new pension scheme. These arrangements will apply even if you are already receiving a pension from Bpf Koopvaardij. The arrangements made are set out in a transition plan.

You can find the transition plan on our website: www.koopvaardij.nl/en/new-pension-system. We have summarised these arrangements and have included the most important information for you.

The most important arrangements

- The new pension scheme will commence on 1 January 2026.
- The new scheme is a solidarity-based defined contribution scheme. We absorb windfalls and setbacks together (we call this 'solidarity').
- A reserve is in place to keep the pensions we pay out stable.
- The pensions from the old pension scheme will transfer to the new pension scheme.

What do the social partners consider important in the new pension scheme?

The social partners have made several arrangements regarding the targets of the transition to the new pension scheme. Below you can read a summary of these targets. Bpf Koopvaardij uses the order of these targets to determine how much capital is available for each target.

The social partners have commissioned calculations to understand the effects of the new pension scheme in various situations. When things are going very well, for example, or very badly. What risks can the groups absorb together? And for which groups might the social partners have to arrange something extra?

The social partners believe that all targets will be sufficiently met and will lead to balanced outcomes. But that is the case only if the funding ratio is higher than 106%.

Target 1	**Pensions in the new pension scheme must not fall below those in the current pension scheme as a result of the transition**
Explanation	The social partners consider it important that pensions in the new pension scheme will not be lower than they would be in the current pension scheme. This applies to pensions still to be accrued *and* to pensions already being paid out by Bpf Koopvaardij.
Views of social partners	The social partners believe that this objective will be achieved by transferring at least 100% of pension liabilities to the new pension scheme. This is the case when the funding ratio is 102% or more. This is because a small mandatory buffer must also be taken into account.

Target 2	Active members who lose out due to the abolition of the average contribution system will receive compensation
Explanation	Under the current pension scheme, all members pay the same contribution percentage and accrue the same pension. But the value of pension accrual of younger members is lower than the value of pension accrual of older members. Younger members subsidise older members. This is called the average contribution system. In the new pension scheme, all members will still pay the same contribution percentage. This contribution will go only towards their own pension. As a result, older members will receive less pension than they would under the current pension scheme. The social partners believe it is important that this group of members be compensated for this.
Views of social partners	The social partners believe this objective will be achieved by making 2% of the funding ratio of Bpf Koopvaardij available for compensation. By providing compensation, the expected pension for active members in the new pension scheme will be better in almost all situations than in the current pension scheme. To achieve target 1 *and* target 2, the funding ratio must be at least 104%.

Target 3	Pensions paid by Bpf Koopvaardij may not decrease
Explanation	In the new pension scheme, the amount of your pension depends on the returns on our investments and the policies of Bpf Koopvaardij. The social partners do not want your pension to decrease. If the economy deteriorates, it is important to absorb setbacks as much as possible.
Views of social partners	According to the social partners, this objective will be achieved by creating a solidarity reserve. This reserve will prevent pensions from being reduced or reduced excessively. At the start of the new pension scheme, we will top up the reserve. Subsequently, we will replenish the reserve each year with 10% of the surplus return we make on investments in that year. The social partners have calculated that topping up the solidarity reserve in this way is an effective means of preventing pension reductions.

Target 4	Pensions will increase immediately upon transition, both now and in the future
Explanation	If the funding ratio at the time of transition to the new scheme exceeds a certain limit, the social partners want Bpf Koopvaardij to distribute this capital to all members. In other words, that applies not only to those already receiving a pension, but also to those who have not yet retired. This way, everyone can benefit from a good funding ratio.
Views of social partners	The social partners have made arrangements on how the pension fund's capital will be distributed during the transition. How much capital can be distributed depends on the funding ratio. We use part of the capital first for targets 1 to 3. If capital remains, we can distribute that excess capital to the members. This means target 4 can also be achieved.

Social partners' arrangements regarding the new pension scheme

1. <u>The new scheme will commence on 1 January 2026</u>

The social partners want the new pension scheme to commence on 1 January 2026 when the old pension scheme will end. This also applies if you are already receiving a pension from Bpf Koopvaardij on 1 January 2026.

2. <u>The new scheme is a solidarity-based defined contribution scheme</u>

The social partners consider the care concept within the pension scheme as important. That is why they opted for a solidarity-based defined contribution scheme. The social partners believe that the care concept can be better fulfilled in a solidarity-based defined contribution scheme than in a flexible defined contribution scheme. A defined contribution scheme means that the social partners have agreed on how much contribution is paid for retirement. As you have already retired, there is no more contribution being paid for you. However, it is good to know exactly how the new scheme works.

We absorb windfalls and setbacks together. We also share risks together. We call this 'solidarity'.

In the new pension scheme, you will have your own pension pot. You can see more clearly how much capital you are accruing for your pension. Even if you have already retired.

Bpf Koopvaardij invests the contributions paid for active members as a single unit together with the capital already in place. In doing so, we take different age groups into account. The capital for your pension grows as a result of investment returns. Your pension is kept as stable as possible, so we can keep the chance of reducing your pension small. We achieve this by taking less investment risk.

We invest the pension pot for all members who have retired in the same way. We are therefore no longer considering a difference in age. Nor do we do that when calculating how much pension you will receive in a year. Should we need to adjust your pension (upwards or downwards), the adjustment will apply to everyone receiving a pension in the same way.

3. <u>Your pension will move more in line with economic trends</u>

Your pension will move more in line with economic trends. If things go well, your pension is more likely to increase. If things go badly, your pension could also decrease.

We invest in such a way that there is a reasonable chance that your pension will increase every year. And that the likelihood of your pension decreasing in a year is very small. If pensions do decrease, we will make the reduction in steps. Your pension will then decrease slightly each year over three years. So we will not reduce your pension in one go. If your pension can increase, we will also do that in steps, spread over three years. We call this 'spreading' windfalls and setbacks.

4. <u>The new scheme has a solidarity reserve</u>

The social partners have made arrangements regarding a reserve. The reserve is a separate pot, protecting pensions that are already being paid out. We call this reserve the solidarity reserve. This reserve has two purposes:

- *Keeping pensions stable*
  By using the reserve, we can ensure that pensions do not fall or fall excessively in bad years.
- *Protecting against longevity risk*
  This is the risk of people living longer than expected. It may be that you grow older than we have anticipated in our calculations. Even then, you don't want your pension to be lower or excessively lower. The reserve ensures that your pension does not fall or fall excessively because we have to pay your pension for longer.

The social partners believe a reserve of 5% of the total amount we invest is enough to prevent pensions from falling in any one year. But things could also be disappointing for several years. That is why the social partners want to top up the reserve a little further to a maximum of 7.5%. Each year, Bpf Koopvaardij is allowed to use up to 25% of the reserve to replenish the pension to the level of the previous year's pension. This will allow us to absorb several bad years. The risk of pensions falling in any one year is therefore very small.

The social partners intend to top up the reserve in the following manner:

- At the start of the new pension scheme, we will use part of the capital of Bpf Koopvaardij. You can read more about this at point 8 below.
- Every year, 10% of the surplus return we receive from our investments goes into the reserve. This is the return we achieve in addition to the return we expect to achieve.
- If the reserve exceeds 7.5% in a given year, we will divide anything above this limit among all members.

5. <u>If you pass away, your partner will receive a partner's pension only if it has already been accrued</u>

The social partners have agreed that in the new pension scheme, there is a partner's pension only as long as you work for a merchant navy employer. You have already retired. This means that your partner is not entitled to this partner's pension. If, when you retired, your partner was entitled to a partner's pension, this amount will remain at the start of the pension scheme for your partner at that time.

6. <u>If you pass away, your children will receive an orphan's pension only if it has already been accrued</u>

The social partners have agreed that in the new pension scheme, there is an orphan's pension only as long as you work for a merchant navy employer. You have already left employment. This means that your children are not entitled to this orphan's pension. If, when you retired, your children were entitled to an orphan's pension, this amount will remain at the start of the pension scheme for your children at that time.

7. <u>The pensions from the current pension scheme will transfer to the new pension scheme</u>

Bpf Koopvaardij will transfer your pension to a pension pot in the new pension scheme at the start of the new scheme. Nothing will be lost during transfer. We accurately calculate the value of your pension. That value will transfer to the new pension scheme. We then add up the values of all pensions. We compare that total amount with the capital we have on hand.

Is there more capital than the values of all pensions combined?
If so, we will distribute the capital that remains. The social partners have agreed how the capital will be distributed (see point 8 below).

Is there too little capital?
The social partners and Bpf Koopvaardij will then agree on what happens next. It may be that all pensions will be reduced or decreased slightly. The new pension scheme may also be postponed for a while.

8. <u>If there is capital remaining on the transition date, we will distribute it according to set rules</u>

At the time the new scheme commences, the level of the funding ratio is important. The funding ratio is the ratio of Bpf Koopvaardij's liabilities to the capital we have 'on hand'. Liabilities are all pensions that Bpf Koopvaardij is required to pay now and in the future.

If the funding ratio is 106%, there is just enough capital for a small legally required reserve. We must also set aside a portion for risks that have nothing to do with investing, and for compensation and the solidarity reserve.

If the funding ratio is above 106% at the start of the new scheme, there is capital 'left over'. Bpf Koopvaardij can then distribute this capital. The social partners have agreed the following regarding the distribution of capital:

Funding ratio	Mandatory reserve	Compensation (actives)	Solidarity reserve (pensioners)	Increase pensions (all members)
106%	2%	2%	2%	0%
107%	2%	2%	3%	0%
108%	2%	2%	3%	1%
109%	2%	2%	3%	2%
110%	2%	2%	4%	2%
111%	2%	2%	4%	3%
112%	2%	2%	5%	3%
113%	2%	2%	5%	4%
114%	2%	2%	5%	5%
115%	2%	2%	5.5%	5.5%
116%	2%	2%	6%	6%
117%	2%	2%	6.5%	6.5%
118%	2%	2%	7%	7%
119%	2%	2%	7.5%	7.5%
120%	2%	2%	7.5%	8.5%

If the funding ratio exceeds 120%, anything above that 120% is used to increase the pensions of all members.

If you want to know more about the new pension scheme, read the complete transition plan, or visit our website: www.koopvaardij.nl/en/new-pension-system.