Annual Report

2024

Stichting Mars Pensioenfonds
Established in 1964

Statutory seat in Meierijstad
Trade Register of the Chamber of Commerce number: 41081174

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REPORT OF THE PENSION BOARD

INTRODUCTION BY CHAIRMAN

It seems that a million things needed to happen in 2024, to meet the Wet toekomst pensioenen (WTP) project timelines that we, the Pension Board of Mars Pension Fund (MPF), our project managers, the Wtp Steering Group, the workstream leaders, the external advisors and the Accountability and Supervisory Councils agreed at the end of 2023. Suffice it to say that 2024 was a busy year. Within the Wtp Steering Group we had multiple and detailed discussions around the design of the new pension scheme, the rationale for the conversion (easing-in), the prioritization in the partitioning of the pension assets, the elements and level of compensation, and the desired level of the solidarity reserve, once it became clear that social partners would opt for the solidarity contribution scheme. At each step along the way, we informed the Accountability and Supervisory Councils through our monthly "Chairs Meetings". All our efforts and discussions served as input to the internal deliberations of the social partners as they proceeded to analyse all effects of the intended conversion to a solidarity contribution scheme.

The members of the workstream "New Pension Design" have done a fantastic job in explaining all elements, challenges, and effects of the proposed conversion to the global governance bodies of Mars, Incorporated. The social partners (Mars and the Works Councils) have agreed on a transition plan whose main elements were shared with the Pension Board at the end of the year. The final transition plan has been published on the website of MPF on 17 February 2025.

The pension fund currently assesses the transition plan to validate if all design elements are understandable, balanced and feasible. Only, when this leads to a positive assessment, the Pension Board can accept the assignment from the social partners to implement the new pension plan.

As mentioned last year, our investment approach intends to safeguard our funded status, such that we facilitate a seamless conversion to the new pension scheme. While this strategy aims to maximize financial security, it still resulted in an investment return of 6.6% in 2024. Because of this investment approach, our funded status remained very stable last year, and we ended the year with a funded status of 138.9%. Given our solid financial positioning, the Pension Board has approved an indexation level of 2.62% for pensions in payment from 1 January 2025, matching 75% of the increase in the Consumer Price Index from September 2023 to 2024 as reported by the Central Bureau of Statistics.

In the second half of 2024, DNB conducted an investigation in response to the governance changes implemented by MPF in 2023. This comprehensive investigation included a desk research component, as well as interviews with several members of both the Pension Board and the Investment Committee.

As the Chairman of the Pension Board, I am pleased to report that no material findings have been raised. DNB has provided valuable recommendations aimed at enhancing our governance framework further, ensuring it remains robust and effectively serves the best interests of all our stakeholders.

Amidst all the WTP work we have also revised our Mission, Vision and Strategy (MVS) document to make it more forward looking and with more focus on our MVS under WTP. Finally, we have successfully completed the implementation of the new Digital Operational Resilience Act (DORA) legislation for our pension fund.

I am proud of all the accomplishments in 2024 and would like to thank everyone involved for their engagement, dedication and hard work.

Veghel, 20 June 2025

Fred Nieuwland

Chairman of the Board

1 KEY FIGURES

	2024	2023	2022	2021	2020
Members and retirees					
Active members	1,531	1,448	1,380	1,294	1,336
- Final Pay Plan	342	367	409	467	506
- ARP/ASP Plan	1,189	1,081	971	827	830
Deferred members	1,468	1,439	1,412	1,299	1,277
Retirees	1,389	1,370	1,345	1,420	1,373
Retirees per type					
Old age pension	1,071	1,051	1,036	1,107	1,074
Partner- and orphan pension	318	319	309	313	299
Pensions					
Cost covering contribution	38.8%	27.4%	36.1%	32.8%	49.1%
Smoothed cost covering contribution	29.7%	24.9%	25.7%	21.6%	27.3%
Actual contribution	13,9%*	12,7%*	25.8%	25.0%	21.1%
Execution- and administration costs	4,520	4,477	4,439	3,866	2,843
Benefit payments	41,679	39,937	38,450	37,457	35,600
Indexation ARP					
Active members (year+1)	3.69%	10.14%	9.16%	4.50%	5.03%
Inactive members (year+1)	1.99%	0.00%	9.16%	2.45%	5.03%
Indexation Final Pay plan					
Deferred members and retirees (year+1)	2.62%	0.16%	3.00%	1.75%	0.34%
Deferred members and retirees (retained target)	0.00%	0.00%	0.27%	0.00%	0.00%
Deferred members and retirees (catch-up)	0.00%	0.00%	0.49%	0.00%	0.00%
Additional pension entitlements actives (year+1)	6.51%	7.23%	3.11%	1.75%	1.87%
Additional pension entitlements actives (2015/2018)	6.51%	7.23%	3.11%	1.75%	0.76%

* In 2024 and 2023 a discount was applicable.

	2024	2023	2022	2021	2020
Assets and solvency					
Required general reserve	253,700	238,700	215,900	284,300	333,800
Minimum general reserve	43,100	41,000	39,000	54,400	58,500
Regulatory own funds	465,200	458,700	526,800	534,100	287,438
Profit/loss in year	6,470	-68,116	-7,229	246,600	-18,999
AAL at the risk of MPF	1,010,996	971,064	930,871	1,286,800	1,393,000
Funding ratio	138.9%	140.9%	150.0%	138.1%	119.3%
Policy Funding Ratio	140.3%	145.9%	150.7%	130.0%	113.2%
Market Value of assets	1,661,808	1,581,490	1,580,213	1,937,400	1,775,000
Investment returns	109,735	32,948	-337,631	179,000	119,000
Investment portfolio					
Investment property	124,194	117,170	100,163	108,200	74,000
Shares	433,355	396,994	509,709	807,500	764,000
Fixed-income securities	748,010	606,363	575,867	624,400	534,400
Other investments	295,201	346,865	419,299	327,000	325,700
Investment results					

	2024	2023	2022	2021	2020
Total portfolio	6.6%	1.4%	-17.5%	10.0%	7.0%
Benchmark Return	5.1%	1.6%	-19.4%	7.1%	7.0%
Average return per year					
Last 5 years	1.0%	2.1%	1.9%	6.9%	6.4%
Last 10 years	3.6%	4.6%	5.6%	9.0%	7.9%
Investments for risk of the members (ASP and ARP)	185,631	151,715	122,515	116,500	94,832

2 GENERAL INFORMATION

2.1 Legal structure

Stichting Mars Pensioenfonds (hereinafter: MPF) was established in 1964 and has its statutory seat in Meierijstad, Taylorweg 5, Veghel. MPF is registered in the Trade Register of the Chamber of Commerce under number 41081174. The Articles of Association were last changed in July 2021.

MPF is a company pension fund as referred to in the Pension Act (*Pensioenwet*).

The members of MPF accrue pension benefits for (early or late) retirement, disability and death, based on a final pay scheme or a defined contribution scheme depending on their service commencement date.

2.2 Statutory objectives

MPF provides old age pensions to current and former associates of Dutch Mars companies, after retirement, as well as surviving dependents' pensions to their partners and children in the event of death before or after retirement. Carefully tailored to meet their objectives, the policies adopted by MPF have been recorded in several documents. MPF executes the Administrative and Financial Agreement (AFA, Uitvoeringsovereenkomst) as agreed upon with the Dutch Mars companies and according to the plan rules. The most important tasks are related to governing an adequate administration of both pension liabilities and investments, determining the investment policy and managing the investments, setting a proper contribution schedule and deliver clear communication to members.

The mission, vision and the strategy are part of the "Actuariële en Bedrijfstechnische Nota" (ABTN), a summary of each follow hereafter.

Mission

MPF executes the pension arrangements the sponsoring company has agreed with their (former) associates and have entrusted to MPF. MPF executes these pension arrangements adhering to the following core values::

- Quality
- Responsibility
- Mutuality
- Efficiency
- Freedom

Vision

In the coming years MPF will get ready for the transition to the new pension system. MPF will become responsible for the management of the new pension plan after the transition date. Even before the actual transition we see MPF working towards and operating under the following vision:

We will go – together with Social Partners – through an efficient decision making and implementation process for the new pension system, that will lead to a balanced transition at or above the desired target funded status.

- We will execute a DC plan without unrewarded complexities.
- We strive for excellent quality in our services, supported by excellent expertise from internal and external resources.
- The new Pension Plan will present great challenges towards effective communication. Our communication efforts will be clear, transparent and timely, providing consistent messages to our plan members.
- We want to continue the good relationship with the sponsoring company and the trust the members have in MPF.
- At all times the Pension Board will consider the interests of all stakeholders in the plans in a balanced way.

Strategy

In this paragraph we describe our Strategy to deliver the Vision. This within the framework of our Mission and considering the strengths, weaknesses, opportunities and threats defined in the Mission, vision and strategy document.

Financial structure

Until the start of the new pension system MPF will continue the sound financial structure of the fund with a solid contribution policy and quick recovery from a funding deficit. An integral part of the strategy is to protect the funded status such that a balanced transition remains possible. The funded status protection is delivered through the implementation of interest rate, inflation and tail risk hedges. The hedges are mainly derivative based, such that the hedges can be removed quickly, in case the investment policy for the new plan requires this.

Investment risk

Until the start of the new pension system:

- MPF will adjust the de-risking policy for the Final Pay plan if necessary to protect the desired target funded status. within the boundaries of the short term and long-term risk attitude and with consideration of any derisking on the optimal investment policy after transition. The de-risking policy considers the change in characteristics of MPF due to the closed nature of the Final Pay plan and the increasing size of the ARP and ASP plan.
  Given the de-risking policy the ability to provide a crediting rate of CPI+3% becomes stressed. Therefore, MPF will strive to create a separate crediting reference rate for the ARP Plan.
- MPF will use the outcomes of the Risk Preference Survey to define a basic life cycle portfolio that will be used in an ALM study to define and refine an overall investment policy that is compliant with the proposed risk attitude.
- MPF will monitor the expected pension results in the combination of ARP and ASP plan to use this in communication with social partners and to include the difference between actual and aspired result in our balanced interest framework.
- MPF will further improve the content of the ESG-policy for the Final Pay plan, and the new Plan Design, and in line with the ESG preferences that plan members have demonstrated in the Risk Preference Survey.

Pension administration

MPF will execute the pension plans in an adequate, cost efficient and future proof way with specific attention in the coming years for:

- the impact of the new pension design on the required infrastructure for pension and investment administration.
- the appropriate division of responsibilities and timelines of actions and communications between pension administrator, investment administrator, fiduciary advisor and the relevant MPF functions.
- The quality and resilience of the operating systems used by the parties mentioned directly above.
- The compliance with Cybersecurity and DORA requirements of all our outsourcing partners.

Business operations

- MPF will continue to develop the Talent Pool to be prepared for succession in the various governance bodies, to sustain our Parity Board structure.
- MPF will continue to operate the Pension Board and a professional Pension Office, supported by external experts.
- MPF will optimize the Integral Risk Management (IRM) within MPF.
- MPF will continue to improve the communication strategy to maintain, and possibly improve, the trust of the members in MPF. MPF will apply particular focus to the choice guidance communication process and to the WTP Transition Communication plan.
- MPF will further improve the capability and suitability of all the relevant officers within MPF.

Compliance

- MPF will endeavor to retain the trust of the members in MPF.
- MPF will comply with all laws and regulations.

Strategic

- MPF will regularly discuss all relevant aspects of the current and future execution of the pension plans with the employers through regular Steering group meetings.
- MPF will assess the feasibility of the Transition Plan as agreed by the Social Partners and will examine whether the agreements are understandable, balanced and feasible. MPF will prepare its administration, investments and processes for the transition to the new pension system. A project management structure has been developed for this.

Risk attitudes and affiliated employers

The objectives, policy principles and risk attitudes of MPF are results of the mission, vision and strategy of the pension fund. Besides the risk attitude of the Final Pay plan, MPF has also defined a risk attitude for the Associate Retirement Plan (ARP) and Associate Selection Plan (ASP). The risk attitudes describe the risk appetite and risk tolerance as agreed with the stakeholders by MPF and is part of the ABTN and the AFA. The AFA specifies mutual responsibilities, authorities, entitlements and financial and other obligations between MPF and the companies listed below:

Companies	Place of Seat
Mars Nederland B.V.	Veghel
Mars Food Europe C.V.	Oud-Beijerland
Wrigley Europe B.V.	Amsterdam
Direct2Pet Europe B.V.	Amsterdam

Plan rules
The pension promises are documented in the plan rules. Current active members can be a member of either “Pension Regulations Final Pay” or “Pension Regulations ARP/ASP”. “Pension Regulations ARP/ASP” is a combined defined contribution scheme and “Pension Regulations Final Pay” is a defined benefit scheme.

Actuariële en Bedrijfstechnische Nota (ABTN)
The ABTN, one of the most important documents of a pension fund, provides insight into the operation of MPF and gives a description of the policies pursued by the pension fund. The ABTN was last modified on 13 December 2024. The most important change is the update of the Mission Vision and Strategy.

2.3 Organization

2.3.1 Pension Board
As of 31 December 2024, the Pension Board has the following members:

On behalf of employers:

Name	Job title in Pension Board	Job title	Year of appointment	Year of stepping down
Mr. F. Nieuwland (1965)	Chairman of the Board	Chief Investment Officer	2023	2027
Mr. P. van Bree (1974)	Board member	European Risk & Compliance Manager Pensions	2018	2026
Mrs. R. Steenbergen (1969)	Board member	Investment Manager EMEA	2016	2028

On 11 January 2024 DNB has approved the reappointment of Mrs. R. Steenbergen for a third term of four years.

On behalf of members:

Name	Jobtitle in Pension Board	Job title	Year of appointment	Year of stepping down
Mr. H. van Heesch (1964)	Secretary of the Board	Process Operator	2018	2026
Mr. P. van Beek	Board member	Global Technology Principal Engineer Chocolate	2022	2026

On behalf of the pension beneficiaries:

Name	Jobtitle in Pension Board	Job title	Year of appointment	Year of stepping down
Mr. W. van de Laar (1959)	Board member	Retiree, former Technology Manager Bars Global Scale Team	2022	2026

Following the 2014 legislation on Improved Governance for pension funds, Pension Board members are appointed for a term of four years counting from 1 July 2014. Pension Board members can be reappointed for a maximum of two terms, so for a total maximum of 12 years as from the date of the new legislation (2014).

2.3.2 Key functions

MPF has set up key functions under the IORP II legislation. Mr. P. van Bree, who is a board member, is the key function holder for Risk Management, and he is assisted in this task by WTW.
As from 23 March 2021 Mr. R. de Waard -insourced from BDO- is appointed as the key function holder Internal Audit. He is assisted by BDO as performer of the Internal Audit function.
The Actuarial key function is performed by Mr. R. van de Meerakker, WTW, who is also the certifying actuary.

Executive Board

The Fund's day-to-day policy shall be determined by at least two (co-)policymakers, being natural persons to be designated by the Board. This is the Executive Board.

The Executive Board consists of:

Name	Job title
Mr. F. Nieuwland	Chairman of the Pension Board
Mrs. J. Vermeulen	Director of MPF

2.3.3 Pension Office

The Pension Board has delegated the operational duties to the Pension Office which is led by the Director of MPF. The Pension Board has specified that the Suitability Policy also applies to the Director. The responsibilities of the Pension Office are documented in the document "Regulations of the Pension Board of MPF". The Pension Office is supported by various professionals. Their tasks, authorities and responsibilities are also documented in the before mentioned document.

The member of the Pension Office and the support are part of the Mars Benefits Team or Mars Investments Team. A service level agreement has been agreed between the Fund and Mars for the services of the Pension Office. The Pension Office manages its responsibilities by frequent meetings and the use of a dashboard, annual activity calendar and a condensed reporting and decision tool, with professional advice from several consultants such as WTW and BVZA.

The Pension Office consists of:

Name	Job title
Mrs. J. Vermeulen	Director of MPF

2.3.4 Accountability Council and Supervisory Council

Accountability Council (Verantwoordingsorgaan)

The Accountability Council's role is to critically review the Pension Board's range of policies. It focusses specifically on the stakeholders' interests and whether these interests are adequately balanced by the Board.

On 1 February 2024 Mr. J. Jansen resigned from the Accountability Council (AC). Mr. D. Kaijser was appointed as his successor on 20 June 2024.

On 21 March 2024 the PB appointed Mrs. S. Kleijbeuker as employer representative in the AC for a term of four years.

On 20 June 2024 Mr. A. van Gestel was reappointed as Chairperson of the AC for a final term of four years.

At the end of 2024 the AC consists of:

Name	Job title	Year of appointment	Year of stepping down	On behalf of
Mr. D. Ammermann (1976)	Global Benefits Director	2021	2025	Employer
Mrs. S. Kleijbeuker (1985)	Associate Relations Manager	2024	2028	Employer
Mr. D. Kaijser (1985)	Inbound Materials Planner	2024	2028	Members
Mr. E. van Deijck (1961)	Global Technology Manager and Secretary of the AC	2022	2026	Members
Mr. A. van Gestel (1961)	Retiree and Chairperson of the AC	2014	2028	Beneficiaries
Mr. H. Faassen (1951)	Retiree	2022	2026	Beneficiaries

On 20 June 2025 Mr. D. Ammermann was reappointed a for a term of four years.

A separate section is included in the Annual Report that reflects the Accountability Council's findings for the year 2024.

Talent Pool

To find adequate, available and motivated (future) members for the various governance bodies, the Pension Board has set up a Pension Talent Pool, with identified talents who are developed (through training, aspiring membership, etc.) to create succession options.

Supervisory Council (Raad van Toezicht)

MPF have appointed a Supervisory Council (SC, Raad van Toezicht), who supervises the policies of the Pension Board and the general position and governance of MPF, with a special attention to risk management both short and long term, as well as to the balanced consideration of interests. The Council is a legal requirement, and its members need to be independent to the Mars Fund, so these are external people. The council members need (together) to cover the entire MPF management spectrum. A separate section is included in the Annual Report that reflects the Supervisory Council's findings for 2024.

On 13 December 2024 Mr. P. de Koning was reappointed as Chairperson of the Supervisory Council starting 1 January 2025 for a term of four years.

At the end of 2024 the Supervisory Council consists of:

Name	Year of appointment	Year of stepping down
Mr. P. de Koning	2021	2028
Mr. F. Valkenburg	2019	2025
Mrs. E. Wiertz	2022	2026

2.3.5 Administration

As from 1 January 2022 Blue Sky Group (BSG) is responsible for the full administration, including the member administration, the investment administration, the financial administration and retiree payroll of the Final Pay plan, ARP and ASP.

In chapter 7.12a summary of the performance of the pension administration is provided.

2.3.6 Custody and performance measurement

The custodian for the Defined Benefits assets and the ARP Defined Contribution plan is Bank of New York (BNY). BNY is responsible for custody accounting for all segregated accounts of the Plan, as well as record keeping accounting of all assets held outside BNY, with administrators of the various pooled funds that the Plan invests with, as well as the operational cash account of the Plan. A subsidiary of BNY, called Global Risk Solutions, is appointed as Performance measurer. The investment options in the ASP plan are managed by Vanguard, there is no separate custody for this plan.

2.3.7 Investment committee

The Pension Board has established an Investment Committee for the assets. Committee members are appointed by the Pension Board.

As from January 2012 the Investment Committee of the Mars European pension plans have been harmonized. From that date, MPF's Investment Committee includes the same members as the other six Investment Committees in Europe. For the

Netherlands an external investment expert is added as a member of the Investment Committee. The Investment Committee's responsibilities are to advise the Pension Board on all investment matters and to appoint and monitor investment managers and performance for the final pay schemes and the cash balance plan. The responsibilities have been documented in an Investment Committee Charter, which has been reviewed and actualized in December 2024. A resignation and reappointment schedule has been added to the Investment Committee Charter.

On 20 June 2024 the Pension Board reappointed Mr. A. Parton as Investment Committee member for a term of four years starting 1 July 2024.

On 13 December 2024 the Pension Board reappointed Mr. H. Fleige as Investment Committee member for a term of four years starting 1 January 2025.

At the end of 2024 the Investment Committee was composed of the following members:

Name	Job title	Details	Year of appointment	Year of stepping down
Mr. J. Price	Retiree (before: VP Operations Europe Mars Petcare and Main Meal Food)	Chairman IC	2012	2025
Mr. F. Nieuwland	Chief Investment Officer		2015	2026
Mr. A. Parton	Retiree (before: Commercial VP)		2012	2028
Mr. H. Fleige	Finance Implementation Lead		2016	2028
Mr. S. Anthoons	Retiree (before: Organizational change S&F Director)		2020	2025
Mrs. R. Steenbergen	Investment manager EMEA		2023	2027
Mr. B. Veninga	Former Mars associate (before S&F Director)		2023	2027
Mr. H. Radder	External expert		2023	2028

According to the reappointment schedule the term of Mr. S. Anthoons expires on 1 July 2025. On 20 June 2025 the Pension Board reappointed Mr. S. Anthoons as Investment Committee member for a term of four years pending DNB approval.

2.3.8 Investment managers

The main investment managers, ranked by value, are SECOR, PIMCO, PEM, Nomura and Blackstone. The investment manager for the Associate Selection Plan is Vanguard. All available funds for investment by members are index funds.

2.3.9 External Advisors

MPF has several external advisors:

Advice	Third party
Advisory Actuary	WTW, Eindhoven
Tax Advisor	PricewaterhouseCoopers Belastingadviseurs N.V.
Legal Advisors	BVZA , Rotterdam/Utrecht
	Stibbe N.V., Amsterdam
	Hogan Lovells, London
Monitoring and Controls	Secor Investment Advisors LLP, London
Communication Advisor	Blue Sky Group, Amsterdam
IT Advisor	Ortec Finance
ALM Advisor	WTW, Amsterdam
Integral Risk Advisor	WTW, Eindhoven
Strategic Asset Allocation	WTW, Amsterdam
	Cardano (WTP advisor)
	Secor Investment Advisors LLP, London
Tactical Asset Allocation	Secor Investment Advisors LLP, London
Manager Selection	Secor Investment Advisors LLP, London

3 FINANCIAL INFORMATION

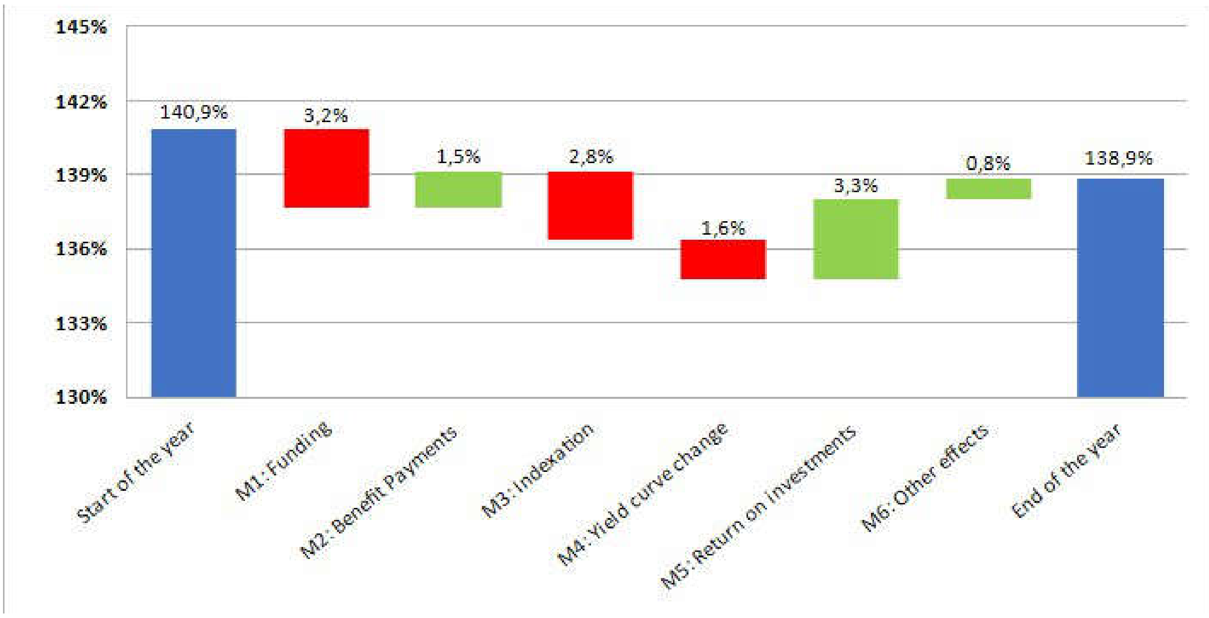
3.1 Funding Ratio

An important indicator of the financial position is the Funding Ratio (FR). This is the ratio between the assets and the liabilities of the MPF. The FR of MPF at year end 2024 is 138.9%%. The Policy Funding Ratio (PFR) is the average of the Funding Ratios over the past twelve months.

The historical development of the (nominal) (P)FR of MPF is presented in the table below:

Date	Funding Ratio	Policy funding ratio	Ongoing Solvency Margin Ratio
31-Dec-2015	124.9%	124.2%	132.4%
31-Dec-2016	125.0%	116.6%	131.3%
31-Dec-2017	132.2%	132.3%	132.1%
31-Dec-2018	126.0%	133.3%	123.4%
31-Dec-2019	122.4%	123.3%	123.1%
31-Dec-2020	119.3%	113.2%	122.4%
31-Dec-2021	138.1%	130.0%	120.3%
31-Dec-2022	150.0%	150.7%	120.5%
31-Dec-2023	140.9%	145.9%	121.3%
31-Dec-2024	138.9%	140.3%	121.2%

During 2024 the FR decreased with 2.0 percent points, due to a increase in the Actuarial Accrued Liabilities (AAL) (because of a lower applied interest rate) and positive investment returns. The Ongoing Solvency Margin Ratio (OSMR) is explained in chapter 3.3. The impact of the developments in 2024 is shown in the next figure:



3.2 Policy Funding Ratio

The Policy Funding Ratio (PFR) is relevant to determine if MPF is allowed to index or to execute transfers of pension rights. Due to the development of the Funding Ratio during the year 31 December 2024 the PFR decreased from 145.9% to 140.3%.

3.3 Other relevant ratios

As part of the introduction of the Financial Framework (FTK) in 2015 MPF has introduced several indicators. In this section a brief overview of these indicators and their relevance is set out:

- The **funding ratio for future proof indexation** as at 31 December 2024 is approximately 122.8%. The new FTK determines that pension funds are only allowed to give full indexation according to their indexation policy if the Policy Funding Ratio (PFR) is more than the funding ratio for future proof indexation. Below that level only partial indexation is allowed.
- The **Ongoing Solvency Margin Ratio** (OSMR) at 31-12-2024 121.2%. This ratio depends on the strategic risk profile of MPF. The OSMR is an important ratio for the financial position of MPF. If the PFR is below the level of the OSMR, the pension fund has a deficit. This is not the case at the end of 2024.
- The **Target Indexation Limit** (TIL) is the maximum of the funding ratio for future proof indexation and the OSMR and equals 122.8% at year-end 2024. When the PFR is at or above this limit, MPF will give a full indexation according to the indexation policy of MPF.
- The **Lower Indexation Level** (LIL) is also relevant for indexation. If the PFR is below this level, indexation of pension rights is not allowed anymore. The LIL is equal to 110.0% at the end of 2024.
- The **Minimum Technical Reserve** (MTR) is 103.6%. A reduction of pension rights is required if a pension fund has a PFR that is for a consistent period of five years lower than the MTR.
- The **100%-threshold** is significant for transfers of pension rights. If the PFR is below this level, pension funds are not allowed to pay amounts to or receive amounts from other pension funds. Although the PFR of MPF is beyond this level, other pension funds can be in a situation that transfer of rights cannot take place.
- The **Contribution Cut Limit** (CCL) is the maximum of the funding ratio for future proof indexation and the OSMR plus 5% and equals 127.8% at year-end 2024. When the PFR is at or above this limit, MPF is allowed to reduce the contribution to be paid by the employer.

In the next scheme an overview of all relevant ratios is set out (as at 31 December 2024):

Policy funding ratio	
> 122,8%	Pension possibly fully indexed (including catchup indexation)
110% - 122,8%	Pension possibly partly indexed
103,6% - 110%	Pension cannot be indexed
100% - 103,6%	Pension possibly discounted in the future
< 100%	No transfers of pension allowed and pension possibly discounted

3.4 Feasibility test

The feasibility test provides insight into the expected pension result at fund level and the risks concerned, given the financial structure of MPF. According to the regulations pension funds are obliged to perform an annual feasibility test. This test should show that the expected pension results are within the financial limits for the long term as defined in the risk attitude (see 4.3). This risk attitude including the financial limits for the long term is developed by MPF together with the stakeholders.

In 2025 the feasibility test does not need to be carried out because MPF is going to ease in. This follows from the ministerial regulation of 25 April 2025 that was published in the Staatscourant.

3.5 Contribution policy

The contribution policy, as a management tool, will be employed depending on the Policy Funding Ratio. The contribution policy is set up according to the requirements of the Pensions Act.

The contribution policy is agreed between the Company and MPF in the Administration & Financial Agreement. The actual employer contribution is equal to the structural contribution of 20% of pensionable salaries and is at least equal to the smoothed cost-covering (employer) contribution for that year as calculated in November of the preceding year. If the Policy Funding Ratio is below the OSMR as per the calculation date, the actual contribution is increased to a maximum of 25% of the pensionable salaries. The maximum of 25% does not apply in this scenario if the resulting actual contribution would not be cost-covering or would be insufficient for timely recovery according to the recovery plan. In that case the actual contribution will be equal to the smoothed cost covering contribution.
In case the Policy Funding Ratio is lower than the MTR, the maximum percentage of 25% is also not applicable and the annual contribution will be the maximum of 20% and the smoothed cost covering contribution plus one fifth of the extra contribution necessary to recover to at least 103.6% (MTR). On the other hand, if the Policy Funding Ratio is above the CCL and MPF complies with the relevant legal conditions, then the Pension Board may decide to lower the actual contribution. The Pension Board may decide to deviate from the contribution policy and can decide to increase or reduce the actual contribution. More

details are provided in the actuarial section (Chapter 8). For 2024 and previous years the Pension Board has not deviated from the contribution policy.

The guidelines for the adjustment of the contribution are described in the ABTN.

3.6 Costs

The Federation of Dutch Pension Funds has made some recommendations about how execution costs should be published. The costs to run MPF can be split into execution-and administration costs, and investments related costs.

3.6.1 Execution- and administration costs

The execution- and administration costs are specified in the statement of income and expenditures(see 12.9).

The following table shows the execution- and administration costs in total and per member:

	2024	2023	2022	2021	2020
Annual execution- and administration costs in thousands of euros	4,520	4,477	4,439	3,866	2,843
Costs per member in euros: active members and retirees	1,548	1,589	1,629	1,424	1,049
Costs per member in euros: active members, retirees and inactive members	1,030	1,052	1,073	963	713

As MPF has high standards on plan governance, risk management, member administration and communication, it results in relatively high costs compared to other pension funds. This is caused by the relative low number of members and complexity of the pension plan. The costs for 2024 include VAT. The main reason the costs increased relative to 2023 are the costs related to the preparation of the WTP. An evaluation ov the cost took place during the Pension Board meeting of 21 March 2025.

The costs related to the preparation of the WTP are EUR 1,352 thousand (2023: EUR 1,234 thousand) in total:

	2024	2023
Annual execution- and administration costs (excluding transition costs) in thousands of euros	3,168	3,243
Costs per member in euros: active members and retirees (2024: 2,920 – 2023: 2,818)	1,085	1,151
Costs per member in euros: active members, retirees and inactive members (2024: 4,388 – 2023: 4,257)	722	762

In 2024 the execution and administration costs excluding WTP costs were lower than in 2023. The annual execution and administration costs are part of the SCCC as paid by the employer.

3.6.2 Investment costs

The table below shows the investment related costs, in percentage of the average amount of investments during 2024 (EUR 1,522 million), incurred by the Pension Fund in 2024.

	Costs outside the funds	Costs inside the funds	Total costs 2024	Total costs 2023
Management fees	0.11%	0.16%	0.27%	0.29%
Advisory fees	0.11%	0.00%	0.11%	0.11%
Other fees	0.04%	0.10%	0.14%	0.13%
Performance fees	0.00%	0.05%	0.05%	0.00%
Total	**0.26%**	**0.31%**	**0.56%**	**0.53%**
2nd layer costs	0.00%	1.10%	1.10%	0.66%
Total 1st and 2nd layer	**0.26%**	**1.41%**	**1.67%**	**1.19%**
Transaction costs			0.37%	0.32%
Total Investment costs			**2.04%**	**1.51%**

The percentages in the table represent all investment-related costs (EUR 25.4 million) with the exclusion of transaction costs. The investment cost ratio excluding transaction costs in 2024 is 1.67%.

The costs are reported on a so-called look-through basis: all direct costs (invoices paid by the Pension Fund) as well as all costs charged indirectly through the funds that the Pension Fund invests in. These include all costs related to management fees, advisory fees, performance fees and other fees (which include custody fees, legal fees, administrative and audit costs). These costs differ from the costs reported in the annual accounts, where a disclosure is given of the direct costs only, based on invoices.

Transaction costs are estimated. These costs are invisible to the Pension Fund and generally not yet recorded and available from the custodian records. Based on the directions provided by the Federation of Dutch Pension Funds, an estimation of the transaction costs has been made by Secor, which are adopted in this report. Including transaction costs, the investment costs ratio is 2.04%.

The investment managers have provided data for the so-called second-layer costs within Fund of Funds structures (costs charged to the underlying funds). For those funds where final audited accounts are not yet available[1], a best estimate was included. A best estimate is included based on 2023 actual costs data.

The increase of total investment costs from 1.51% in 2023 to 2.04% in 2024 is mostly driven by the increase of the performance fees in the 2nd layer costs of fund of fund managers.

The table below shows the investment related expenses, including 2nd layer cost per asset category as % of Total Plan NAV.

Actual invoiced amounts represented in the Annual accounts are different since most of the investment manager fees are not invoiced to the fund, instead these costs are netted in the results. The total Fees invoiced of EUR 4.5 million represents the actually invoiced fees which are represented in the Annual accounts in Note13.

	Real Estate	Shares[2]	Fixed Income Securities	Hedge funds	Other[3]	Total
Fees (K EUR)	3,443	9,244	1,325	8,329	3,053	25,394
Fees invoiced (K EUR)	161	278	956	0	3,076	4,470
Fees (%)	0.23%	0.61%	0.09%	0.55%	0.20%	1.67%
Transaction costs (K EUR)	0	133	1,022	0	4,548	5,702
Transaction costs (%)	0.00%	0.01%	0.07%	0.00%	0.30%	0.37%

MPF has a relatively high investment costs structure; however, one should always consider this together with the Risk profile, Investment strategy (diversification) and performance of the Pension Fund. Investment returns are provided net of fees.

The relatively high investment costs can be explained by the way the Pension Fund has defined the investment principles and advisory structure as described in the ABTN.

The key drivers that MPF believes to drive investment success are:
- Expert outsourcing: MPF seeks to contract with best-in-class expert advisors. It is the belief that MPF will benefit from specialized advice and specialized management, and there is not one external organization that is best-in-class in every service area.
- Careful implementation: Even intelligent investment advice is not very useful without the proper and timely means of implementation.
- Four guiding investment principles:
  - Exploit risk, illiquidity and time premiums. MPF has used and will use the benefit that it is a long-term investor, to collect risk premiums that are only available to the patient investor.
  - In general, MPF approaches investment ideas from a added value perspective. The structural reward should be clear from the outset.
  - A firm belief in active investment management. Investors create structural/ behavioural inefficiencies in capital markets. MPF seeks to employ investment managers who have shown the capability to exploit these inefficiencies and who are modest enough to continuously challenge their own investment approach.

[1] These funds are Blackstone, PEM and GCM
[2] Equity includes Public and Private Equity
[3] Other consist of cost of Overlay (LDI and TRH); advisory (Secor); Custody (Mellon) and other legal, governance and advisory cost.

  - A firm belief that innovations in investment management or investment opportunities lead to first mover advantages which MPF would like to exploit.

As a result of these principles the Investment Portfolio of MPF has the following cost characteristics:
- MPF has a relatively small internal team and pays relatively high fees to obtain strategic advice.
- Assets of MPF are 100% externally and for a large part actively managed, which is the costliest solution, but which the Board believes will provide the highest outperformance on the longer term and net of costs.
- MPF has a high allocation to risk seeking assets, including alternatives (illiquid) investments, and these managers generally charge higher fees.
- Some of the illiquid investments are within fund of funds structures, which involve an extra layer (second layer) of costs, including a performance-based compensation.

Every few years, MPF undertakes a cost benchmarking exercise to understand its cost structure and performance in relation to its peers. In 2023 MPF participated in cost benchmarking (performed by the Institutional Benchmarking Institute (IBI)) related to the 2022 figures. The IBI benchmark report showed that MPF has a very diversified and a very active portfolio, which is in line with the investment principles. MPF has significantly higher asset management costs for risk seeking assets compared to the peer group, however this is justified by more than significant excess net of fees performance on the risk seeking assets. The risk seeking assets consist of all asset classes that MPF is invested in, except for Matching Swaps and Overlays.

The Pension Board believes that the costs involved with implementing MPF's investment strategy are justified by the longer-term excess performance.

3.7 Pension plans

The current pension plans (Final Pay Plan and ARP/ASP plan) became applicable as of 1 January 2022. For those members who were already a member of the pension plan before 1 January 2004 the “Final Pay Plan” applies. For those members who became a member on or after 1 January 2004, the defined contribution plan called “ARP/ASP plan” applies.

The distribution of the active members (including disabled members) at 31 December is:

	2024	2023	2022	2021	2020
ARP/ASP plan	1,189	1,081	971	827	830
Final Pay plan	342	367	409	467	506
Total	**1,531**	**1,448**	**1,380**	**1,294**	**1,336**

More information about the pension plans can be found in chapter 6 (Pensions).

Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie (BPF Sweets)

MPF has dispensation for the mandatory participation by Mars Veghel in the pension plan of BPF Sweets. In the past BPF Sweets has requested updated tests of equality to justify maintaining the dispensation. The result was always that both the Final Pay plan and the ARP/ASP plan were actuarially equivalent to the pension plan of BPF Sweets.

3.7.1 Indexation

Below the indexation granted as per 1 January 2025 in the Final Pay plan and the interest addition in 2024 in the ARP plan are described. More information about the indexation policy itself can be found in chapter 6).

Note that the indexations as per 1 January 2025 have already been included in the AAL year-end 2024.

Indexation of the accrued pensions of the members of the Final Pay plan

The fund was able to meet its indexation ambition and granted an indexation of 2.62% as of 1 January 2025. The decision for the indexation was made on 21 November 2024 based on the PFR at the end of September 2024 (141.8%). The indexation per 1 January 2025 is included in the AAL year-end 2024.

Indexation for retirees and deferred members

The PFR at the end of September 2024 is above the Target Indexation Limit of 122.1%. Therefore, a full indexation of 2.62% is granted, which is in line with the indexation policy. This is based on the following: The CPI as published by the CBS is 3.50%. The target indexation is 75% of this CPI with a maximum of 3.0%.

Unconditional indexation EOP and EPP 2014 and 2006 for active members
This indexation is unconditional and is based on the CBS wage index for Food & Beverage industry private sector and will be 6.51% on 1 January 2025, based on the full period of September-September. This is corrected for differences between tentative CBS numbers and definitive CBS numbers in the past. This results in the indexation EOP and EPP of 6.51%.

Conditional indexation EOP and EPP 2015 and 2018 for active members
This indexation is conditional (depending on the PFR) and based on the CBS wage index for Food & Beverage industry private sector based on the full period of September-September. The corrected index is 6.51%. Based on the PFR, a full indexation of 6.51% can be granted per 1 January 2025.

Interest ARP/ASP plan

For both the active and inactive members in the ARP/ASP plan, the (annualized) interest on the ARP Plan is conditional and depending on the means available. These means consist of the so-called 'buffer' and the realized investment return in the previous year. MPF strives for a yearly return accrual (interest) equal to CPI plus 3%, capped by a level of 13%.

In the first half of 2024, the actual return on assets was negative, but for active members the buffer was enough to grant a yearly interest of CPI plus 3%, capped by a level of 13%. Therefore, the interest for the active members was equal to the target interest of 3.21% in the period 1 January 2024 until 30 June 2024. For the inactive members the interest given in the first half year of 2024 was equal to the minimum guaranteed interest of 0%.

For the second half of 2024 the actual return in combination with the buffer was not sufficient to give active members the target interest of CPI plus 3% (6.09%). Therefore for the interest given in the period 1 July 2024 until 31 December 2024 was limited to 4.14%. For the inactive members the interest given in the second half year of 2024 was 3.98%, which is equal to the actual return.

For active members the total yearly interest is 3.67% for 2024. For the inactive members the total annual interest is 1.97% for 2024.

3.8 Actuarial

This section contains a summary of the actuarial report.

	31-Dec-2024	31-Dec-2023
Market Value of Assets at risk of MPF	1,476,177	1,429,775
Market Value of Assets at risk of the members	185,631	151,715
Market Value of Assets Total	1,661,808	1,581,490
Actuarial Accrued Liabilities at the risk of MPF	1,010,996	971,064
Actuarial Accrued Liabilities at the risk of the members	185,631	151,715
Actuarial Accrued Liabilities Total	1,196,627	1,122,779
Actual Funding Ratio	138.9%	140.9%
Policy Funding Ratio	140.3%	145.9%
Ongoing Solvency Margin Ratio	121.2%	121.3%
Minimum Technical Reserve	103.6%	103.7%

During the financial year 2024 the Actuarial Accrued Liabilities at risk of MPF (AALPF) increased with 39.9 million. An important reason for this change is the yield curve change (increase in AALPF).

The profit and loss account (P/L) shows a positive result of 6.5 million leading to the general reserve increasing from 458.7 million to 465.2 million at the end of 2024. The Funding Ratio decreased during 2024 from 140.9% to 138.9%. At year-end 2024 the Funding Ratio is above the minimum Technical Reserve and the Ongoing Solvency Margin Ratio of 121.2%.

The cost covering contribution at market value is determined at 43.3 million. The smoothed cost covering contribution equals 33.1 million. The actual contribution was 15.5 million. Based on the premium policy, the board has decided to reduce the employer's premium for 2024. As a result, the actual contribution is 17.6 million lower than the smoothed cost covering contributrion. For more information we refer to Chapter 8.

The structural contribution for the employers is equal to 20.0% of the pensionable salary sum of all active members. The estimated smoothed cost covering contribution (SCCC) for the employers (%) before the start of 2024 was 28.6%. This is higher than the structural contribution. In the Affiliation Agreement it is agreed that the contribution is set at the SCCC when the SCCC is higher than the structural contribution. Based on the Policy Funding Ratio, the contribution reduction is 18.9%. This makes the total employer contribution 9.7% of the pensionable salary sum (2023: 8.8%).

3.9 Administrative and Financial Agreement

The Administrative and Financial Agreement (AFA) was most recently updated in 2020. On 14 December 2022 an addendum to the AFA has been signed. In this addendum to the AFA the following has been agreed:

- remove the cap on the wage index cap in the indexation policy;
- amend the risk attitude for the short term. The risk term for the short term is expressed in bandwidths for the OSMR as defined in the AFA based on the strategic asset mix. In the new risk attitude for the short term the minimum OSMR as defined in the AFA is equal to 115% and the maximum OSMR is equal to 130%;
- the Company will reserve the contribution reduction as a corporate commitment.
    - If the actual funding ratio of the MPF as per the day of Easing in is below the target funding ratio as defined in the WTP and MPF and the Company will have jointly resolved to opt for Easing in, the corporate commitment will be paid to MPF for as far as necessary to arrive at the target funding ratio as defined in the WTP.
    - The Company and MPF will discuss a compensation arrangement for the involved associates and the required resources for such compensation and how the amount in the separate account shall be used if the actual funding ratio of MPF as per the day of Easing in is above the target funding ratio as defined in the new legislation.

4 RISK SECTION

This section describes the risk management framework, the most important risks and mitigation actions within MPF and the risk attitude of both pension plans. The risk attitude of MPF considers that MPF executes a Final Pay Plan and a DC pension plan with specific features (ARP/ASP plan).

4.1 Risk management framework

The IORPII legislation took effect from 13 January 2019. MPF since then designed, documented and implemented an IRM framework which improves the risk management, and which complies with all applicable legal rules (IORP II amongst others). The risk attitude for the non-financial risks has been formalised and periodically re-confirmed since, taking into consideration the findings from audits such as on MPF's risk management system and IT.

The fund has codified and put in place the second line risk opinion process, gained further insight into (sub)outsourcing risks under DORA, periodically assesses the strength of control measures and has a dynamic risk dashboard which brings forward attention to new or changing risk areas (e.g.addition of WTP and DORA on frontpage). Risk Self Assessments ('RSA') are scheduled, conducted, and followed up according to the set periodicity and evolving needs. They are incorporated into the fund's annual plan and executed.

The IRM document describes:
1) The risk strategy, basic requirements for effective IRM and objectives of IRM;
2) The IRM governance framework based on the three lines of defence principle, including the key functions as defined in IORP II;
3) The IRM policy which describes the IRM process, periodic monitoring, reporting and evaluation.
The IRM document has received its periodic, triennial update in Q2'2023 and has been reviewed in Q4'2024 following DORA implications.

1. Strategy and objectives

Risk is defined as any event that affects the realization of the mission, vision, strategy and objectives of MPF. Being a financial institution, MPF is obviously exposed to financial risk. Knowingly taking and managing financial risks is one of the core tasks of MPF. In the ongoing management and daily operations, MPF is also exposed to a variety of non-financial risks. Effective management of both financial and non-financial risks should help the Pension Board in the achievement of the mission, vision and strategy of MPF. Therefore, IRM has always been acknowledged to be an essential part of the overall management of MPF.

The objectives of MPF's IRM that result from the risk strategy are summarized as follows:
- provide insight in risks (related to the mission, vision and strategy);
- illustrate the amount of risk that is desirable / necessary;
- provide overview of risks to properly determine priorities;
- offer opportunities to intervene to achieve the desired level of risk (for example by introducing or improving control measures).

2. IRM governance

The basis for creating the IRM governance of MPF is a clear allocation and appropriate segregation of tasks, responsibilities and authorities. The Pension Board is ultimately responsible for the appropriate control of all risks MPF is exposed to. This implies the responsibility to structure the organization (governance) and the key functions. The governance structure is based on the so-called 'Three Lines' principle and makes a distinction between risk owners (first line), control function (second line) and internal audit (third line):
- A risk owner is a role or individual responsible for managing all aspects of a particular risk and the reporting on it. Risk owners can be part of the Pension Board. The outsourced administration and asset management, the Pension Office, Mars Investment Team, the Executive Board and Committees (Pension Committee, Pension Communication Committee and Investment Committee) all are risk owners. Together with the Pension Board they form the first line;

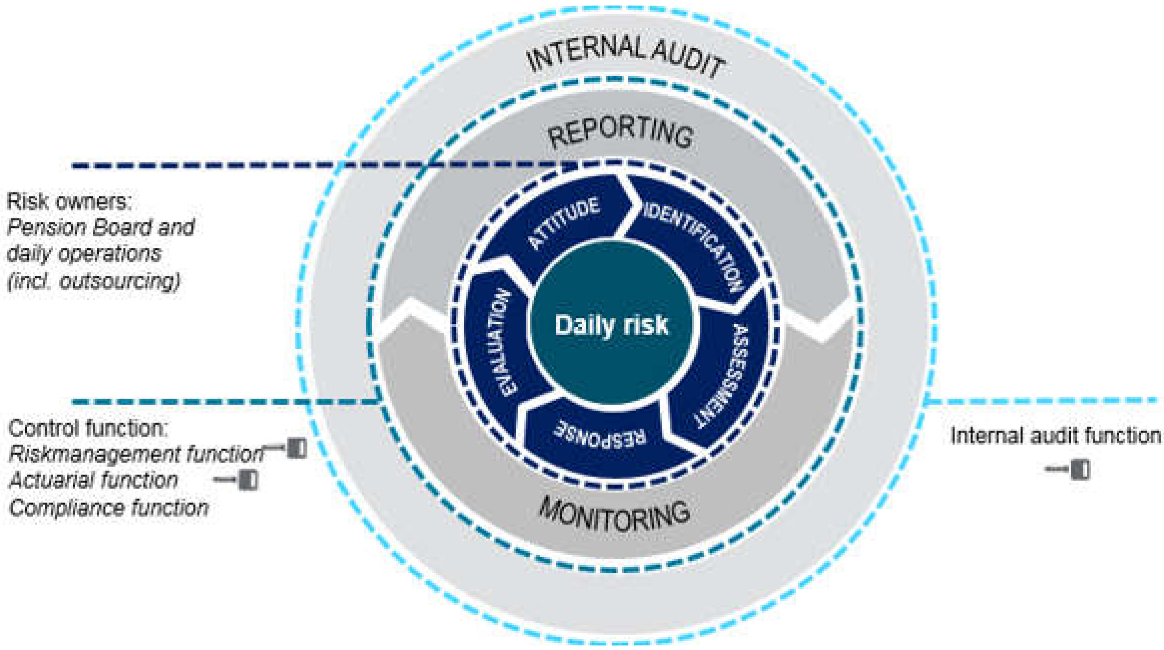
- The second line is the control function that oversees the risk management and compliance of MPF. The responsibility of the control function must be separated from the responsibility of the risk owner. The activities involved with the control function are covered by several components of internal governance which play a role in the control function focused on specific risk area. All together they form the second line. In particular, the key function holder risk management and the actuarial key function holder are part of the control function.

Mr. P. van Bree has continued to fulfil the role of KFH Risk Management in 2024. He is a Pension Board member but is not involved in any primary processes. He has separate second line contacts at the service providers of MPF and a direct line to the Key Function Holder actuarial (who also serves as the certifying actuary) and KFH Internal Audit. The KFH Risk Management charter establishes independence and a direct connection to the Supervisory Council.

Also Mr. P. van Bree has fulfilled the role as MPF Compliance Officer in 2024 (see section 7.7), a function that also serves in monitoring risks with regards to adherence of laws and regulations. Also, this function is created in such a way that it can operate in a fully independent manner, governed conform the Compliance Charter.

- The internal audit function will periodically evaluate the adequacy and effectiveness of the internal control system. This function is filled in by the key function holder internal audit and forms the third line. Mr. R. de Waard has been appointed as KFH IA. Audits are performed by the performer, which is BDO. A strict segregation between the audit performer and the KFH IA has been set-up in order to have independency. The KFH IA forms an independent judgment about the work performed by the other two key function holders.

The figure below illustrates the distinction between risk owners, control function and internal audit function.



The setup of the IRM governance within MPF has been approved by DNB after carefully reviewing independence of the second and third line from the first line.

3. IRM process

The Pension Board is responsible for the implementation of an IRM process that leads to a systematic (and repetitive) risk analysis. This process consists of the following steps:
1. **Attitude**: high level view of how much risk is acceptable or necessary, based on the general strategy of MPF;
2. **Identification**: events that could affect achievement of the mission, vision, strategy and objectives of MPF;
3. **Assessment**: estimation of the probability and impact of risks on both gross (inherent) and net (residual) basis;
4. **Response**: assess the estimated risk against risk attitude, identify and evaluate possible responses to risk (cost versus benefit of potential response), define actions to execute response;
5. **Ongoing monitoring and periodic reporting**: monitor the risks and the control measures on a continuous basis and report about the status of these risks and control measures on a periodic basis;
6. **Evaluation**: in order to achieve continuous improvement of the IRM process, a periodic evaluation of the effectiveness of the risk management framework is necessary. MPF is obliged to carry out and document an own risk assessment. This own-risk

assessment shall be performed at least every three years or without delay following any significant change in the risk profile of MPF or of the pension plans operated by the MPF.

Step 5 is a returning and ongoing topic in each of the Pension Committee meetings as well as in the Investment Committee meetings. Information is shared, calibrated, assessed and challenged between the 1st and 2nd Line. The Pension Board is periodically informed by means of a presentation of the highlights through the dashboard, as well as by means of in-depth explanation in the Pension Board meeting by the first line action owners. Where needed, topics are pre-discussed in so called 'OA meeting' which prepares shaping the picture and judgement of the board members, in order to facilitate an informed decision making at the board meeting.

There are structurally planned and recurring meetings between MPF and its providers (1st and 2nd Line), as well as between Key Function Holders amongst themselves. There is intensive and open interaction between MPF's first and second line, allowing deep understanding of risk exposure, risk changes, changes on mitigating actions and ongoing monitoring. The KFH Risk Management wraps this up in the dashboard which is presented to the full Pension Board on a quarterly basis.

Step 6 (evaluation) can be done as part of the own risk assessment ('ORA' or 'ERB'). ORA's have been performed end 2020 (special-topic ORA for admin provider change) and again completed December 2023 (a generic, triennial ORA). Main outcomes of the ORA have been incorporated in this risk section and were continuous improvement reco's which have been implemented in 2024. A transition ORA is planned for mid 2025.

There is one risk management framework for non-financial risks that fully coincides with the Mission, Vision, Strategy and Objectives of MPF. Furthermore, MPF has a clear action list to manage the identified exposures that are beyond the risk appetite.

For the financial risks a well-functioning risk process is in place and no major changes were required. The investment related financial risks are monitored daily at the strategic investment advisor and by the Investment team. Monitoring is shared, reviewed and discussed with the IC, the KFH Risk Management and the Board on a regular basis, for instance via the quarterly trustee reports. The financial impacts to the fund were tightly managed and discussed on an ongoing basis (for instance relating to liquidity, to the Tail Risk Hedge and to the increased interest rate and installed inflation rate hedges over 2023 which are jointly designed to enable a seamless move towards the New Pension System). The functioning of the TRH program and the hedging program has been carefully monitored and a review has been presented to the IC early 2025 (confirming the program has delivered exactly what it was supposed to deliver). With this the fund sustained its control and governance and provided visibility on trigger points, costs and effectiveness of the TRH and hedging mandates. Weekly sharing of monitoring of the interest and inflation rate hedging program are in place including measures on leverage, liquidity and stress test limits.

4. Risk management framework 2024: DORA implementation

A substantial workstream on IT risk management has been ongoing in 2024, following the codification and implementation requirements set by European Regulation (EU) 2022/2554, adopted on 14 December 2022. While this workstream was crucial, progress was initially challenging by delays in the development of lower legislation (RTS and ITS), much of which was only finalized mid or toward the end of 2024, followed by industry interpretation and adoption.

To structure this effort, a workgroup was established, including our IT advisor, 1st Line risk owners (Mars Investment Team and Pension Office), and 2nd Line Risk and Compliance. A three-phase plan was developed:

- Policy updates – creating and amending policies to align with regulatory requirements.
- Contract & SLA revisions – ensuring agreements reflect compliance obligations.
- Operational implementation & monitoring – embedding risk management in processes and setting up assurance mechanisms.

The first two phases were prioritized for 2024, given the 17 January 2025 deadline, while implementation and assurance will continue in 2025. Significant progress has been made end 2024, including a gap analysis, policy updates (IT policy, Business Continuity Management Policy and -Plan, Outsourcing Policy and the Incident Regulations), contract adjustments, and preparations for ongoing monitoring. The workstream is well advanced, with formal requirements set for completion in Q1 2025.

To support the final implementation, an IT Plan 2025 has been developed, ensuring a structured and effective operational rollout of the requirements.

4.2 Main risk categories and control measures

The Pension Board has identified several risks and related control measures. The three main net non-financial risks and the two main net financial risks are presented below.

4.2.1 Main non-financial risk categories

1. Pension Administration - Continuity

Risk description
The set of risks MPF is exposed to regarding discontinuity of the pension administration processes. Risks associated are the ability to an increased rate of issues after the move to a new administrator. If this risk manifests itself, it will damage MPF's reputation and the confidence of the members in MPF.

Risk assessment
This risk over the years has been managed downwards by moving to BSG as administrator beginning of 2022. In the light of moving to the WTP however, it still is a risk to be managed with focussed attention, as the impact of the risk is high. The fund will -until after completion of the WTP transition- likely continue to score the impact of the possible materialization of this risk as ‘high’. BSG and MPF have mutually expressed intention for a long-term relationship.

Control measures
Outsourcing Policy has been closely followed up. The relation with this supplier has been closely managed in 2024 as part of the supplier evaluation process, and the supplier performance has been reviewed by the fund. The fund has closely collaborated with BSG and has been keen on reviewing and discussing (control) reporting of BSG to the fund (SLA, ISAE3402, ISO27001/SOC reporting of sub-outsourcing party).

Throughout the period 1 January 2024 to 31 December 2024 the external auditor has issued an assurance report with a qualified opinion on the ISAE3402. The external auditor indicates, except for two control objectives related to user account (access) management, that the description in the ISAE 3402 report fairly presents the System that was designed and implemented and that the controls related to the control objectives stated in the description were suitably designed and operated effectively to provide reasonable assurance that the control objectives would be achieved. The exceptions noted didn’t have impact on service level provided to MPF. BSG has notified MPF to follow the internal guidelines around account (access) management strictly and MPF will monitor the follow-up of BSG during 2025.

Developments in 2024
Over last year, BSG has improved on delivery versus SLA which reduces discontinuity risk (MPF driven). The remaining identified deviations from the SLA typically have had a small (and an occasional medium) impact and have been duly followed up.

2. Pension Administration – IT Agility

Risk description
The risk that the pension administrator's IT is not able to implement changes in business operations - against acceptable costs and acceptable risks - that may be necessary due to internal and external causes.

Risk assessment
MPF has assessed this risk as a risk that needs focused attention in order to be reduced in exposure in the short term.

Control measures
Several control measures are in place to ensure the provider can adequately implement novelties. For instance, prior to choosing the supplier, the fund has investigated whether their systems are sufficiently future-proof in the medium term (including the move to a new pension system). The fund has taken note of a study of this future-proofing of the systems as drawn-up by Quint. Further, the MPF-IT policy requires external guidelines for the field of IT and information security to be applied. We require our Pension Administrator to report according to the ISAE 3402 (type 2) control framework, which includes specified processes and reporting around change management. This report is being monitored by MPF. Additionally, MPF reviews and monitors BSG on non-financial risks and the Service Level Agreement report.

MPF closely oversees periodic NFR reporting, IT control framework improvements (monitoring BSG IT maturity vs extended list of COBIT controls).

One of MPF Board members is having a special focus on IT in general, in total 3 board members are currently at B-level IT knowledge.

Developments in 2024
BSG has used full 2024 to further improve IT risk control framework to meet the required DNB control levels (this after a data breach incident in 2021). In an intensive set of workstreams BSG has been very candid in their assessments, progress and shortcomings. A lot of progress has been made since then, but there are still some control measures that need further improvement in design and existence. This will be completed by end March 2024, after which proof of effectiveness will be demonstrated and logged including meeting DORA requirements.

Separately, MPF is part of the collective of funds that is co-financing the IT infrastructure changes required to move to WTP (project Horizon). It has been stated MPF WTP requirements can be facilitated from the Product Service Catalogue (standard or additional work)

3. Pension Administration – IT Availability

Risk description
Risk of unavailability or limited access to the pension administrator's IT systems, preventing timely data retrieval or modifications. This includes potential disruptions to core processes, portals, websites, and pension planning tools.

Risk assessment
MPF has assessed this risk as a risk that needs focused attention in order to be reduced in exposure in the short term.

Control measures
Several control measures ensure the provider's service continuity. Before selecting BSG, the fund assessed its technical capabilities. An intensive workstream to confirm BSG's compliance with all 58 DNB 2023 Good Practices IT standards neared completion in 2024. BSG, serves clients that are subject to DORA and has integrated DORA requirements into its IT improvement program, with full compliance expected by March 2025.

MPF-IT policy mandates adherence to external IT and security guidelines. The Pension Administrator reports under ISAE 3402 (type 2), covering change management, with reports monitored by MPF. MPF also reviews BSG's non-financial risks and SLA reports while tracking IT maturity against an extended COBIT control list.

One MPF Board member has a special focus on IT, and three members have B-level IT knowledge.

Developments in 2024
The requirements have risen and so has the management of the risk. We will review actual risk exposure as part of the transition ORA mid 2025 and a planned audit begin 2026.

4. *Transition to the New Pension System*

Risk description
As from 2028 at the latest it is not possible to have an open defined benefit pension arrangement in the Netherlands. Meaning Social partners and MPF will need to facilitate moving to a new pension plan design and -implementation, which has a massive impact on the organisation and its governance. The 3 most prominent risk net-risk exposures in this workstream are:
1. the dependence on social partners and government;
2. continuity of the current investment structure and value-add;
3. Planning and budget. Risk events could be delays, interpretation differences, changes in legislation, errors and (alleged) breaches and media coverage thereof.

Risk assessment
MPF has assessed the magnitude of the 3 risks mentioned above as troubling. This means that there should be focused attention to reduce this risk in the shorter term.

Control measures
The Pension Board in conjunction with the employer has set up a project management structure and governance structure to oversee the total project as well as have specific working groups by the headline topics. External advisors, consultants and

specialist support is part of the governance structure. There are formal and informal alignment sessions between the various parties and forums, and these have been embedded in a detailed project plan and -timeline. Timeline includes the relevant milestones and factors-in dependencies and iterations.

<u>Developments in 2024</u>
A monthly frequency of boardmeetings has been established in order to give frequent updates and allow for agile decision making. Significant progress has been made. While the contours of the transition plan were available by late 2024, the formal receipt was also required by that time. In November, the fund raised this risk to probability 4 (likely). Subsequently, the transition plan from social partners was officially shared in mid-February 2025, resulting in a six-week delay.

In parallel, the parliament approved the possibility of finalizing the implementation plan one year prior to transitioning to the new pension system, potentially providing additional time. The Pension Board will reassess the impact on the overall timeline in its next meetings, also considering ongoing discussions within the Board on the balance of interests in the transition plan issued by social partners, as well as the optimization of the investment policy and of the use of the solidarity reserve.

Separate workstreams have been making good progress in 2024. For instance, stages 1 and 2 of the data quality project have been completed, were opinionated and have been approved by the Pension Board. Also the risk attitude has been following this process, however will have a last iteration end Q1’2025.

A project implementation manager has been appointed and has been in function side by side with the current WTP project manager for about a year. Detailed timings and project plans are available and are aligned with service parties. The fund has a thorough understanding of deliverables and requirements and carefully follows up guidance from several parties (DNB, AFM, Pension Federation).

The fund's investment policy is designed to monitor the funding ratio's progression against the targeted easing-in level, while considering risk appetite. This ensures a smooth transition for all stakeholders (see below paragraph).

4.2.2 Main financial risk categories
1. Asset-Liability Correlation risk

<u>Risk description</u>
The risk of a -high negative impact on the funding level due to interest rate and inflation rate changes. As the fund is looking for easing-in with full compensation at zero additional money (an objective deemed balanced and in consideration of all stakeholder’s interests, as well as achievable seeing 2024 funding ratio) , the fund has identified a set of target funding ratios (‘**TFR**’). The highest TFR the fund tracks against, is strongly influenced by interest rate and inflation rate. This as that end-goal TFR includes financial obligations based on real future values of the liabilities.

<u>Strategic area</u>
Pursue policies of de-risking when appropriate.

<u>Control measures</u>
The interest and inflation rate risks are partially covered by hedges. This is comprised of the interest and inflation swaps, the bonds portfolio and the intrinsic inflation protection coming from the assets (mainly equity). The fund performs ALM studies on a regular basis to assess the appropriate level of ‘mismatch risk’ and has, after 2023 ALM, implemented the adopted policy to further provide protection to the TFR.

The fund receives weekly funding ratio monitoring and weekly LDI monitoring, including a set of KPI’s and stress test limits (leverage, free cash, rate move to max leverage, rate move to exhaust free cash) to verify whether hedge levels do not become a problem on their own.

<u>Developments in 2024</u>
The fund has a 40% derivates based inflation hedge (bringing total hedge level including intrinsic portfolio inflation protection at about 60%) and the interest rate risk is hedged to 80% of indexed liability (i.e. a 122% nominal (DNB) hedge level, status 7 March’25). In 2024, the funding ratio has remained stable and fairly steadily grew toward TFR4.

2. Market risk

Risk description
Asset-Liability Correlation risk: The risk of asset value reduction.

Strategic area
Use professional support from investment advisors to sustain our long-term investment stance/beliefs.

Control measures
To mitigate this risk, the investment portfolio is diversified over a range of asset classes, currencies and investment managers and is invested through a range of well diversified pooled funds. In the Investment Policy Statement overall investment risk is controlled by defined limits to asset class weightings as well as volatility in funded status. Undesired risk such as concentration risk, counterparty risk, etc. are managed by Investment Manager Agreements (IMA's) and investment guidelines. All the investment risks are monitored on an overall portfolio level by the Strategic Advisor and reported at least quarterly and immediately in case of breach of pre-defined risk limits.

Developments in 2024
In 2024, the Tail Risk Hedge program has mirrored the full equity exposure across all asset classes (38% including correlation impacts of equity downfalls on non-equity asset classes).

The Tail Risk Hedge program has been reviewed in 2023 after a first year of negative performance vs. benchmark since inception over 7 years ago. This was mainly due to the non-options strategy, which consists of FX, Equity based and Fixed Income strategies which were expected to have a performance offsetting the costs of the program. Due to the disappointing performance, in Q4'23 SECOR has reduced the risk (expected tracking error reduced from 4.5% to 2%) relative to the benchmark. Since implementation of the new levels 2024, the TRH program has performed as planned. Due to rising markets, TRH slightly detracted total plan returns over 2024.

Sensitivity of Funding Ratio

The below table shows the sensitivity of the Funding Ratio to interest rate movements and/or an equity market shock versus status on 31 December 2024. KFH RM and Pension Board have actively observed and discussed the sensitivity levels being fairly low through the year due to projected effects of interest and inflation hedging and TRH program. Impact effects going forward from 31 December 2024 still look healthy:

		Shock interest rates								
		-2,00%	-1,50%	-1,00%	-0,50%	0,00%	0,50%	1,00%	1,50%	2,00%
Shock equity and real estate	-25%	127,5%	128,2%	129,0%	130,0%	131,0%	132,2%	133,5%	135,0%	136,8%
	-20%	128,2%	129,0%	129,9%	130,8%	131,9%	133,2%	134,6%	136,2%	138,1%
	-15%	129,2%	130,1%	131,0%	132,0%	133,2%	134,5%	136,0%	137,8%	139,8%
	-10%	130,5%	131,4%	132,4%	133,6%	134,8%	136,2%	137,9%	139,7%	141,9%
	-5%	132,2%	133,2%	134,3%	135,5%	136,9%	138,5%	140,3%	142,3%	144,7%
	0%	133,8%	134,9%	136,1%	137,4%	**138,9%**	140,6%	142,5%	144,7%	147,3%
	5%	135,8%	137,0%	138,3%	139,8%	141,4%	143,3%	145,4%	147,8%	150,7%
	10%	137,9%	139,2%	140,6%	142,2%	144,0%	146,0%	148,3%	151,0%	154,1%
	15%	140,0%	141,4%	142,9%	144,7%	146,6%	148,8%	151,3%	154,2%	157,6%
	20%	142,1%	143,7%	145,3%	147,2%	149,3%	151,7%	154,4%	157,5%	161,1%
	25%	144,4%	146,0%	147,8%	149,8%	152,1%	154,6%	157,6%	160,9%	164,8%

4.3 Risk attitude Final Pay plan

The objectives, policy principles and risk attitude of MPF are a result of the mission, vision and strategy of the pension fund (see 2.2).

The risk attitude of the Final Pay plan describes the risk appetite and risk tolerance of MPF for the Final Pay plan as agreed with the stakeholders. The risk attitude for the Final Pay plan of MPF is as follows:

- Part of the contribution policy is the obligation for the Company to pay additional contributions in case of shortages in the Final Pay section of MPF. As a consequence, the probability of a reduction of the accrued pension benefits of the Final Pay plan is small;
- Investment risk on the assets for the Final Pay plan should be taken to achieve the ambition of MPF. Both the Social partners and MPF believe that investment risk is rewarded with higher expected returns in the long run;

- The Social partners (the Company and the Works Councils) accept that investment risk might result in high additional contributions in the short term in case of shortages, because expectations are that in the long term this investment risk results in higher returns and therefore on average higher indexation results and lower Company contributions (due to contribution reductions);
- MPF accepts that investment risk might result in limited indexation in the short term, because expectations are that in the long term this investment risk results in higher returns and therefore a better indexation including repair of missed indexation and benefit reductions.
- The largest shorter-term risk toward the 1 January 2027 timing for transitioning to the new pension design is that the fund may not have sufficient assets to ensure a balanced trade-off between the interests of all stakeholders, given that the Social Partners have decided to ease in.

The ALM that has been completed in 2023 has indicated that the previous asset mix already was fairly appropriate in the light of the shortened investment horizon towards 1 January 2027. The forementioned increases of hedging have freed up some risk budget to slightly tweak asset exposure (a 5% point reduction of matching swaps, enabling an increase of the credit portfolio (emerging market debt and high yield) by 5% point), effectuated in September 2023. Expected Funded Status Volatility was estimated at about 4.6% (5.4% previous ALM set). All supporting the Pension Board objectives to safeguard a balanced transition. Pending the decision on the contract of choice, the PB has decided to pause on any future commitments to illiquid asset classes. Recent information on transition plan (SPR and desire to ease in), risk attitude NPD, solidarity reserve and investment policy did not necessitate immediate adjustments (status end Q1'25).

A feasibility test (see 3.4) is performed every year. This test monitors whether the expected pension result is still consistent with the original expectations, based on the financial position of MPF and the new economic circumstances. The annual feasibility test is conducted to assess whether the expected pension result in the Final Pay plan at fund level is sufficiently in line with the established lower limit of the risk attitude for the long term and whether the pension result at the fund level in the bad weather scenario does not deviate too much from the expected pension result at fund level.

In May 2024, the annual feasibility test was performed by WTW and presented to the Pension Committee. The expected pension results don't meet the predetermined lower bound set by MPF (87% vs 90% indicator), just like in 2023. This is due to the difference between the actual indexation per 1 January 2023 (3.76%) and the high price inflation of 2022 (14.5%). This effect is expected to persist due to the nature of the calculations.

MPF consulted social partners to discuss the outcome of the feasibility test. Whether, and if so, what, measures should be taken.
- Accept that the predetermined lower bound set by MPF will not be met
- Re-set (lower) the lower bound for the pension result
- Adjusting the financial policy of MPF

Social partners accepted that the predetermined lower bound set by MPF will not be met given the transition to the new pension system in the upcoming years and the discussion around the financial policy in relation to the new pension system.

In 2025 the feasibility test does not need to be carried out because MPF is going to ease in. This follows from the ministerial regulation of 25 April 2025 that was published in the Staatscourant.

4.4 Risk attitude ARP/ASP plan

MPF has a ARP/ASP plan that consists of two parts, the Associate Retirement Plan (ARP) and the Associate Selection Plan (ASP). The ARP part has a relatively stable capital accumulation with a CPI +3% annual credit and a guarantee of 0% (see 6.3), The ASP part is invested using a lifecycle (or a selection of the offered investment funds) and does not have any guarantees regarding the investment return.

Members in the ARP/ASP plan have relatively high incomes. The pension contributions are sufficient for an adequate pension result, taking 2024 market conditions into account. Members are roughly equally invested in the ARP part and ASP part. This resulted in the preliminary conclusion that plan members could absorb quite some risk in the ASP part. This conclusion was subsequently shared and tested with a representation of ASP Members, the Accountability Council (Verantwoordingsorgaan) and finally with Social Partners. The outcome of these extensive consultations was that all parties/stakeholders were in agreement with the conclusion of the Pension Board.

The risk attitude for the accrual phase of the DC-plan is quantified in a 'maximum allowable deviation' for the pension benefit on the pension date in a pessimistic scenario, which is dependent on age. This is calculated as the difference between the pension outcomes in the expected scenario (50th percentile) and the pessimistic scenario (5th percentile). Members who intend to choose a variable annuity (and are therefore assigned the lifecycle for the variable annuity) have a higher risk tolerance.

MPF tests the investment policy and the lifecycles, periodically (at least every three years) or when the Pension Board has established there has been a significant change (for example in plan contributions or in the lifecycles).

MPF monitors the expected pension results in the combination of ARP and ASP plan. The results are included in the quarterly risk dashboard updates, showing a stochastic replacement ratio calculation for several strawmen. Main replacement ratio indicator (DNB set) shows that in 2024 the interest rate shock in the first years is no longer visible. This is an adjustment from DNB. The returns on equity are lower in the first years due to expected return on assets in their set. This results in lower replacement ratios for all strawman in 2024. The 2 other sets we use for reference (ALM and Current interest rate curve) show higher respectively lower replacement ratios than last year.

For members that wish to deviate from the lifecycle it is possible to choose the self-select option. A member that opts for this option will be warned about the risks and will be asked about their risk profile.

MPF annually informs the members about their actual asset mix in relation to their risk profile to meet the duty of care requirements (see paragraph 7.2).

Prior to the 2022-2023 increases of the interest rate hedge level and the installation of the inflation hedge level, the fund had positively confirmed that the asset mix in combination with the retained ARP-return was still appropriately fitting the risk-return profile of the ARP plan, also driven by the shorter time horizon towards 2027 as well as the available retained return when the interest rate hedge was increased. Lastly, the risk-return profile has similarities with the overall lifecycle risk-return profile.

However, the retained return for active members has been depleted since H1 2024 credit due to the high inflation in combination with the negative real return over 2022 and a return less than the CPI+3% ambition over 2023, whilst in both years stillthe full CPI+3% has been allocated to the active ARP population (at cost of the buffer).

With the September 2023 ALM investment policy and a depleted buffer, the risk increased that the new investment strategy, -focussed on interest and inflation matching- may not consistently deliver an average CPI+3% return to enable full crediting ambition to the individual ARP portfolios. The Pension Board has commissioned work to assess how it can enable CPI+3% until 2027 transition for an ideal balance of interest between members of both plans whilst fitting the Risk Preference Study (RPS) results presented to the Board Q1'24 and the Risk Attitude recently presented to the Pension Board Q4'2024. This workstream has not yet led to a final and approved proposal. One of the routes is a change of the plan rules, that needs to pass social partners. This work is linked to several WTP workflows (dynamic allocation key, balance of interest, investment policy) planned for mid '25 decision making.

4.5 Fraud risk

Fraud risk is part of the total set of integrity risks that the fund, being a financial institution, is exposed to. Integrity is a pivotal point of attention for the fund. Not necessarily because the risk is assessed as high, but more because financial institutions can only function properly if trust is irrefutable and therefore the fund does not have to worry about additional reputational risks or risks in the administrative and financial agreement. Therefore, the fund enforces a strict adherence to the fund's code of conduct by all parties involved, should it be associated persons, insiders, service providers or outsourcing parties. This follow up is part of the annual compliance check. Newcomers are debriefed on the set of integrity documents at start of the function and are required to deliver a VOG ('verklaring omtrent gedrag') prior to getting access. The fund also has a training session available on compliance.

A risk self-assessment on the integrity risks for the risk area's "outsourcing – Pension administration", "outsourcing – Investment management" and "Internal – Legal" has taken place in Q4 2022. The outcomes of the assessment (performed between the 1st and 2nd risk management lines of the fund) has been that the net risk level of fraud was within the risk attitude of the fund. No reasons emerged to assume changes in 2024 and a SIRA is planned Q3 2025.

In theory the fund has a zero tolerance on any integrity risk. Fraud risk in the context of this report includes misappropriation of assets (e.g. theft or attempted fraud by participants) and fraud in financial reporting. For MPF, compliance with laws and regulations is essential. The fraud risk (internal and external fraud) is managed through preventive and repressive controls. These amongst others are (besides the generic integrity controls mentioned in the paragraph above): separation of functions, 4-eyes principles, annual proof of life, a thorough selection process for external parties (this process is laid down in the outsourcing policy which amongst others also prescribes annual evaluation of providers). The fund, as well as it's providers, have an adequate whistleblower procedure and a compliance officer (and backup/escalation) in place to allow for reporting. From a proportionality point of view (extreme costs to fully manage this risk) a very low residual exposure is tolerable. No events of fraud have been identified over the period in review.

4.6 Going concern risk

This chapter has described the risk management framework, the most important risks and mitigation actions. Furthermore, detailed information on management of risks related to the financial position of the fund, such as interest rate risk and liquidity risk are included in paragraph 12.8 Risk Management of the annual report.

On top of that MPF has a financial crisis plan that will be in force in the event of a shortfall or in combination with the sponsor that falls away.

In the current financial framework, the contribution increases automatically once the funding ratio decreases. This is a very effective measure that will take place when the policy funding ratio is below OSMR, based on previous assessments of the sponsor's financial health.

The conditional indexation is also related to the policy funding ratio, and therefore this measure is automatically deployed once the policy funding ratio drops below the Target Indexation Limit. No indexation is granted below a funding ratio of Lower Indexation Level.

The final measure of benefit reductions can be a very effective measure but is not deployed as long as the sponsor is able to deliver on the Administrative and Financial Agreement.

The policy funding ration is currently far above the OSMR and it is very unlikely that the crisis plan will be in force in the next 12 months.

Based on the above, the Pension Board of MPF is of the opinion that the continuity of MPF is safeguarded for the next 12 months after adoption of the annual report. The Pension Board of MPF deems it appropriate to draft the financial statements based on the assumption of going concern.

5 INVESTMENT SECTION

5.1 Investment policy and strategy

The aim of the ALM study, which was completed in 2023, was to develop an investment policy that seeks to manage the funding position of the Plan to protect against declines and potentially grow the pension balances over the period until the point of transition to the new pension system (expected 1 January 2027), mitigating the potential cost of transition to the new system.

The investment policy include an liability interest rate and inflation hedge (targeting 80% and 40% of the economic liability, respectively), which seeks to limit the Plan's expected funded status volatility. This Matching Swaps allocation has a strategic target of 37.5%. The remaining 62.5% of Plan asserts is comprised of strategic allocations to Public Equity, High Yield, Emerging Markets Debts, Hedge Funds, Private Equity and Property.

There were no changes to the investment strategy in 2024.

The table below shows the interim policy allocation (which acknowledges that alternatives may deviate from their policy allocations) and the actual asset allocation at the end of 2024.

	Long Term Investment Policy	31-12-2024 interim policy	End 2024 Asset Allocation	Minimum	Maximum
Shares (Public Equities)	**17.5%**	**13.0%**	**13.9%**	**7.0%**	**28.0%**
Fixed Income Securities	**57.5%**	**50.4%**	**48.8%**	**27.0%**	**78.0%**
Matching Swaps	37.5%	33.7%	31.2%	27.0%	48.0%
Emerging Market Debt	10.0%	10.0%	11.2%	0.0%	15.0%
High Yield	10.0%	6.8%	6.4%	0.0%	15.0%
Alternatives	**25.0%**	**35.7%**	**35.7%**	**0.0%**	**60.0%**
Investment Property	10.0%	7.8%	7.8%	0.0%	20.0%
Unlisted shares (Private Equity)	10.0%	13.7%	13.7%	0.0%	20.0%
Hedge Funds	5.0%	11.0%	11.0%	0.0%	15.0%
Private Credit	0.0%	3.2%	3.2%	0.0%	5.0%
Cash	**0.0%**	**0.9%**	**1.6%**	**0.0%**	**5.0%**
Hedges					
Currency	63.3%	63.9%	63.9%	62.3%	95.2%
Interest Rate	80.0%	80.0%	79.9 %	75.0%	85.0%
Inflation	40.0%	40.0%	40.0%	35.0%	45.0%
TRH*	38.0%	38.0%	38.2%	33.0%	43.0%

* Minimum and maximum are not formal limits but actual coverage is expected to remain within this range. The size of the overlay is rebalanced quarterly.

The interim policy reflects the substitution rules for Cash and Alternatives which can deviate from their Long-Term Investment Policy allocations.

The Liability Driven Investing (LDI) program, i.e., the interest rate and inflation hedge, targets are 80% and 40% of the economic liability, respectively. There is a range of +/- 5% for the interest rate and inflation hedges. The primary goal of the LDI strategy is to reduce the Plan's funded status volatility.

5.2 General financial market developments 2024 and outlook 2025

2024 proved to be another year of US exceptionalism, with the MSCI US index achieving a 33% return in EUR terms. This growth was propelled by the "Magnificent Seven" leading technology stocks that significantly influenced the market's upward trajectory. The rally extended through the end of the year, fuelled by the electoral sweep of Donald Trump and the Republican party which further improved the already optimistic expectations about US economic prospects.

Inflation eased in key economies as central banks successfully navigated a “soft landing”. Central banks across major economies enacted rate cuts, with the ECB starting its rate cutting cycle, decreasing the rate from 4.5% to 3.2% by the end of the year. European swap rates fell against the backdrop of falling long-term inflation expectations. In the US, long-term interest rates rose as inflation remained stickier than expected and economic growth exceeded expectations. This was compounded by the ‘reflationary’ impact of the new administration’s promised policies to cut taxes, enact tariffs, lower immigration, and reduce regulation. These factors weighed on long-term treasury prices (given that an increase in a bond’s yield leads to a decrease in its price). Credit markets, however, showed resilience, buoyed by low default rates and favourable base rates despite tight spreads. USD strongly appreciated versus EUR (+6.7%) due to a combination of stronger economic performance, higher interest rates and the threat of tariffs. USD strength acted as tailwind for the Plan’s unhedged asset classes.

2024 delivered on our most optimistic scenario as global economic growth significantly exceeded the expectations set at the start of the year. High interest rates did not meaningfully slow growth and the geo-political risks identified at the start of the year did not convert into the feared shock-events. Our baseline global growth forecast for 2025 has been lowered, predominately reflecting a lower expected level of growth in the US. The expected slowdown in US growth is due to a combination of the negative impact from import tariffs that the Trump Administration have applied to most countries and a crackdown on the flow of illegal migration, which contributed an estimated 0.7%-1.0% to economic growth over the last few years. Within the EU, economic data remains robust with the prospect of fiscal stimulus – particularly in Germany – and moderating inflation supportive of economic growth. The scope and inconsistency of U.S. trade policy represents the most salient macroeconomic risk. Uncertainty around trade policy is likely to suppress capital expenditures and could weigh on consumer spending.

5.3 Return on investments

The investment portfolio of the Pension Fund achieved a net performance of 6.6%, largely due to the positive performance from public markets investments, which continued to rally through 2024. The Fund strongly outperformed its benchmark return of 5.1% over the year, with an excess return of 1.5%. The gross of fees return of MPF is by approximation 8.6% coming from the net performance of 6.6% plus the total investment costs of 2.0% (See paragraph 3.6.2).

The table below shows the detailed performance versus Passive Investable Alternative benchmarks for all the main components of the policy mix. For the main asset categories, the performance over the year was as follows[1]:

	Portfolio	PIA Benchmark	Relative Performance
Shares (Public Equities)	19.4%	24.5%	-5.1%
Matching Swaps	2.9%	3.5%	-0.6%
Emerging Market Debt	15.9%	10.3%	5.6%
High Yield	5.8%	1.7%	4.1%
Private Credit	1.5%	1.7%	-0.2%
Investment Property	-5.1%	-8.7%	3.6%
Unlisted shares (Private Equity)	16.2%	11.3%	4.9%
Hedge Funds	9.6%	3.1%	6.5%
Total return mandate investments	**7.9%**	**6.1%**	**1.8%**
Plan Level Currency Hedge	0.0%	0.0%	0.0%
Plan Level TRH	-1.3%	-1.0%	-0.3%
Total return (including overlays)	**6.6%**	**5.1 %**	**1.5%**

Plan and benchmark returns were positive for the year, driven primarily by the strong performance of public markets. Matching Swaps added to the PIA benchmark over the quarter as EUR swap rates fell. The rally in public equity markets continued through 2024, and credit asset classes also yielded positive absolute returns. These positive impacts were only partially offset by negative returns from Property, which suffered in the higher interest rate environment. Despite the negative returns from TRH, which are expected during periods when public markets rally strongly, the overall contribution from the Plan’s return seeking asset classes was positive.

The Plan’s strong excess return over the year was led by the Private Equity asset class. Emerging Market Debt and High Yield also contributed positively, and Hedge Funds benefited from outperformance from both the Blackstone Effem fund and

[1] Source: Mellon Performance Report MPF December 2024, SECOR Analytics

the Evolution fund. Public Equity was the main detractor as the Morgan Stanley, Primecap and GMO funds struggled against a backdrop of exceptional performance from growth stocks. In December the Public Equity asset class underwent a transition from regional focused mandates to global equity mandates, resulting in the termination of GMO, Primecap and Marathon. The active component of the TRH programme also detracted from excess returns, though deviations from benchmark were significantly reduced compared to 2023 as a result of the reduced tracking error limit for the programme.

The 2024 average portfolio weight compared to the 2024 average PIA benchmark weights were as follows[2]:

Asset Category	Benchmark	Average Portfolio weight	Average Policy Weight
Shares (Public Equities)	MSCI ACWI Net TR index	14.2%	13.7%
Matching Swaps[1]	Custom blend of EUR Swap indices + short Euribor + ESTR minus a spread + custom basket of inflation swaps	33.6%	34.0%
Emerging Market Debt	Bloomberg Barclays Global Aggregate (USD Hedged) in EUR	10.6%	10.0%
High Yield	Bloomberg Barclays Global Aggregate (EUR Hedged)	6.4%	6.6%
Private Credit	Bloomberg Barclays Global Aggregate (EUR Hedged)	3.4%	3.4%
Investment property	MV weighted blend of: Actual Portfolio return and 50% NCREIF Fund Index ODCE[2] / 50% INREV ODCE fund index (EUR Hedged)	7.9%	7.9%
Unlisted shares (Private Equity)	Cambridge FoF Vintage Year Weighted	13.3%	13.3%
Hedge Funds	HFRX Equal Weighted Index (EUR Hedged)	10.4%	10.4%
Cash / Plan Level Overlays	Actual gross return on cash	0.2%	0.8%
Total	**Total Plan Benchmark**	**100.0%**	**100.0%**

* The Matching Swaps benchmark reflects a mix of swap benchmarks across various tenors designed to match the target risk sensitivity of the Liability and net financing costs associated with the swaps.
** Open-end Diversified Core Equity

Longer term, MPF outperformed relative to the PIA benchmark, please see the table below[3,4]:

Year	Portfolio (Net)	PIA Benchmark (Net)
2024	6.6%	5.1 %
2023	1.4%	0.9%
2022	-17.5%	-19.4%
2021	10.0%	6.5%
2020	7.0%	7.0%
2019	13.0%	13.6%
2018	0.3%	0.6%
2017	4.5%	5.8%
2016	7.5%	6.5%
2015	7.0%	5.1%
Average last 5 years	1.0%	-0.5%
Average last 10 years	3.6%	2.8%

Measured over a longer period of ten years, the average return for MPF was 3.6%, 0.8% ahead of the PIA benchmark.

2 Source: BNY-Mellon Performance Report Stichting Mars Pensioenfonds December 2024, SECOR Analytics

3 Portfolio return from the previous year can be restated, for instance due to performance data of illiquid assets being available after finalizing the annual report. Benchmark returns can be restated, for instance due to changes in the choice of the asset class benchmarks or benchmark calculation methodology.

4 Private Equity and Private Credit performance is available with a 1 or 2 quarters leg. Numbers include performance updates available before finalizing the annual report.

5.4 Sustainability (ESG)

As a Pension fund, our primary responsibility is to act in the best long-term interests of our beneficiaries.The Pension Board believes that environmental, social and governance (ESG) factors impact, and can contribute to, the realisation of the objectives of the Pension fund.

The Pension Board updates and approves the ESG Policy Document when required. Among other things, it contains the ESG Beliefs which underlie the further development and implementation of the ESG Policy.

To comply with the Sustainable Finance Disclosure Regulation (SFDR), effective 10 March 2021, the Pension Board has included a SFDR disclosure in the ‘Statement of Investment Principles’ available on the pension fund website. Solely in connection with our understanding that a pertinent required reporting structure is not in line with the status of the development of our policy, we opt for the “Opt-Out” variant related to reporting (on the website). When making an investment decision, the negative impacts that investment decisions can have on the society/environment are taken into account.

We engage with managers on incorporating ESG considerations in the management of their businesses and portfolios because those that embed ESG considerations into their culture and processes improve the likelihood of prolonged and successful operation.

In September 2023, the Plan’s first UN PRI survey was submitted since becoming eligible as an asset owner signatory in 2021. The PRI reporting framework is a comprehensive report consisting of several modules with wide-ranging mandatory questions covering organizational overview; policy, governance, strategy; manager selection & monitoring; asset class modules; and confidence building measures.

The PRI’s assessment of MPF’s submission resulted in strong findings where the Plan achieved 5 or 4 stars (maximum 5 stars) in four categories of total five categories evaluated. The Plan scored well relative to its peer group of 140 asset owners.

5.5 Financial position and Investments

Following completion of the ALM study in 2023, from the end of Q3 2023, the interest rate and inflation hedge ratio targets were 80% and 40% of the economic liability, respectively. The hedge ratio targets are designed to limit the expected funded status volatility relative to the Target Funded Ratio (TFR).

6 PENSIONS

There have been important developments in 2024 in pensions. Below we describe the legal developments that have had consequences for MPF in 2024 and /or will have consequences for MPF in the future (see 6.1). The Pension Board adopts an active attitude on all pension developments.

MPF manages two sets of plan rules for the active and deferred members and retirees. The Pension Board coordinates the impact of the legal developments to the plan rules, together with the legal, actuarial and communication advisor of MPF and the administrator. A brief description of these plan rules is provided in paragraph 6.2 and 6.3. In addition, the indexation policy is provided in paragraph 6.4 and reinsurance in paragraph 6.5.

6.1 Developments in legislation and regulations

WTP

On 30 May 2023 “Wet Toekomst Pensioenen” (WTP) was approved by the Senate (Eerste Kamer) and came into effect as from 1 July 2023. MPF and the Company have setup a joined project organisation with several WTP workstreams and a WTP steering group to investigate, discuss and prepare for the transition to the new pension system. This includes the impact of easing-in, administration, investments and governance aspects.

In February 2025 the Transition Plan of Mars was published on the website of MPF. MPF is currently working on the implementation plan with the aim to have the transition completed on 1 January 2027.

Lump sum payment at retirement age

The intended starting date of the lump sum payment at retirement date has been posphoned in 2024 to 1 July 2025 and in 2025 to 1 July 2026. From that moment on, each member should have the choice at his or her retirement age to have a maximum of 10% of the value of the retirement pension paid out in one go. Legislation for this has already been passed by the House of Representatives, but a decision has yet to be made on one point. This concerns the conditions under which the lump sum payment in the event of retirement before the state pension age may be postponed until a later moment.

6.2 Final Pay plan

The Final Pay plan is a final pay defined benefit plan. This plan applies to the closed group of associates who were already active members of the 2000 Pension Plan on or before 31 December 2003 and born on or after 1 January 1950.

Types of pension	Description
Old age pension	1.657% of pensionable salary including the average shift percentage minus offset
Partner’s pension	70% of accrued old age pension, in case of death it is assumed that the membership would have continued
Orphan’s pension	In case of death before retirement: 20% of total partner’s pension in payment In case of death after retirement: 14% of old age pension in payment
Disability benefit	Full disabled: 75% of pensionable salary minus social security ceiling. Continuation of pension accrual on costs of MPF
Offset (franchise)	As from 1 January 2024: EUR 25,666.55 As from 1 January 2025: EUR 26,564.88
Top-up limit (excedent-grens)	As from 1 January 2024: EUR 62,866.14 As from 1 January 2025: EUR 63,764.47
Maximum pensionable salary	As from 1 January 2024: EUR 137,800 As from 1 January 2025: EUR 137,800
Member contribution	0%
Normal retirement age	68 years
Flexible options	Early or postponed retirement, purchase of temporary retirement pension, exchanging partner’s benefit for additional old age pension or vice versa

Entitlements acquired elsewhere during employment with the Company, e.g. from another pension plan or the BPF Sweets (*Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie)* or from the Disability Act (*WAO* or *WIA*), are deducted from the Fund’s pension benefits.

6.3 ARP/ASP plan

The ARP/ASP plan is a so-called Contribution Agreement (*premieovereenkomst)* and consists of the following two modules:

1. Associate Retirement Plan (ARP) (*Medewerker Uittredings Plan: "MUP"*)
2. Associate Selection Plan (ASP) (*Medewerker Selectie Plan: "MSP"*)

Members of the ARP/ASP plan are those employees registered by the Company who entered the Company's service after 31 December 2003, and who are exempted from mandatory participation in the pension plan of the BPF Sweets.

	ARP	ASP
Type	Individual defined contribution plan with no individual investment choices	Individual defined contribution plan with investment module
Member contribution	No	Compulsory contribution of 3.9% of the pension base plus voluntary contribution with an age-related maximum up to 6.5% of the pension base
Employer contribution	Age related	Equal to voluntary contribution of Member
Offset (Franchise)		
As from 1 January 2024:	EUR 17,593.22	EUR 17,593.22
As from 1 January 2025:	EUR 18,475.00	EUR 18,475.00
Maximum pensionable salary	1 January 2024: EUR 137,800 1 January 2025: EUR 137,800	1 January 2024: EUR 137,800 1 January 2025: EUR 137,800
Addition of interest	CPI + 3% (conditional, depending on the return made by MPF)	Not applicable
Investment choice	Not applicable	Either Life Cycle mix or free choice
Fixed or variable annuity	Choice of member	Choice of member
Fixed annuity	At retirement with the Pension Fund or insurance company (choice of member)	At retirement with insurance company
Variable annuity	At retirement with insurance company	At retirement with insurance company
Death during active membership	Risk based partner pension of 1.33% of the pensionable earnings (excluding offset of EUR 25,666.55 for 2024) for each year of membership that has been achieved until 1 January 2015 plus 1.16% of the pensionable earnings (excluding offset of EUR 25,666.55 for 2024) for each year of membership that can be achieved after 1 January 2015. Balance flows to Pension Fund.	Balance flows to the Pension Fund, surviving benefits arranged via ARP
Death before retirement as deferred member	Surviving dependents can use balance to buy annuity with the Pension Fund	Surviving dependents can use balance to buy annuity with the Pension Fund
Disability	Full disabled: disability pension of 75% of pensionable salary minus social security ceiling. Continuation of contributions on costs of the Pension Fund	Continuation of contributions for costs of the Pension Fund, disability pension is arranged via ARP
Normal retirement age	68 years	68 years
Flexible options	Buy-in at MPF: Early or postponed retirement, purchase of temporary retirement pension, ratio of partner's pension to old age pension. Buy-in at insurer: whether the above flexible options are possible depends on the offer of the insurer.	Depending on offer insurer: Early or postponed retirement, purchase of temporary retirement pension, size of partner's benefit and old age pension

6.4 Indexation policy and interest addition

Final Pay plan

MPF aims for annual adjustment of the pension benefits for deferred members and retirees under the Final Pay plan. Every year the Pension Board decides the extent to which benefits will be adjusted.

The annual adjustment/indexation ambition is determined as:

A. 75% of the Consumer Price Index (CPI) ‘all-households’ as published by CBS over the months September versus September of the preceding year;
B. If A is higher than 3%, the outcome will be maximized at 3%;

Any adjustment will only be granted if and insofar as MPF’s financial position permits it. This is fully within the decision-making power of the Pension Board. The Pension Board decides every year if, and, to what extent indexation is granted.

There is no financial reserve for the indexation and no contribution is paid for the indexation. The costs of the indexation are financed from the reserves of MPF.

The Additional Pension entitlements for active members resulting from the conversions in 2006 and 2014 will be unconditionally adjusted annually according to the wage index. There is no financial reserve for the indexation, but the contribution for this indexation is part of the unconditional accrual in the cost covering contribution.

The Additional Pension entitlements for active members resulting from the conversion in 2015 and 2018 will be conditionally adjusted annually according to the wage index. This indexation depends on the financial situation of MPF. There is no financial reserve for this conditional indexation and no contribution is paid for the indexation. The costs of the indexation are financed from the reserves of MPF.

ARP/ASP plan

The balance on the Pension Accrual Account of the ARP is increased by the addition of interest during active and inactive membership. The interest additions occur on a daily basis and in such a manner that the interest additions on an annual basis are equal to a percentage of ”CPI all households” plus 3%. This annual interest addition is capped by a level of 13%. The interest addition also depends on the actual return achieved by MPF. The minimum annual interest addition is 0%.

The Pension Board decides every six months whether, and to what extent indexation will be granted. There is no contribution paid for this interest addition.

As of 1 January 2015, the liabilities of the ARP are classified as liabilities at risk of the members. As from the quarterly and monthly reports 2016 all pension funds must calculate the (Policy) Funding Ratio based on the total assets and the total liabilities of the fund, so not just the part for risk of the fund. This means for MPF that the ARP/ASP plan is included in MPF’s assets and liabilities. The same applies for the calculation of the Ongoing Solvency Margin Ratio.

The Balance of the ASP depends besides contribution on the investment results (lifecycle based on a mix of Vanguard funds).

The partner’s and orphan’s pension of members that have died during active service are indexed according to the indexation policy for the Final Pay plan.

6.5 Reinsurance

MPF has a reinsurance contract for the death-in-service and disability-in-service risks with Zwitserleven. This contract is in place from 1 January 2023 until 31 December 2025.

This reinsurance can be seen as a catastrophe-risk-coverage because it is based on stop-loss insurance with a deductible amount of 250% of the total risk premium. Claims are possible up to 24 months after the contract period.

7 GOVERNANCE AND COMPLIANCE

The Pension Board had fourteen formal Pension Board meetings and a Strategy Day. During nine monthly Pension Board meetings the main topics on the agenda were the debrief from the WTP Steering Group and discussions about a balanced way to transfer the pensions to the new pension system, the so-called Dynamic Allocation Key.

The Committees of the Pension Board were involved with ‘their’ topics during the whole year with several meetings. Besides this, part of the Pension Board participated in the tripartite meeting on behalf of the year-end close. In 2024 there were five so-called Topical Walk-In sessions (internal training sessions for members of the Pension Board, Accountability Council, Supervisory Council and Talent Pool members).

7.1 Governance and governance committees

The Pension Board uses a dashboard and balance sheet and investment management reports to have an adequate oversight of the status and development of all activities and financial position. The Board also keeps itself informed by attending various internal and external meetings and seminars. During 2024 Pension Board members have attended several seminars organized by the Pensioenfederatie, the DNB, PensioenPro, BSG and external experts to maintain their expertise and attended the internal training meetings and “Topical Walk-in sessions”.

Committees

Pension Board members are allocated to areas of expertise defined by DNB. The Committees are the ‘’first contact’’ Pension Board members for these areas. They have developed thorough knowledge of their area, and also manage the area in more detail and advise other Pension Board members on their topics. The roles and responsibilities are as follows at the end of 2024:

Topic	Scope	Pension Board Members
Pension Committee	Pension Law	Mr. W. van de Laar (chairperson)
	Actuarial items	Mrs. R. Steenbergen
	Governance	Mr. P. van Beek
	Outsourcing (including administration and IT)	
	Risk and Compliance	
Investment Committee	Investments	Mr. F. Nieuwland
		Mrs. R. Steenbergen
Pension Communication Committee	Pension Communication	Mr. W. van de Laar
		Mr. P. van Beek
		Mr. H. van Heesch

The Key Function Holders Risk Management and Internal Audit are not a member of a committee but are always invited to join the meetings as an attendant.

Self-assessments

In November 2024, during the Stategy Day, the Pension Board held an self-assessment with an external advisor with the aim of strengthening its own functioning and cooperation in light of the WTP. Also the Supervisory Council held an internal self-assessment.

Succession members Pension Board and Accountability Council

The sustainability of MPF going forward is a topic the Pension Board will continue to review. One of the main challenges the MPF faces is to find adequate, available and motivated (future) members for the Pension Board, Accountability Council and Investment Committee. For this reason, the Pension Board set up a Talent Pool. In 2024 one new candidate has been recruited for the Talent Pool. Currently, MPF is identifying new candidates for the Talent Pool to have a filled pipeline in case of vacancies.

Governance documents

In 2024 the Pension Board has, together with their advisors, worked on updating several governance documents and has agreed on some new policies.

- ABTN 2025
- Document update in relation to DORA: IT Policy, Outsourcing Policy and Business Conitnuity Management Policy
- Code of conduct
- Wisthleblower regulations
- Complaints and disputes regulations

- Data Quality policy

Internal Audit
Mr. R. de Waard -insourced from BDO- has been appointed as KFH IA. And BDO has been appointed as the performer of the Internal Audit function.

The KFH IA would be operating on a separate contract and be insourced, whereas BDO as executer would be an outsourced contract.

In 2024 an internal audit has been performed on Governance and Decision making. Internal Audit had six points of attention to further improve the Governance and Decision making process. The attention points will be followed-up in 2025.

7.2 Duty of care (Zorgplicht) ARP/ASP plan

Members of the ARP/ASP plan have the possibility to optout from the Life Cycle Mix and choose their own investment mix. Opting out is only possible after completing the Investment Guide (in Dutch 'Beleggingswijzer'); this guide help members learn and understand what their risk profile is and provides an advice on the investment choice. Only when a certain risk profile outcome is achieved, opting out is allowed. The website www.marspensioen.nl supports the members in their choice and keeps a record of member's risk profiles. At the end of 2024 1-2% of the members had chosen to opt out .

As of 1 January 2018 the choice for a fixed or variable lifecycle was implemented in the Investment Guide for members of 55 years or older.

In the first half of 2023 MPF has implemented Choice Guidance for the current pension schemes, effective 1 July 2023. In alignment with the new Pension Fund Code, the Pension Board adopted in December 2024 a choice guidance policy on how it offers members choice guidance on choices within the pension fund scheme.

7.3 Communication

Communication plans

In Q4 2024 the Pension Communication Committee agreed to extend the Communication Action Plan 2024 for six months. In 2025 a Transition Communication Plan will be made which will be applicable during the transition period to the new pension system. The Transition Communication Plan will be sent to AFM during 2025 when the Implementation Plan is sent to DNB.

Choice Guidance

In the first half of 2023 MPF has implemented Choice Guidance for the current pension schemes, effective 1 July 2023. Part of the open standard is the ongoing evaluation of the choice guidance offered, the outcome of the evaluation in 2024 did not lead to changes in the choice guidance offered by MPF.

Digital newsletters and online videos

In 2024 four digital newsletters have been sent. Further a postcard has been sent during the UPO campaign to collect more email addresses, and a specific UPO webinar has been organized to help members understand their pension situation by explaining the different elements of the UPO. In the summer of 2024 a video was published on the website in which 2 Pension Board members answered questions of members related to the new pension legislation.

UPO (Uniform Pension Statements)

All UPO's have been sent before the deadline. The UPO's for active members and disabled members, as well as the inactive members and ex-partners were posted in June.

My Pension Overview (MPO)

MPF has provided all scenario amounts of attainable pension rights for all its members to MijnPensioenOverzicht (MPO) before the legal deadline of 1 October 2024.

7.4 Legal

Legal advisor MPF
BVZA is the legal advisor of MPF. Part of the services performed by BVZA is the legal support during the Pension Board meetings. The legal advisor of MPF was present during all MPF meetings in 2024.

ABTN
The ABTN was updated and approved in the Pension Board meeting in December 2024. Amendments that were made include:
- Update of Mission, Vision and Strategy;
- Valuation Principles.

Code Pension Funds
On 21 November 2023 a new Dutch Pension Funds Code was published and came into effect on 1 January 2024, replacing the 2018 Pension Fund Code. Pension funds need to implement the new Pension Fund Code before 1 January 2025.

In 2024 an analysis was made of the (legal) actions that have to be taken to comply with the new Pension Fund Code. The outcome of the analysis was that various documents should be aligned. All bodies and the Company will be involved in such a process. Therefore, such a process will take considerable time.

The Pension Fund, all its bodies and the Company are now focused on the WTP process. The Pension Board therefore decided to amend the required documents (in relation to the appointment, suspension and resignation of members) with their next regular update. To the extent that any appointment, suspension or resignation shall take place all statutory requirements, including requirements based on the new Pension Fund Code shall be observed. In section 7.6 it is described which principles are not fully met yet.

DORA
In the light of DORA it was needed to update several legal docuements:
- IT Policy;
- IRM Policy;
- Outsourcing Policy;
- Business Continuity Management Policy;
- Incident Regulations.

The first four policies have been updated and approved by the Pension Board in Q4 2024. The Incident Regulations were updated and approved in the Q1 2025 Board meeting.

Several other legal documents have been updated on the basis of the triennial cyclus that MPF uses to review their legal documents.

7.5 Supervisory authorities

MPF has received no penalties from DNB or AFM during 2024 and DNB has not given any instructions to MPF, nor has an administrator been appointed or has the authority of the governance bodies of MPF been restricted by DNB. There has been no exceeding of terms to submit reports and surveys that have led to a sanction.

Following the discussions with DNB in August 2022, MPF implemented several changes to the governance structure to further strengthen the countervailing power of the Pension Board and the Investment Committee which were endorsed by DNB early 2023. In 2024 DNB initiated an investigation related to the governance of investments decision-making for the final closure of the intial discussions regarding the governance structure. There were no material findings from DNB. The recommendations from the DNB investigation will serve as a foundation for ongoing improvements, ensuring that the governance framework remains robust and effective in serving the interests of all stakeholders.

In April 2024 DNB visited MPF to discuss the progression of the actvities related to the WTP by MPF and for an introductory meeting with the Key Function Holder Risk Management. In November 2024 MPF and DNB held another call to discuss the status of the WTP activities.

In 2024 DNB approved the reappointment of Mrs. R. Steenbergen as Pension Board member, and the reappointments of Mr. A. Parton and Mr. H. Fleige as members of the Investment Committee. Further DNB approved the reappointment of Mr. P. de Koning as Chairperson of the Supervisory Council.

7.6 Pension funds code

On 21 November 2023 a new Dutch Pension Funds Code was published and came into effect on 1 January 2024, replacing the 2018 Pension Fund Code. Pension funds need to implement the new Pension Fund Code before 1 January 2025.

The Pension Fund Code is based on the “comply or explain” principle. In some situations, the principles are not (yet) completely met. In 2024, these principles are:

Principle number	Subject	Explanation why the principle is not completely met
8, 10, 33, 34, 36, 37, 38, 43, 49		Some amendments of the documents for appointing, suspending and resigning of members of the various bodies are required. In relation thereto various documents should be aligned. All bodies and the Company will be involved in such a process. Therefore, such a process will take considerable time. The Pension Fund, all its bodies and the Company are now focused on the WTP process. The Pension Board therefore decided to amend the required documents (in relation to the appointment, suspension and resignation of members) with their next regular update. To the extent that any appointment, suspension or resignation shall take place all statutory requirements, including requirements based on the new Pension Fund Code shall be observed.

Other principles of the Code are a mandatory part of the annual report, whether they are met or not.

These principles are met but mandatory reported:

Principle number	Subject	Explanation
1	The pension fund has a mission, vision and strategy, in which the pension fund describes what it wants to mean and achieve for its stakeholders, taking into account their preferences and interests. In this way, the pension fund defines its strategic objectives and policy principles, including its attitude to risk. The pension fund periodically evaluates its mission, vision and strategy and reports on it in its annual report.	MPF has a mission, vision and strategy (MVS) that describes what MPF wants to mean and achieve for its stakeholders, taking into account the preferences and interests. The MVS is described in a separate document that is part of the ABTN. A summary of the MVS is included in section 2.2 of this annual report. The last evaluation of the MVS took place during the Strategy Day in November 2024.
4	The pension fund studies the preferences of the stakeholders involved in the pension fund and considers these preferences in determining its strategic objectives and policy principles and engages with the stakeholders in this regard. The pension fund reports on this annually in the annual report.	In 2023, MPF carried out a risk preference study of his members in relation to the WTP. This risk preference study is used as a basis for the investment policy and risk attitude for the pension plan that will be applicable under WTP. This has been worked on during 2024 and will be finalized during 2025 as part of the implementation plan. Further MPF carries out a communication satisfaction survey on a regular basis. The last communication satisfaction survey was done in 2023.
34	The pension fund has adopted a written policy to increase or maintain diversity and	With regards to its governance bodies and their respective composition and appointment procedures, MPF has a policy in which

Principle number	Subject	Explanation
	inclusion in its fund bodies. This policy sets appropriate targets regarding the level of diversity in all social aspects relevant to the pension fund, including at least gender or gender identity, age and socio-cultural background. Based on this policy, the pension fund has a planned approach aimed at achieving these goals. The board periodically reassesses this policy and annually reports on the results of this policy in the annual report.	it takes into account diversity with regard to age and gender after suitability and diversity in location and pension plan. This policy is described in the Regulations of the Pension Board of MPF. Although there is no plan setting out concrete steps for the promotion of diversity it is taken into account when adding candidates to the Talent Pool.
35	With regard to age diversity, the minimum is that at least one person who is younger than 40 sits on the board and the accountability body or the stakeholder body. Regarding gender diversity, the minimum is that there is variation in gender or gender identity in the said bodies.	One of the members of the Pension Board and one of the members in the Accountability Council is female. None of the members of the Pension Board and two of the members of the Accountability Council are aged under 40.

7.7 Compliance function

The Compliance Officer (CO), along with external compliance support, forms part of the Compliance Function. The Compliance Officer is responsible for ensuring compliance and for keeping the Code of Conduct (CoC) up-to-date, raising awareness of the CoC, and overseeing its adherence, with assistance from the Pension Office. This also includes advising the Pension Board in case of reports of potential conflicts of interest, gifts, conflicting functions, etc. The external compliance support is responsible for delivering the review of MPF's compliance with local laws and regulations, internal policies, and the assessment of the Ways of Working (WoW), as outlined in the Compliance Charter and the WoW of the Compliance Function. The Compliance Officer holds ultimate responsibility for the quarterly and annual compliance review, which has been reported to the Pension Board

Mr. P. van Bree, who was appointed as Compliance Officer in the Pension Board meeting in October 2019, has functioned the full year of 2024 as Compliance Officer of the fund. BVZA has supplied compliance support to compliance officer (2nd Line) full 2024. Independence, suitability and backup have been worked out in the compliance charter.

The main compliance responsibilities are:
- Independent monitoring of compliance with the Code of Conduct;
- Independent monitoring of compliance with the law;
- Independent oversight of the adequacy and effectiveness of internal rules and procedures.

The Code of Conduct holds general rules of conduct for associated persons of MPF as well as for providers. Associated persons sign the Code of Conduct at the start of the job and make an annual written statement. The annual declarations of compliance have been received and reviewed by the Compliance Officer from all persons and service providers. In this declaration the relevant party confirms that the CoC was adhered to and describes the ancillary positions of the signee. The CO has reported to the Board that every individual has acted according to the CoC and that ancillary positions are acceptable.

The main provisions in the Code of Conduct are:
- Standards: Every associated person is expected to behave in line with the highest standards of business ethics under all circumstances;
- Confidentiality: Associated persons may not disclose any information concerning the business – including individual pension details - and investments of MPF to third parties;
- Insider knowledge: An associated person may not use or disclose insider knowledge;
- Restriction on accepting business gifts, invitations, other functions, participation in other companies and institutions;
- Any changes in reliability factors affecting the (appeared) integrity must be reported to the CO immediately.

External compliance support and the Compliance Officer performed quarterly compliance reviews, as well as have performed the Annual Compliance Review over 2023 (presented to the PB in Q1 2024) as well as the review over 2024 (presented to the PB in Q1 2025). This is part of the MPF compliance framework. The purpose of the Annual Compliance Review is to verify whether there are indications that MPF's processes or way of business do not comply with applicable laws and regulations. The process consisted of a document review and a report of the Compliance Officer of the most important events of the past year. The Compliance Officer received and handled a limited number of compliance-related filings, none were material.

Focus topics identified for 2024 (and 2025) are NPD, ARP investment return, asset ownership, dynamic allocation key agreement (‘**DAK’**) and DORA. The compliance function has found no material irregularities and endorses MPF’s focus on ascertaining independently the balance of interest e.g. in relation to the DAK. It also indicates the completion of the DORA implementation workstream is an important subject for 2025 compliance.

Compliance function noted in the compliance report that the complaints regulations should codify reasonable timelines for complaints escalated to the PB, which has been immediately picked up and the finding was closed Q1 2025.

7.8 Privacy Counsel

To ensure that continued implementation and supervision as to compliance with the GDPR is adequately arranged, MPF appointed a Privacy Counsel that will fulfil tasks in connection with the GDPR. The Privacy Counsel is not a formal data protection officer within the meaning of the GDPR. Bronsgeest Deur Advocaten has been the Privacy Counsel during 2024. The tasks of the Privacy Counsel are set out in MPF’s Data Privacy Policy and the Privacy Counsel Charter. These tasks include keeping MPF’s privacy documentation up-to-date, monitoring compliance with data protection laws and internal policies, raising privacy awareness in MPF’s organization, performing data protection impact assessments, handling certain data subject requests as well as personal data breaches. The Privacy Counsel can be contacted through a dedicated e-mail address and in performing its tasks, the Privacy Counsel has regular contact with the director of MPF. The Privacy Counsel will report to the Pension Board on the general course of business regarding the GDPR.

The privacy documents of MPF reflect the 'dotted line' that exists between the Privacy Counsel and the data protection officer of Mars, Inc. Furthermore, the Privacy Counsel has updated the data processing register on MPF's behalf, most notably with Blue Sky Group in relation to the pension administration. Compliance with the GDPR is a continuous process that will remain on the agenda of MPF.

There have been no incidents of privacy-related nature that had to be reported to the Dutch Data Protection Authority.

7.9 Complaints/Incidents

MPF has an incident scheme. An incident is an act or event that poses a serious threat to the ethical conduct of the pension fund's business. The Pension Board is not aware of (suspected) incidents of this seriousness that occurred in 2024. The Pension Board is also not aware of (suspected) incidents that have occurred with its outsourcing relations, advisers and / or the independent auditor and certifying actuary.

As from 1 July 2023 the WTP came into effect. A part of the WTP is that the definition of 'complaint' became broader. 'Every expression of displeasure' has to be registered as complaint. MPF updated the Complaints regulations to meet the new law. BSG has registered the complaints based on the new definition since Q3 2023. The number of complaints increased in 2023 due to the broader definition of 'complaint'.

On 1 January 2024 the Disputes Agency Pension Funds ("Geschillen Instantie Pensioenfondsen" or "GIP") has been installed. The GIP is an independent agency that can mediate or settle complaints for members, after appeal with the Pension Board. This procedure in the Complaints has been added to the Complaints regulations early 2024. In line with the guideline of the Pension Federation, MPF conducted an annual evaluation of the complaints regulations. The evaluations did not lead to any changes other than the recommedation from the annual compliance review to include resonable timelines for escalated complaints, which is included in the updated complaints regulations in Q1 2025.

Complaints	Number	
Complaints pending 1 January 2024		0
Complaints submitted in 2024		29
- of which normally handled by the fund	29	
- of which handled by the Pension Ombudsman	0	
Completed in 2024		29
Complaints pending 31 December 2024		0

7.10 Diversity

Diversity within the governance bodies of MPF is pursued and is an element for the composition of the governance bodies. In addition to the required expertise and competences and professional behaviour, MPF takes the diversity within the governance bodies into account. The suitability of the members of the governance body of MPF comes first. For the composition of the Pension Board and the Accountability Council, the following objectives are pursued:

- A composition that is consistent with the structure of the member base;
- A composition that matches a balanced gender ratio between men and women. For further details see also paragraph 7.6

7.11 Outsourcing

MPF has outsourced several important activities, including its financial administration, member administration, and investment management, to service providers.

With this outsourcing the Pension Board pursues goals such as cost reduction, cost control, focus on core activities and increasing the quality of services.

As a consequence of the outsourcing MPF is exposed to certain outsourcing risks. Although processes are outsourced, MPF is still accountable for these processes. To address and mitigate these risks, MPF has put several controls in place:

- The Outsourcing Policy was updated in 2024 in the light of DORA. The outsourcing plan includes a description of the processes that have been outsourced, the objective of the outsourcing policy, the organization of countervailing power; requirements which the outsourcing parties have to meet, an exit strategy for critical ICT services and the selection procedure for outsourcing parties, control measures, and the way in which the outsourcing process is evaluated.
- The contracts and the service level agreements with MPF's service providers have to comply with certain statutory standards, providing MPF with the necessary tools to manage, monitor and evaluate the outsourced activities. To demonstrate that the Pension Board is 'in control', service providers are requested to provide for regular reports, assurance declarations by means of an ISAE 3402 Type II or similar statement on the quality of outsourcing partner and an In-Control Statement. The Pension Committee and Mars Investments Team evaluate these reports and the conclusions are presented and discussed in the Board meeting.
- To safeguard compliance, it is important that sufficient monitoring and evaluation takes place on a regular basis, bringing to life the information and audit rights included in the agreements with to service providers.
- Fixed agenda items for the Pension Board and Pension Committee meetings are the (evaluation) reports on outsourcing.

7.12 Pension Administration

In 2024 Blue Sky Group (BSG) was responsible for the full administration, including the member administration, the investment administration, the financial administration and retiree payroll of the Final Pay plan, the Associate Retirement Plan (ARP) and the Associate Selection Plan (ASP).

The quality of the services of BSG has been laid down in the Service Level Agreement (SLA) and are part of the Outsourcing agreement made with BSG.

The SLA reports for 2024 showed that the service within BSG is on the level that MPF desires.There are still some agreements that were not achieved, but this is mainly due to the standard of 100% that MPF has set for several agreements. The delay on only 1 file can trigger an agreement as not met. MPF is aware of the high standards in the SLA and accepts that this can result in some agreements that are not met during a quarter. The annual report process was a point of attention in 2024, but it this has improved during 2025.

Throughout the period 1 January 2024 to 31 December 2024 the external auditor has issued an assurance report with a qualified opinion on the ISAE3402. The external auditor indicates, except for two control objectives related to user account (access) management, that the description in the ISAE 3402 report fairly presents the System that was designed and implemented and that the controls related to the control objectives stated in the description were suitably designed and operated effectively to provide reasonable assurance that the control objectives would be achieved. The exceptions noted didn't have impact on service level provided to MPF. BSG has notified MPF to follow the internal guidelines around account (access) management strictly and MPF will monitor the follow-up of BSG during 2025.

The Pension Office has frequent contact with BSG to discuss daily business.

7.13 IRM

Over the past years MPF stepped up in professionalizing Integrated Risk Management (IRM) and has dedicated a substantial amount of time and effort.

MPF established and staffed all Key Function Holder positions as follows (status 31 December 2024):

- Key Function Holder Risk Management is Mr. P. van Bree, who is also Performer as European Risk & Compliance Manager
- Key Function Holder Internal Audit is Mr. R. de Waard, insourced from BDO.
  BDO is appointed as Mars Internal Audit Performer.
- Key Function Holder Actuarial is Mr. R. van de Meerakker (WTW).

For all functions there have been adequate Charters developed and approved by the Board. Our set up has been approved by DNB.

The 3 Lines model at MPF is working well. There are structurally planned and recurring meetings between MPF and its providers (1st and 2nd Line), as well as between Key Function Holders. There is intensive and open interaction between MPF's first and second line, allowing deep understanding of risk exposure, risk changes, changes on mitigating actions and ongoing monitoring. The Key Function Holder Risk Management wraps this up in the dashboard which is presented to the Board on a quarterly basis.

For projects there is also a strong interaction between and involvement of the different lines. An example is the alignment towards a joint Key Function Holder opinion process. Specifically for 2024, the Key Function Holders have outlined a set of potential partial NPD decision items, defined their role in overseeing processes, aligning responsibilities, and reviewing proposals, and defined the involvement of the different KFHs in opinionating these, ensuring a phased approval of NPD rather than a few high-impact decisions/opinions.

The Key Function Holder Risk Management initiated and coordinated a structured approach to the KFH opinion process, incorporating industry- and regulatory standards to optimize oversight, streamline approvals, and ensure compliance. This approach enhances project execution, risk control, and regulatory adherence, supporting a smoother future DNB approval process. Several opinions have already been provided following prior agreements.

Finally, the three Key Function Holders undertake an annual evaluation which is reviewed by the Pension Board; all three evaluations were approved by the Pension Board.

8 ACTUARIAL SECTION

The actuarial analysis of the 2024 result is shown in the next table:

		2024		2023
Contributions and costs				
Employer contributions	8,758		7,066	
Member contributions*	6,644		5,581	
Accrual of benefits (including surcharge for future costs)	-31,454		-20,563	
Contribution surcharge for costs	-4,762		-2,230	
Available for costs out of provision	1,125		1,085	
Execution and administration costs	-4,520		-4,477	
		-24,209		-13,538
Return and yield curve change				
Return on investments	109,735		32,948	
Interest addition provision	-49,895		-45,803	
Yield curve change	-12,920		-34,333	
UFR change	-		-1,069	
		46,920		-48,257
Other results				
Result on benefit transfers	176		-88	
Result on other actuarial assumptions	1,297		-1,042	
Other income	508		220	
Indexation	-21,136		-7,657	
Change mortality assumptions	1,598		-	
Change actuarial assumptions	1,316		2,246	
Corrections	-		-	
Other costs	-		-	
		-16,241		-6,321
Result		**6,470**		**-68,116**

* The member contribution is excluding ARP and excluding the company match.

The cost covering contribution, smoothed cost covering contribution and the actual contribution (employers and members) are as follows:

	EUR
Cost covering contribution	43,301
Smoothed cost covering contribution	33,105
Actual contribution	15,460

Cost covering contribution (CCC)

• The actuarial required contribution for pension accrual (coming service and past service), unconditional indexation and the risk cover for death-in-service and disability-in-service;

• The solvency surcharge on the contribution for the unconditional components of the pension commitment in relation to the risk profile. This is a surcharge for maintaining the Ongoing Solvency Margin Ratio buffers;

• A surcharge for costs for executing the pension plan equal to 2.3% of pensionable salaries.

In 2024 the CCC equals EUR 43,301.

Smoothed Cost Covering Contribution (SCCC)

The Financial Assessment Framework provides the possibility to mitigate contributions. This is done by using an interest rate that is based on a moving average over the past (with a maximum of 10 years) or by using an expected return. MPF has opted mitigation based on an expected return using the strategic investment mix of the pension fund. The SCCC is calculated by using a term structure of expected returns for the actuarial interest rate based on the interim mix of MPF in combination with the legal maximum parameters as prescribed in the Resolution Financial Assessment Framework (“Besluit FTK”). Changes in the legal maximum parameters of the underlying asset mix may be motivation to update the term structure of interest rates.The term structure of interest rates was updated in 2024 and is fixed for a period of five years.

The term structure of interest rates used to determine the SCCC in 2024 corresponds to a single expected return of approximately 5.05%.

In 2024 the SCCC equals EUR 33,105.

Actual contribution

The actual contributions are agreed upon by the fund and the employer in the Administrative & Financial Agreement (AFA). The structural employer contribution is equal to the maximum of 20% of (capped) pensionable salaries of all active members in the ARP/ASP and Final Pay plans and the ex-ante determined SCCC. The actual contribution is equal to:

1. Policy Funding Ratio lower than MTR: structural contribution plus 1/x-th * (MTR–PFR) * AAL, with x equal to 5 in the first four years of shortage against MTR.
2. Policy Funding Ratio between MTR and OSMR: structural contribution plus 1/y-th * (OSMR – PFR) * AAL / Sum of (capped) pensionable salaries, with y equal to the remaining number of years of the recovery period. The contribution will be maximized at 25% unless this is insufficient for timely recovery.
3. Policy Funding Ratio between OSMR and (OSMR + 5% points): structural contribution.
4. Policy Funding Ratio above Contribution Cut Limit: structural contribution can be reduced to a minimum of the amount of contributions for the ARP/ASP plan.

MPF receives a total contribution that consists of employer and member contributions. The member contribution is equal to the compulsory and voluntary ASP contributions. The member contributions in 2024 add up to 4.1% of the total pensionable salary for all pension plan members. The employer contribution in 2024 according to the contribution policy is equal to 9.7%.

In 2024 the actual total contribution to MPF equals EUR 15,460.

Based on the contribution policy, the board has decided to reduce the employer's premium for 2024. As a result, the actual contribution is EUR 17.6 million lower than the smoothed cost covering contributrion.

Minimum Technical Reserve

The Minimum Technical Reserve (MTR) is defined in the Financial Assessment Framework (“Besluit FTK”) and depends on the risks that the pension fund runs. Risks can be financial risks, such as investment risks, and demographic risks, such as mortality and invalidity. The more the pension fund has reinsured such risks, the lower the MTR.

The MTR is derived from the required margin per risk and amounts to 103.6% of the total AAL (including risks of MPF and risks of the members). The Funding Ratio at the end of 2024 equals 138.9%. Based on these figures the pension fund is not in a situation of a funding deficit.

Ongoing Solvency Margin Ratio

The Ongoing Solvency Margin Ratio (OSMR) is defined in the ‘Decree in relation to the Financial Assessment Framework MPF’. The regulatory own funds are the market value of assets that a pension fund needs to maintain in a state of equilibrium. In a state of equilibrium the own funds are at such a level that MPF's assets will exceed its obligations with a 97.5% probability in one year's horizon. The amount of the own funds and hence of the regulatory own funds in the state of equilibrium depends on MPF's risk profile. The OSMR is determined by using the standard model, as defined by the supervisor DNB. The standard model defines several types of risk (i.e. market risk, interest risk) and calculates the (negative) effect of this risk on the regulatory own funds. The calculations of the standard model depend on market conditions and therefore fluctuate over time.

The regulatory own funds are derived from the required margin per risk and amount to EUR 253,653. The Ongoing Solvency Margin Ratio amounts to 121.2% of the AAL (including a % margin for the ARP/ASP plan). The Ongoing Solvency Margin Ratio has slightly decreased compared to last year. The Policy Funding Ratio equals 140.3%. Based on these figures MPF has a sufficient solvency ratio.

9 LOOKING FORWARD

9.1 2025: Year of the Implementation plan

Early 2025, Social Partners have agreed on a transition plan, that has also been approved by the Governance Committees of Mars, Incorporated. In 2025, one of the main responsibilities of the Pension Board will be to assess the balance (evenwichtigheid) in this transition plan. If balance will be established, and the Pension Board determines the transition plan is feasible, then the Pension Board can proceed to accept the assignment which the Social Partners have asked for in the transition plan. However, the Pension Board can only do so after consulting the Accountability Council and after approval form the Supervisory Council.

The second main responsibility will be to create the implementation and transition communication plans that will need to be submitted to the DNB and the AFM respectively. The Pension Board aims to submit both plans together with the conversion template (invaarsjabloon) on 1 October 2025. The fund documents, such as plan rules and the execution agreement need to be rewritten as well in 2025, and the project management team will finalize the target operating model that we will use after transition and will start the testing phase for the connections between all service providers. Also, on the agenda for the Pension Board is a self-assessment that will be facilitated by an external organisation. In summary, 2025 will be an extremely busy year in which all resources will need to be used to the fullest. In other words, it will be “all hands on deck!”.

Veghel, 20 June 2025

The Pension Board

Mr. F. Nieuwland (Chairman)	Mr. H. van Heesch (Secretary)
Mr. P. van Bree	Mrs. R. Steenbergen
Mr. W. van de Laar	Mr. P. van Beek

10 REPORT BY THE SUPERVISORY COUNCIL

10.1 Report

Introduction The Supervisory Council (SC) of Pension Fund Mars (MPF) in the Netherlands, comprising P.R.F. de Koning (Chairperson, reappointed December 2024), E. Wiertz MSc FRM, and F.R. Valkenburg AAG RBA, oversees the fund's strategies, management, policies, and risk management. In 2024, the SC held quarterly meetings with the Executive Board, participated in board and committee meetings, and conducted consultations with the Accountability Council (AC), auditor, and certifying actuary. Informal discussions between SC and AC chairpersons ensured alignment on critical topics. This summary highlights the SC's findings and recommendations on key supervisory themes.

1. Transition to the New Pension Contract

Monitoring Framework

The SC monitored the project structure for transitioning to the new pension contract, focusing on administration, investment policy adjustments, risk management, communication strategies, and balanced consideration of stakeholder interests.

Findings

The Pension Board made significant progress in preparing for the transition by establishing a risk attitude based on survey results and exploring investment policy alternatives through an ALM study. Collaboration with Mars' social partners and participation in BSG focus group meetings ensured alignment on transition planning. The implementation of the SIVI standard was also a notable development.

Recommendations

The SC emphasized transparent documentation of trade-offs made during the transition to maintain stakeholder trust and ensuring that all parties are well-informed and aligned with the decisions being made. Traceable reporting is also helpful in responding to possible requests from stakeholders about the decision to ease-in and the underlying decision making process. The SC also recommended periodic evaluation of project costs to ensure focus on controllable expenses.

2. Boardroom Dynamics

Monitoring Framework

Effective decision-making processes were monitored, including balance, time commitment, knowledge sharing, and documentation of decisions.

Findings

The Observe-Assess-Decide approach enhanced decision-making efficiency by facilitating in-depth discussions during dedicated meetings. Monthly updates on WTP developments were shared with SC and AC chairpersons. An audit confirmed improvements in governance dynamics and countervailing power within committees.

Recommendations

The SC advised maintaining the current governance approach while implementing a decision-making register to document key topics comprehensively. It also recommended further action plans to address the findings in the audit Boardroom Dynamics and strengthen governance processes in 2025.

3. Information Security and IT Compliance

Monitoring Framework

The SC focused on how MPF addressed fast-evolving IT and cybersecurity challenges, including compliance with the Digital Operational Resilience Act (DORA).

Findings

Progress was made in implementing recommendations from an IT audit conducted in 2023. A gap analysis for DORA compliance was completed in 2024, leading to necessary governance adjustments. Cybersecurity awareness sessions and exercises were conducted to enhance resilience.

Recommendations

The SC recommends that the board ensures demonstrable compliance with the Digital Operational Resilience Act (DORA).

4. ESG Integration

Monitoring Framework

Efforts to integrate ESG criteria into investment policies and comply with regulatory reporting requirements were monitored.

Findings

An ESG roadmap was developed alongside a dashboard to support investment decisions aligned with sustainability goals. The Pension Board ensured compliance with SFDR disclosure requirements while exploring impact investing opportunities.

Recommendations

The SC recommends that the board ensures alignment with DNB's expectations regarding the integration of ESG factors into the MPF risk management framework. This includes embedding climate and environmental risks into core processes, such as governance and risk management. While global developments may shift priorities, maintaining a proactive approach to ESG integration will help the pension fund stay ahead of evolving regulatory requirements and stakeholder expectations.

Looking Ahead to 2025

The SC identified special monitoring topics for 2025:
- **WTP Transition:** Balancing interests of stakeholders, operational readiness, communication strategies, and monitoring dashboards.
- **Going Concern:** DORA compliance, suitability planning and investment services.
- **ESG:** Continued integration into risk frameworks alongside regulatory adaptation.

10.2 Response Pension Board on report of the Supervisory Council

The Pension Board (PB) has reviewed the 2024 report of the Supervisory Council (SC) and we are very pleased with their findings regarding the recommendations for the year 2024.

The Supervisory Council has identified four focus areas and recommendations for 2024 to the Pension Board. For the year 2025, the Supervisory Council continues to monitor the transition to the new pension legislation and ESG next the going concern topics like DORA, suitability and investment services. The Pension Board would like to provide the following response:

Transition to the New Pension Contract

The PB has made substantial progress in this area with the establishment of a risk attitude based on the risk preference study in 2023 and our exploration of investment policy alternatives through the Asset-Liability Management (ALM) study has resulted in an investment policy aligned with the risk attitude of our members.

With the finalization of the Transition Plan by the Social Partners in February 2025, the PB started the collaboration with BSG on the operational readiness with the execution check of the new pension plan, set-up of a step-by-step plan (inrichtingstappenplan) and the new Target Operation Model for the roles and responsibilities of the different parties for the allocation of financial results to members.

The PB has its own responsibility to substantiate how the obligation of a balanced weighing of interests of all the stakeholders has been met and why the PB is of the opinion that the transition as a whole does not lead to an unbalanced disadvantage for the different member groups. For this purpose, the PB developed its own balancing framework to assess the Transition Plan of the Social Partners which will provide a clear substantiation of a balanced decision-making.

The PB is actively monitoring the progression made by the different workstreams of the project, to ensure a complete and timely submission of the implementation plan and transition communication plan to the supervising authorities.

Although the project cost cannot be avoided, the review of the regular cost and project cost are high on the agenda of the PB to ensure cost consciousness will remain a focus.

Boardroom Dynamics

The PB appreciates the SC's recognition in our decision-making process with the Observe-Assess meetings. We will continue to uphold this structure, ensuring that our meetings foster open discussions and critical engagement with advisors. In 2025 the monthly chairs meeting has been expanded to monthly consultations with the entire SC and AC to keep our governance bodies actively informed.

To maintain high quality decision-making process, it is key that the PB (and other governance bodies) are appropriate staffed and at the right suitability level, therefore this remains a key focus area for the Executive Board.

The Steering Group of the WTP project is maintaining a decision register including links to relevant documentation of the decisions, to ensure comprehensive recording of key topics the decision-making is directly linked with the easing-in template for DNB.

Finally, the PB is committed to implementing the findings from the audit regarding boardroom dynamics & decision-making and the valuable recommendations from the DNB investigation on the investment process in 2025 and beyond.

Information Security and IT Compliance

In 2024 significant work has been delivered by a separate working group for the implementation of DORA in 2025. The policy updates and contract revisions been prioritized for completion in 2024, given the legislation deadline of 17 January 2025, and the working group is on track for the operational implementation and monitoring with the approved IT action plan for 2025.

The PB recognizes the importance of the fast-evolving IT and cybersecurity challenges and therefore actively invests by upskilling dedicated PB members in this knowledge area through external training and training sessions in this area for the entire PB during our walk-in sessions.

ESG integration

In line with our ESG beliefs, MPF has changed its strategy and will only hire new managers that are SFDR 8 or equivalent. To facilitate ESG monitoring several actions have been taken, Secor provides different ESG reporting (Climate Financial Disclosure reporting and annual reporting as a signatory to the UNPRI) and an ESG dashboard has been developed for public asset classes and is working on the development for private asset classes.

MPF works to incorporate ESG considerations in all aspects of the governance framework, investment process, and reporting and oversight processes. This is outlined in MPF’s ESG Policy which articulates the roles and responsibilities of the Pension Board, Investment Committee, Strategic Investment Advisor and Asset Managers, which is supported through a robust reporting process.

Overall, the investment strategy of MPF is assessed to be resilient to the impacts of climate risks. MPF conducts regular audits including ESG considerations, which confirm alignment with the appropriate practices as outlined by the DNB.

Investment services

In February, Mercer announced its acquisition of SECOR Asset Management, which has been MPF's advisor since 2011. The agreement made between Mercer, SECOR and Mars is that the current relationship will remain unchanged, with no disruption to operations, while improving SECOR's investment capabilities and reducing risks for MPF by enhancing long-term viability and resources. The PB considers the acquisition as a positive development and will continue to monitor and evaluate the service delivery as it does today.

11 REPORT BY THE ACCOUNTABILITY COUNCIL

11.1 Report

The Accountability Council (AC) has been put in place to be compliant with the rules for good pension fund governance. The roles and responsibilities of the Council have been written in the bylaws of the pension fund and the regulations of the AC.

The AC represents the following stakeholders of the pension fund: active members, deferred members, pension beneficiaries and sponsor.

The Pension Board (PB) must account for the policy setting and the policy execution and must be compliant with the Code Pension Funds 2024. The PB has regular interactions with the AC with respect to the policies and the results achieved.

The accountability to the AC is mainly driven by the question whether the PB has made their policies and decisions in a balanced way, in the best interest of all stakeholders. Based on numerous activities throughout the year, the report of the Supervisory Council (SC) and the annual accounts, the AC assesses the work done by the PB, as well as the policy decisions taken by them. The AC is entitled to consult the PB as well as the Supervisory Council.

The AC has the right to advise on the following subjects:
- The remuneration policy;
- The form and structure of the internal supervision (SC);
- The profile for members of the SC;
- The adoption and modification of an internal complaints- and disputes procedure;
- The adoption and modification of the communication- and information policy;
- Full or partial transfer of the obligations of MPF or the acquisitions of obligations by MPF;
- Liquidation, merger or division of MPF;
- Concluding, changing or terminating the Administrative & Financial Agreement;
- Converting MPF into another legal form, as referred to in Article 18 of book 2 of the Dutch Civil Code;
- The composition of the actual premium and the amount of the premium components.

The AC has the option to consult an external actuary and pension lawyer to get advice where necessary, to allow the AC to execute their job in the best possible manner.

The AC has considered the comments it made during past years as well as the corresponding responses from the PB in its report. In addition, it has also considered the proposed policies of the PB for the coming year.

Activities/Sources for AC's judgment during 2024 until the completion of this report

The AC has had four meetings in 2024. In these quarterly meetings the board pack of the upcoming PB meeting has been reviewed in detail, including the minutes of the previous PB meeting. Other agenda items are the status of the MPF annual plan, and progress tracking of the AC priorities. Resulting questions have been raised with the Executive Board (EB). In September we have dedicated our meeting to the WTP (Wet Toekomst Pensioenen) developments with a focus on balancing the interests of all stakeholders.

The topical walk-in sessions, organised by the PB, are an excellent platform for internal training and an opportunity for discussions. WTP monthly Chairs meetings: this is a new initiative to provide the AC and SC with regular updates on WTP developments and to allow both governance bodies to act as a sounding board for the PB and the Mars-MPF WTP steering group.

In September 2024 the AC had a productive working session with the EB which focused on the WTP transition, 2024 milestones, the role of the AC and balancing the interests of all stakeholders through the Dynamic Allocation Key.

In the PB-AC-SC consultation meeting in December 2024 a presentation was shared by the AC about their self-evaluation over 2024 and their priorities for 2025.

In April 2025 the AC had a working session with the EB to gather input for preparing this annual report. Topics included a review of last year and the 2025 priorities for MPF, with a focus on the WTP, including 2025 milestones, and how the AC can pro-actively support these.

Also in April 2025, the chairman and secretary of the AC and the chairman of the SC had a meeting in preparation for the AC and SC annual reports.

External webinars & seminars: the AC has had ample opportunity to attend relevant external webinars & seminars regarding Dutch pensions and the WTP, organised by the Dutch Pension Federation, Montae, WTW and the "Werken aan ons Pensioen" platform. These webinars & seminars provide opportunities to learn and develop, to gain understanding of the WTP and to assess the position of MPF in the Dutch national context.

Composition of the AC: with six members the AC is at full strength. During 2024 Dennis Kaijser successfully completed his suitability-A training and Sandra Kleijbeuker started her training.

Pension Board requests for AC advice during 2024

The AC has provided the following advice to the PB:

Advice request topic	Date PB advice request	Date AC advice	AC advice
Updated complaints regulations	28 February 2024	6 March 2024	**positive**
Profile for SC member	13 September 2024	17 October 2024	**positive**
SC member - new term Paul de Koning	13 September 2024	17 October 2024	**positive**
Contribution proposal 2025	21 March 2025	25 March 2025	**positive**

The AC has been consulted timely on all relevant topics by the PB.

With regard to the observations of the AC on the 2024 annual report

In summary, the AC is pleased to see that the PB of MPF is pro-active and highly engaged in managing the fund. It seeks appropriate professional advice and works well with our strong and committed sponsor to best serve the interests of the beneficiaries of MPF. The PB has maintained an excellent working relation with all stakeholders.

The PB operates within a robust Mission-Vision-Strategy framework, within a clear and aligned annual plan and is responsive to the findings of both the AC and SC and the three Key Function Holders (KFH).

The AC has the following observations regarding this year's annual report, including the follow-up on its recommendations for 2024 in last year's report:

- Funding and indexation: the AC recognises that balancing the interest of all stakeholders remains a key priority in the decision making of the PB and as part of the integral financial policy.
- WTP:
    - The AC is pleased with the pro-active approach of the PB in cooperating with the sponsor through the joint project team. The development of the Dynamic Allocation Key and the various Target Funding Ratios should result in the best possible transition, balanced and explainable.
    - In parallel, the PB is establishing the most appropriate future investment policy based on the outcomes of the risk preference survey. The AC recognises the thoroughness of this work, including appropriate consultation of KFH's, and how this is being shared via topical walk-ins and the monthly WTP Chairs meetings.
- Administration and execution costs: the AC is pleased to see that this topic Is high on the PB's agenda and that the PB remains conscious about cost.
- We recognise the considerable efforts of the PB to ensure that the AC is consulted timely on all relevant matters.
- Last but not least: we observe that the PB ensures a close working relation with the sponsor, and is able to maintain its independent, objective position. We are very pleased with this.

AC recommendations for 2025

The AC would appreciate if the PB could include the following three areas in their 2025 priorities:

- The MPF WTP Implementation Plan is the key deliverable for the PB this year. The substantiation of the balancing of interests of all stakeholders within this plan will be a crucial element of a successful transition and will be one of the most important advice request topics for the AC this year.
  The AC encourages the PB to utilize all the available expertise, internally and externally (e.g. our consultants, DNB) to establish a robust substantiation of the balancing of interests.

Furthermore, the AC is keen to continue to act as a sounding board for the PB and the WTP steering team, as well as being kept up to date with all relevant WTP developments. The recently initiated monthly WTP Consultation meetings (with EB, SC and AC) have proven to be ideal for this purpose, hence the AC's desire to continue these meetings. We see this as a perfect application of the Five Principles.

- Integral financial policy: the AC ask that the current indexation-, contribution- and investment policy will be continued and consolidated in 2025 and beyond, until a successful transition has been realised.
- Also, in the interest of continuity, at least until the transition moment, we ask the PB to maintain consistent staffing in the PB, AC and SC.

11.2 Response Pension Board on report by the Accountability Council

The Pension Board (PB) is pleased to read that the Accountability Council (AC) recognizes and values the Board's efforts in managing the pension fund, in preparing for the upcoming pension transition and in maintaining good stakeholder relations.

The PB is fully aware that we need all stakeholders to be informed, involved, and consulted to complete a successful transition to the new pension design and this focus will continue in 2025.

The AC has given the PB three concrete recommendations for 2025 and the PB's reaction to the three recommendations is as follows:

1. The PB wholeheartedly agrees with the AC that the implementation plan is a key deliverable for us this year, and that we will prioritize the substantiation of why our assessment of our objectives, metrics, and bandwidths will lead to a balanced transition for all stakeholders. To engage the AC in the development of our assessment we will most certainly continue the monthly consultation meetings to receive the AC's input. It goes without saying that we will also invoke the help of our external advisors and others to arrive at a substantiated and balanced transition for all stakeholders.
2. The PB will maintain the integral financial policy as laid out in the Administrative and Financial Agreement, also with a keen eye to safeguard a balanced transition.
3. Appropriate staffing in the PB, the AC and SC is a key focus point for the Executive Board in the time leading up to the transition, but also thereafter. The EB, after obtaining PB consent, has already initiated several initiatives to safeguard the continuity of appropriate staffing for the mentioned governance bodies, and for the investment committee.

ANNUAL ACCOUNTS

12 FINANCIAL STATEMENTS

12.1 Balance Sheet as at 31 December 2024

(after appropriation of result, in EUR 1,000)

ASSETS			31-12-2024		31-12-2023
Investments for risk MPF	1				
Investment property		124,194		117,170	
Shares		433,355		396,994	
Fixed-income securities		748,010		614,183	
Derivatives		23,774		112,373	
Other investments		271,427		303,318	
			1,600,760		1,544,038
Deducted: investments for risk members (ARP)			-89,090		-76,646
			1,511,670		1,467,392
Investments for risk members	2				
Shares		93,735		73,636	
Fixed-income securities		2,806		1,433	
Add: investments for risk members		89,090		76,646	
			185,631		151,715
Receivables and prepayments					
Other receivables	3		1,898		1,960
Other assets					
Cash and cash equivalents	4		4,572		4,084
Total assets			**1,703,771**		**1,625,151**

LIABILITIES			31-12-2024		31-12-2023
Foundation capital and reserves					
Foundation capital	5		0		0
Other reserves	6		465,181		458,711
Technical provision for risk MPF					
Actuarial accrued liabilities	7	1,009,743		969,548	
Provision for future disability	8	1,253		1,516	
			1,010,996		971,064
Pension provision for risk members	9		185,631		151,715
Current liabilities	10		41,963		43,661
Total liabilities			**1,703,771**		**1,625,151**

12.2 Statement of income and expenditure for the year ended 31 December 2024

(in EUR 1,000)

INCOME			**2024**		**2023**
Contributions from employer and members	11		-222		-458
Contributions for risk members	12		15,682		13,151
Investment results for risk MPF	13	92,749		16,927	
Investment results for risk members	14	16,986		16,021	
			109,735		32,948
Other income			513		225
Total income			**125,708**		**45,866**
EXPENDITURE			**2024**		**2023**
Benefits payment	15		-41,679		-39,937
Execution- and administration costs	16		-4,520		-4,477
Change pension provision:					
· Accrual of benefits		-15,597		-7,240	
· Indexation		-25,898		-9,887	
· Addition of interest		-32,909		-29,782	
· Withdrawal for payments of pension benefits and pension execution costs		42,668		41,471	
· Yield curve change		-12,920		-35,402	
· Change of mortality assumptions		1,598		-	
· Withdrawal for other actuarial and technical assumptions (retirement)		1,316		2,244	
· Changes as a result of transfer of rights		502		97	
· Other changes pension provision		1,045		-1,636	
Change provision pension liabilities for risk MPF	17		-40,195		-40,135
Change provision for future disability	18		263		-58
Change provision for risk members	19		-33,916		-29,200
Reinsurance	20		-58		-46
Transfer of pension rights for risk MPF	21		-316		-
Transfer of pension rights for risk members	22		1,188		-123
Other expenses	23		-5		-5
Total expenses			**-119,238**		**-113,982**
Balance of income and expenditure			**6,470**		**-68,116**
APPROPRIATION OF THE BALANCE OF INCOME AND EXPENDITURE			**2024**		**2023**
Other reserve			**6,470**		**-68,116**

12.3 Statement of cash flow for the year ended 31 December 2024

		2024		2023
Cash flow from pension activities				
Contributions received	15,909		13,103	
Net cash flow from transfers of rights	506		-1,244	
Benefits paid	-41,576		-39,937	
Paid execution- and administration costs	-4,490		-4,650	
Paid contribution reinsurance	-58		-46	
Other pension related movements	513			
Total cash flow from pension activities		**-29,196**		**-32,775**
Cash flow from investment activities				
Sale and redemption of investments	11,595,388		8,605,829	
Received direct investment returns	11,664		19,205	
Purchase investments	-11,541,246		-8,788,786	
Paid costs asset management	-4,186		-5,486	
Change in balances with credit institutions	-31,119			
Other investment related movements	-817			
Total cash flow from investment activities		**29,684**		**-169,238**
Change in cash and cash equivalents		**488**		**-202,013**
Balance per 1 January		4,084		206,097
Balance per 31 December		4,572		4,084
Change in cash and cash equivalents		**488**		**-202,013**

12.4 General

Activities
Stichting Mars Pensioenfonds (henceforth: MPF) was established in 1964 and has its statutory seat in Meierijstad, The Netherlands (Taylorweg 5, 5466 AE, Veghel).

MPF provides old age pensions to current and former associates of Dutch Mars companies as well as surviving dependents' pensions to their partners and children in the event of death before or after retirement. MPF administers the pension agreement as agreed upon with the Dutch Mars companies, and according to the plan rules.

12.5 Accounting policies

12.5.1 General
The financial statements are prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'), and in particular in accordance with 'Directive 610 Pension Funds'.

Income and expenditure have been recorded in the financial year to wich they are related.

The statement of cash flows is prepared using the direct method.

Continuity Assumption
The financial statements have been prepared based on the going concern assumption.

Related parties
Transactions with related parties are disclosed in the notes insofar as they are not occur under standard commercial terms, which are defined as conditions that would typically be agreed upon between independent parties in an open market.

Comparison with prior year
The investment categories reported on the balance sheet are aligned with the balance sheet model of RJ 610. Hedge funds are recognized under Other investments and are no longer reported as a separate category. Cash on investment accounts is recognized as part of Fixed income instead of Other investments. Comparative figures are adjusted accordingly.

The deduction of the investments for risk members (ARP) is reported on a separate line under the investments for risk MPF. Until 2023 this deduction was reported as part of other investments. Comparative figures are adjusted accordingly.

Estimation changes
The preparation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code requires that the Pension Board makes judgments and estimates and assumptions that affect the application of principles and the assigned value of assets and liabilities, and of income and expenses.

The estimates and underlying assumptions are continuously assessed.

If it is necessary for the, according to Article 2: 362 paragraph 1 of the Dutch Civil Code required insight, the nature of these assessments and estimates, including the associated assumptions, is included in the notes to the relevant items in the financial accounts. Revisions to estimates are recognized in the period in which the estimate is revised, and in future periods for which it has consequences. A new mortality table (AG prognosetafel 2024) has been adopted for use in determining general mortality rates for MPF.

Rounding off
Due to rounding their might be some difference in the summation of figures.

12.5.2 Accounting policies for assets and liabilities

Recording of assets and liabilities
An asset is recognized on the balance sheet when it is probable that future economic benefits flow to MPF and its value can be determined accurately.

A liability is recognized on the balance sheet when it is probable that the settlement thereof will be accompanied by an outflow of resources and the extent of the amount can be reliably determined.

Foreign currency
Functional currency
The financial statements are presented in euros, which is the functional and presentation currency of MPF.

Transactions, receivables and liabilities
Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Other receivables, debts and obligations, as far as stated in foreign currency, are being converted at the exchange rate per balance sheet date, except for as far as the exchange risk has been covered. In those cases valuation is based upon the agreed forward price. The exchange results, as a result of the conversion, is part of the investments results in the statement of income and expenditure.

Investments for risk pension fund
The investments are valued at current value. Only if the current value of an investment cannot be reliably determined valuation will take place on the basis of amortized cost price.

Participations in investment schemes that specialize in a certain type of investment are classified and valued according to the principles for that type of investment.

Investments in foreign currencies are converted into euros at the exchange rate on the balance sheet date. This measurement is part of the fair value measurement. Income and expenses arising from transactions in foreign currencies are translated at the exchange rate on the transaction date. Currency exchange differences are recognized in the statement of income and expenses under investment results.

Investment receivables and liabilities are reported as part of the related investment category.

The investments are at the free disposal of MPF. There are no investments in the contributing companies.

Investment property
Indirect (listed) investment property is valued at the latest available quoted market price per balance sheet date. Indirect (non-listed) investment property is valued at fair value, based on Net Asset Value of the investment propoerty.

Shares
Shares are valued at the latest available quoted market price per balance sheet date. The market value of unlisted shares (private equity) is assessed by the external managers on the basis of guidelines that are generally applied in the private equity and venture capital industry.

Fixed-income securities
Listed fixed-income securities and participations in listed investment funds are valued at the market prices per balance sheet date.

If fixed-income securities or participations in investment funds are not listed, valuation is based on the estimated future net cash flows (interest and repayments) that will result from the investments, discounted at the market interest rate applicable at balance sheet date and taking into account the risk profile (credit risk; bad debt) and maturities.

Cash on investment accounts is reported as part of fixed-income securities.

Derivatives
Derivatives are measured at fair value. Derivatives traded on an active market are valued based on the relevant market quotations. When derivatives are not traded on an active market, they are valued based on derivative market quotes. If these derived market quotations are not available, the value is determined using market-based valuation models.

As far as above investments are stated in foreign currency, valuation is done at the exchange rate per balance sheet date. Transactions related to investments in foreign currency within the reporting period are reported in the annual accounts at the rate at time of settlement.

Other investments
Other investments are investments that cannot be classified as one of the investments listed above. The other investments are measured at fair value.

Repurchase agreements
Temporarily sold assets remain, provided repurchase has been agreed, on the balance sheet of the selling fund (so-called repurchase transactions). The fund retains beneficial ownership. Against the cash received recognized as an asset, related to the aforementioned temporary sale, the repurchase obligation is recorded as a liability in the other investments.

Cash received as security (collateral) under the above transaction is included in investments. Where cash received as collateral has been reinvested, these investments are included in the relevant investment category. The debt from the collateral received is included in other liabilities. Where investments have been received as collateral in lieu instead of cash, these investments and the related liabilities are not included in MPF's balance sheet. All resulting income and expenses are recognized on an accrual basis over the accrual principle over the life of the related transactions are recognized under Investment results for risk pension fund in the statement of income and expenditures.

Investments for risk members
The principles for the valuation of the investments for risk of members are the same as those for the investments that are held for the risk of the pension fund. The investment for risk members comprises ASP assets (index funds) and ARP assets, which are allocated by deducting them from the Defined Benefit assets. The amount deducted is based on the pension provision for risk members of the ARP Plan. As the pension provision of ARP plan is not split into several asset categories, the deduction of the assets from the Defined Benefits assets is also not split into several asset categories.

Reinsurance
Outgoing reinsurance premiums are recognized in the period to which the reinsurance relates. Receivables from reinsurance contracts on a risk basis are recognized when the insured person presents himself. In the valuation, the reinsured benefits are discounted against the interest rate term structure, applying the actuarial assumptions of MPF. Receivables from reinsurance contracts that are classified as guarantee contracts are equal to the corresponding provision for pension obligations. Receivables from reinsurance contracts that classify as capital contracts are valued for the value of the insured risk on the basis of the principles of the contract. In assessing the receivables, the creditworthiness of the reinsurer (exit for credit risk) has been taken into account. Claims arising from profit-sharing arrangements in reinsurance contracts are recognized at the moment of granting by the reinsurer. The valuation and presentation of investment deposits linked to capital contracts are in accordance with the principles for investments.

Receivables and prepayments
Receivables and prepayments are valued at fair value upon initial processing. After initial recognition, receivables are valued at amortized cost (equal to the nominal value if there are no transaction costs) less any impairment losses in the case of bad debts. Receivables in connection with investment transactions are recognized under the related investment category.

Cash and cash equivalents
Cash is valued at nominal value.

Foundation capital and reserves

Foundation capital and reserves are determined by the amount left when all assets and liabilities, including pension provisions, are included in the balance sheet.

Actuarial accrued liabilities

The actuarial accrued liabilities at risk of MPF (AAL) are set at fair value. The market value is calculated as the present value of estimated future cash-flows, based on the unconditional pension entitlements as at the balance sheet date. The unconditional pension entitlements include the accrued pension entitlements.

The actuarial accrued liability is based on the applicable pension plans as at the balance sheet date and on the pension entitlements that can be attributed to the service years completed as at the balance sheet date. This includes all granted increases based on the indexation policy to any members as at balance sheet date. The future salary developments are not taken into account.

The pension liability for active members is determined as the present value of the accrued benefits up until balance sheet date. The pension liability for non-active members, disabled members, and surviving dependents, is determined as the present value of the pension entitlements granted.

Life expectancy rates in determining actuarial accrued liabilities:
- The life expectancy rates for males and females are derived from the AG Projection Table 2024 as published by the Dutch Actuarial Association (2023: AG Projection Table 2022).
- The mortality rates for experience rating are adjusted with fund specific correction factors based on the WTW 2022 experience rates model (2023: WTW 2022 experience rates model).

Actuarial interest rate
Term structure of interest rates, published by DNB, applicable as at the calculation date. For all calculations at year-end, the Ultimate Forward Rate (UFR) is used as this is the prescribed term structure of DNB.

Assumed retirement ages
For the 2006 Pension Plan it is assumed that active and deferred members retire at age 62 (2023: 62). All other (inactive) members are assumed to retire at the retirement age of the pension plan.

Future costs
The actuarial accrued liability takes into account an addition of 2.5% (2023: 2.5%) for future costs for executing the pension plans.

Actuarial partner assumption
For the valuation of partner pensions the following assumptions are used:
- For retirees the actual marital/partner status is used.
- For active and deferred members a 100% rate of partner occurrence is assumed up to and including the retirement date.
- It is assumed that the male is three years older than the female.

Provision for future disability

The provision for disability is equal to twice the expected yearly loss. The expected yearly loss is set equal to the risk premium for disability as used in the determination of the cost covering contribution.

Pension provision for risk members

This includes pension liabilities for members participating in the ARP/ASP Defined Contribution schemes. For valuation purposes, the provision for risk members equals the value of the investments for risk members. The movements includes received contributions from members/employers concerning the Defined Contribution schemes as well as transfers, investment results and other changes. Contributions, transfers, investment results and other changes are recognized in the corresponding year.

Current liabilities

Most of the current liabilities are related to derviatives. For the accounting policies of derivatives see page 63. The other current liabilities are stated at fair value upon initial recognition. After initial processing, liabilities are valued at amortized cost (equal to the nominal value if there are no transaction costs). Amounts payable in connection with investment transactions are recognized under the related investment category. Short-term liabilities have a term of less than one year.

12.5.3 Accounting policies for results

General

The items included in the statement of income and expenditure are to a large extent related to the valuation principles for investments and the provision for pension obligations in the balance sheet. Both realized and unrealized results are directly recognized in the result.

Contributions from employer and members

Contributions from employers and members are the amounts charged to third parties for the pensions insured in the year. Contributions are allocated to the period to which they relate. Additional deposits and surcharges are also accounted for as contributions.

Contributions for risk members

Contributions for riks members are received contributions from employer and employees concerning the Defined Contribution scheme. Contributions are recognized in the corresponding year.

Investment results for risk MPF

Investment results have been allocated to the period to which they relate. Direct and indirect results and costs of investments attributable to the reporting period (invoiced or to be invoiced) are presented separately. Income from interest, dividends and the like are presented under the direct results. Dividend is recognized at the time of payment. Changes in value are indirect investment results and are allocated to the period in which they occur.

Investment results for risk members

The principles for determining the result regarding investment results risk members are equal to the principles for determining the result concerning investment results risk MPF.

Benefits payment

The benefits payment are the amounts paid to members including redemption. The benefits payment are calculated on actuarial bases and allocated to the reporting year to which they relate.

Execution- and administration costs

The execution- and administration costs are allocated to the period to which they relate.

Change provision pension liabilities for risk MPF

Accrual of benefits

In the pension accrual, claims and rights for the financial year are valued at the level that they have on the balance sheet date.

Indexation

MPF aims to adjust the accrued pension rights of the active members, the pensions in payment and the non-contributory pension rights (former members) annually to the development of the price index. The indexation is conditional. This means that there is no entitlement to surcharges and that it is not certain whether and to what extent supplements can be granted in the future. Any arrears in the indexation can in principle be made up.

The indexation depends on the financial position of MPF, but at most equal to the return, even if the price increase is higher.

Addition of interest
The pension liabilities were increased, based on the one-year rate of the DNB curve at the beginning of the financial year 2024.

Withdrawal for other actuarial- and technical assumptions (retirement)
Annually, the actuarial assumptions and / or methods are reviewed and possibly revised for the calculation of the current value of the pension obligations. Use is made here of internal and external actuarial expertise. This includes the comparison of assumptions regarding mortality, longevity, disability with actual observations, both for the entire population and for the population of MPF.

Determining the adequacy of the provision for pension liabilities is an inherently uncertain process, making use of estimates and judgments by the board of MPF. The effect of these changes is recognized in the result when the actuarial assumptions are revised.

Withdrawal for benefits payment and execution- and administration costs
In advance, an actuarial calculation is made of the future execution- and administration costs (in particular excasso costs) and benefits payment that are included in the provision for pension liabilities. This item concerns the release for the financing of the costs and benefits of the year under review.

Yield curve change
Annually, the market value of the technical provisions is recalculated as of 31 December by applying the current interest rate term structure.

Change as a result of transfer of rights
A result on transfers can arise because the release of the provision takes place against fund rates, while the amount that is transferred is based on the legal factors for value transfers. The rates of MPF differ from the statutory rates.

Other changes pension provision
The other changes occur due to changes in the claims due to death, incapacity for work and retirement.

Transfer of pension rights
The transfer of pension rights contains the balance of amounts from assumed or transferred pension obligations.

Other income and expenses
Other income and expenses are assigned to the reporting year to which these apply.

12.5.4 Statement of cash flows
For preperation of the statment of cash flows, the direct method is used, which means all income, revenue, and expenses are shown directly as cash inflows and outflows. A distinction is made between cash flows from pension activities and cash flow from investment activities.

The movements presented in the statement of cash flows are the movements in cash on the current account and money marker funds, if used for cash management purpose.

The balance of the cash on the current accounts of MPF is presented separately under assets.

12.6 Notes to the balance sheet

(All tables in EUR 1,000)

1 Investments for risk MPF

Asset Category	Investment property	Shares	Fixed-income securities	Derivatives	Other investments	Total 2024
Investments	124,194	433,162	731,930	-13,347	271,421	1,547,360
Investment related receivables	-	193	32,105	-507	6	31,797
Cash	-	-	41,920	-	-	41,920
Investment related liabilities	-	-	-57,946	-	-	-57,946
Subtotal	**124,194**	**433,355**	**748,010**	**-13,854**	**271,427**	**1,563,132**
Derivatives credit						37,628
Deducted: investments for risk members (ARP)						-89,090
31 December 2024						**1,511,670**

Asset Category	Investment property	Shares	Fixed-income securities	Derivatives	Other investments	Total 2023
Investments	117,170	396,746	621,683	70,114	303,346	1,509,059
Investment related receivables	-	248	44,690	659	-28	45,569
Cash	-	-	10,802	-	-	10,802
Investment related liabilities	-	-	-62,992	-312	-	-63,304
Subtotal	**117,170**	**396,994**	**614,183**	**70,462**	**303,318**	**1,502,127**
Derivatives credit						41,911
Deducted: investments for risk members (ARP)						-76,646
31 December 2023						**1,467,392**

The investment categories in the tables above are aligned with the balance sheet model of RJ 610. Hedge funds are recognized under Other investments and are no longer reported as a separate category. Cash on investment accounts is recognized as part of Fixed-income securities instead of Other investments. Comparative figures are adjusted accordingly. Received and paid collateral and (reverse) repurchase agreements are include in Other investments.

MPF does not invest in the sponsor. MPF does not directly participate in securities lending.

The tables below providing a Mutation Overview of the asset categories.

Asset Category	Investment property	Shares	Fixed-income securities	Derivatives	Other investments	Total 2024
Value per 1 January 2024	117,170	396,994	614,182	70,462	303,318	1,502,126
Purchases	6,397	221,426	1,344,716	383,425	9,573,453	11,529,417
Sales	-	-253,617	-1,276,555	-419,681	-9,632,772	-11,582,625
Valuation changes	627	68,607	42,087	-47,206	27,428	91,543
Other		-56	23,581	-854		22,671
31 December 2024	**124,194**	**433,355**	**748,010**	**-13,854**	**271,427**	**1,563,132**

Asset Category	Investment property	Shares	Fixed-income securities	Derivatives	Other investments	Total 2023
Value per 1 January 2023	100,163	509,709	786,277	-91,050	213,302	1,518,401
Purchases	27,711	30,815	1,926,370	611,514	6,192,377	8,788,787
Sales	-3,810	-173,877	-1,873,286	-408,189	-6,146,667	-8,605,829
Valuation changes	-6,894	30,886	7,743	-40,800	41,590	32,525
Other	-	-539	-229,941	-1,013	-265	-231,758
31 December 2023	**117,170**	**396,994**	**614,182**	**70,462**	**303,318**	**1,502,126**

The purchases and sales under Other investments concern repurchase agreements.

Fair value hierarchy

The following tables summarize the valuation of investments by level within the fair value hierarchy. Level 1 valuations are based quoted market pricescin an active markte. Level 2 valuations are model based, the input variables are based on quoted market prices. For the valuation of over-the-counter derivatives this includes iinterbank nterest rates, swap yields and currency rates. Level 3 valuation is determined by means of valuation models and valuation techniques, the input variables are estimated by external experts due to the lack of public market data. This category includes all direct and indirect investments in unlisted investment property funds, private equity funds whose valuation is based on valuations. The valuation is based on guidelines applicable to these sectors. The table is before deduction of investments for risk of members.

Asset Category	Level 1	Level 2	Level 3	Total 2024
Investment property	-	-	124,194	124,194
Shares	217,854	193	215,309	433,355
Fixed-income securities	252,132	224,583	291,004	767,719
Derivatives	2,223	-15,570	-	-13,347
Other investments	-19,709	96,065	174,855	251,211
31 December 2024	**452,499**	**305,271**	**805,362**	**1,563,132**

Asset Category	Level 1	Level 2	Level 3	Total 2023
Investment property	-	-	117,170	117,170
Shares	197,991	58	198,698	396,746
Fixed-income securities	176,373	241,783	217,309	635,465
Derivatives	-419	70,533	-	70,114
Other investments	-	152,508	147,857	300,365
31 December 2023	**373,945**	**464,883**	**681,033**	**1,519,861**

The table includes the investments and cash on investment accounts. Cash on investment account is presented under fixed-income securities, level 1.

Positions more than 5% per investment-category:

Investment property		2024		2023
Global Value Property Fund	124,194	100%	117,170	100%

Shares		2024		2023
PEM EFFEM Fund	139,656	32%	134,927	34%
LACM GLOBL SUST. EQTY-BEUR	47,362	11%	-	0%
LGT Liberty Fund	38,852	9%	33,526	8%
GCM Generations	36,727	8%	32,609	8%

Fixed-income securities		2024		2023
BLACKROCK ICS EUR LIQ CORE	171,261	23%	98,799	16%
EFFEM PRIVATE CREDIT FEEDER	48,946	7%	49,226	8%

Other investments		2024		2023
Blackstone FOF	91,525	34%	111,404	37%
Mars Evolution Fund	83,831	31%	36,453	12%

2 Investments for risk members

The investments for risk members consist out of the ASP and the ARP plan. A brief description of these plan rules is provided in paragraph 6.3

	2024	2023
Investments concerning ASP plan	96,541	75,069
Investments concerning ARP plan	89,090	76,646
Balance per 31 December	**185,631**	**151,715**

At year-end the ASP-related investments consist for 97% of shares and for 3% of fixed-income securities:

ASP	2024	2023
Shares	93,735	73,636
Fixed-income securities	2,806	1,433
Balance per 31 December	**96,541**	**75,069**

The ASP investments developed as follows:

ASP	2024	2023
Balance per 1 January	75,069	58,073
Contributions	6,644	5,581
Transfers	655	518
Investments result	14,383	11,345
Other changes	-210	-448
Balance per 31 December	**96,541**	**75,069**

Other changes concern cases of deceased members.

The ARP-related investments are part of and deducted from the total investments for risk of MPF. The ARP investments developed as follows:

ARP	2024	2023
Balance per 1 January	76,646	64,442
Contributions	9,038	7,570
Transfers	992	706
Investments result	2,603	4,676
Other changes	-189	-748
Balance per 31 December	**89,090**	**76,646**

3 Other receivables

	2024	2023
Contributions	1,898	1,960
Balance per 31 December	**1,898**	**1,960**

4 Cash and cash equivalents

Cash are the funds in bank accounts which are repayable on demand and freely available.

	2024	2023
Cash at Rabobank	4,572	4,084
Balance per 31 December	**4,572**	**4,084**

5 Foundation capital

The foundation's capital amounts to (single) EUR 45 and remained unchanged during the financial year. As a result of the presentation in thousands of euros, the foundation capital is stated at zero.

6 Other reserves

The other reserves changed due to the addition of the result for the year of MPF:

	2024	2023
Balance per 1 January	458,711	526,827
Result for the year	6,470	-68,116
Balance per 31 December	**465,181**	**458,711**

The minimum required solvency ratio is 3.6% of the actuarial accrued liabilities (including risk of MPF and for risk members), equals EUR 43,1 million. Ongoing solvency margin ratio amount to EUR 253,7 million and are equal to 21.2% of the actuarial accrued liabilities at the risk of MPF. The present own funds are higher than the required funds.

The Real Policy Funding Ratio gives an indication of the extent to which supplements can be granted. The Real Policy Funding Ratio in accordance with the FTK definition is equal to the Policy Funding Ratio divided by the Policy Funding Ratio required for full indexation based on price inflation. The Real Policy Funding Ratio at year-end 2024 was 109.7% (2023: 112.7%).

The following table shows the ratios of regulatory own funds, minimum regulatory own funds, the Policy Funding Ratio and present own funds.

	31 December 2024	31 December 2023
Funding Ratio	138.9%	140.9%
Minimum required solvency ratio	103.6%	103.7%
Policy Funding Ratio	140.3%	145.9%
Ongoing solvency margin ratio	121.2%	121.3%

The Funding Ratio is calculated as the ratio between the net-assets and the total technical liabilities of MPF. The net assets are determined by adding the other reserve to the total technical liabilities (including the Incured But Not Reported (IBNR) provision and liabilities for risk members) and excluding the short-term liabilities. There are no subordinated loans and/or special reserves.

Policy decisions are based on the Policy Funding Ratio. This ratio is the average of the Funding Ratios during the past 12 months. The Policy Funding Ratio at 31 December 2024 is 140.3% (31 December 2023: 145.9%).

Articles of Association governing profit appropriation
In the Articles of Association of MPF no arrangement is included for the appropriation of the balance of the statement of income and expenditures.

The annual appropriation of the balance of the statement of income and expenses is arranged in the funds' ABTN. It is proposed to add the result of 2024 with an amount of 6,470 to the other reserves. This proposal has already been incorporated in the balance sheet.

7 Actuarial accrued liabilities
This table reflects the changes in the technical provisions at the risk of MPF (excluding future disability):

	2024	2023
Provision for pension liabilities, balance at 1 January	**969,548**	**929,413**
Accrual of benefits (including surcharge for future costs)	15,597	7,240
Indexation to the account of MPF	25,898	9,887
Addition of interest	32,909	29,782
Benefit payments (incl. commutation and costs)	-42,668	-41,471
Yield curve change	12,920	35,402
Change in mortality assumptions	-1,598	-
Other actuarial and technical assumptions	-1,316	-2,244
Individual value transfer (outgoing)	-502	-97
Other changes pension liabilities (results on mortality and disability, corrections)	-1,045	1,636
Total change	**40,195**	**40,135**
Provisions for pension liabilities, balance at 31 December	**1,009,743**	**969,548**

Yield curve change
The interest rates decreased in 2024 resulting in a loss of 12,920 (change of Accrued Actuarial Liability, AAL). The interest addition to the AAL was 32,909 (loss) and the gain on direct and indirect returns on investments was 96,938. The costs for investment managers are a loss of 4,189. The total result on return and yield curve change was a gain of 46,920.

Indexation
For all members, MPF tries to increase the accrued pensions in line with price developments. It concerns a conditional indexation that is granted depending on the financial situation of MPF. The allowances are financed by excess return.

Due to the indexation on 1 January 2025, the AAL increased by an amount of 25,898.

Addition of interest
The pension liabilities have accrued interest at 3.439% (2023: 3.264%), based on the one-year interest rate on the interbank swap market at the beginning of the reporting year.

Other actuarial and technical assumptions
The AAL decreased with 1,316 due to changes in the technical assumptions (mainly caused by the change in the assumed retirement age of the Final Pay plan).

Other changes pension liabilities (results on mortality and disability, corrections)
This result consists of a decrease of the AAL of 2,195 due to mortality, a decrease of 270 due to disability, an increase of 1,733 because of retirement and other effects (-313).

The pension liability for active members is determined as the present value of the accrued benefits up until balance sheet date. The pension liability for non-active members, disabled members, and surviving dependents is determined as the present value of the pension entitlements granted.

Active members of the Final Pay plan receive unconditional indexation on supplementary benefits. All benefits are conditionally indexed after retirement or after withdrawal. Indexation for deferred members is dependent on MPF’s financial position.

	2024	2024	2023	2023
	Members	AAL	Members	AAL
Active members	342	251,180	367	242,704
Deferred members	657	176,929	696	177,351
Retirees	1,389	582,887	1,370	551,009
Total	**2,388**	**1,010,996**	**2,433**	**971,064**

8 Provision for future disability

	2024	2023
Balance per 1 January	1,516	1,458
Regular change	-263	58
Balance per 31 December	**1,253**	**1,516**

The IBNR provision for future disability is set equal to twice the yearly risk premium for disability. The provision is a long-term liability.

9 Pension provision for risk members

The ARP/ASP plan as mentioned in paraprah 6.3 is a so-called contribution agreement (*premieovereenkomst)* and consists of the following two modules: Associate Retirement Plan (ARP) (*Medewerker Uittredings Plan MUP*) and Associate Selection Plan (ASP) (*Medewerker Selectie Plan MSP*). Members of Plan 2004-67 (MUP/MSP Scheme) are those members registered by the Company, who entered the Company’s service after 31 December 2003 and who are exempted from mandatory membership of the pension plan of the *Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie* (BPF Sweets).

The provision for risk members consist of:

	2024	2023
Investments concerning ASP plan	96,541	75,069
Investments concerning ARP plan	89,090	76,646
Balance per 31 December	**185,631**	**151,715**

The ASP provisions developed as follows:

	2024	2023
Balance per 1 January	75,069	58,073
Contributions	6,644	5,581
Transfers	655	518
Investments result	14,383	11,345
Other changes	-210	-448
Balance per 31 December	**96,541**	**75,069**

The ARP provisions developed as follows:

	2024	2023
Balance per 1 January	76,646	64,442
Contributions	9,038	7,570
Transfers	992	706
Investments result	2,603	4,676
Other changes	-189	-748
Balance per 31 December	**89,090**	**76,646**

10 Current liabilities

	2024	2023
Derivatives	37,628	41,911
Accrued expenses and other liabilities	3,201	655
Wage tax and premiums social security	1,134	1,095
Balance per 31 December	**41,963**	**43,661**

Negative derivative positions are classified as current liabilities and positive derivative positions are classified under investments for risk MPF. A further explanation on the derivatives can be found in paragraph 12.8 “Risk management”.

All current liabilities have a remaining duration of less than a year.

12.7 Rights and obligations not included in the balance sheet

Long term contracts
With respect to the investments in the Private Equity, Private Credit, Global Property and Hedge funds, MPF has an off-balance sheet commitment of EUR 73.0 million (2023: 110.3 million) to these managers to invest in their funds. Non-compliance can lead to interest being charged as well as legal- and other collection costs.

MPF contracted Blue Sky Group Pension Management B.V. (BSG) to be the pension provider as of 1-1-2022. The annual fee for the regular services of BSG amounts EUR 1.3 million. This amount is indexed on a yearly basis.

Related parties
The members of the Board of MPF are identified as related parties to the pension fund. See paragraph 12.9, disclosure 16 for more information about the remuneration of Board members.

12.8 Risk management

The Pension Funds regulations require a proper financial position in relation to the risks of MPF. One of the main requirements is the solvency of the fund.

The solvency margin is, based on the risk profile and according to regulatory standards, calculated as follows:

Solvency margin		31-12-2024		31-12-2023
S1 Interest rate risk	13,903	1.2	12,125	1.1
S2 Market risk on equities and property	192,722	16.1	178,091	15.9
S3 Currency risk	84,516	7.1	80,715	7.2
S4 Commodity risk	-	0.0	-	0.0
S5 Credit risk	67,894	5.7	67,524	6.0
S6 Technical insurance risk	29,206	2.4	31,040	2.8
S10 Active risk	19,409	1.6	17,715	1.6
Diversification-effect	-155,853	-13.0	-150,059	-13.4
Adjustment for risks for members	1,856	0.1	1,517	0.1
Required own funds	**253,653**	**21.2**	**238,668**	**21.3**

The formula used to calculate the solvency margin is:

$$\sqrt{S_1^2 + S_2^2 + S_3^2 + S_4^2 + S_5^2 + S_6^2 + S_{10}^2 + 2 \times 0.40 \times S_1 \times S_2 + 2 \times 0.40 \times S_1 \times S_5 + 2 \times 0.50 \times S_2 \times S_5}$$

12.8.1 Interest rate risk (S1)

A pension fund has interest rate risk because the interest rate sensitivity of the investments is different from the interest rate sensitivity of the liabilities. If the relevant interest rate changes, the investments will react differently than the liabilities and this has a consequence for the funded status. A measure of interest rate sensitivity is the so-called duration, which is technically the weighted average remaining maturity of all cash flows. The duration approximately represents the percentage change in the value of investments and liabilities as a result of a 1% interest rate change.

	2024 in years	2023 in years
Fixed-income duration (excluding derivatives)	2.87	2.92
Fixed-income duration (including derivatives)	24.59	17.40
Duration of the (nominal) pension liabilities	14.50	14.60

It is assumed that all non-fixed income assets have zero duration.

The Pension Board has adopted a formal interest rate hedging procedure. This interest rate hedging procedure is dynamic in nature. The interest rate hedge will increase as the funding ratio falls towards the second target funding ratio (TFR2). The Pension Board and its Investment Committee have carefully implemented the necessary infrastructure to enable this interest rate hedging procedure. As of 31 December 2024 the funding ratio was 138.9%, above TFR2 (estimated to be 122.7% at the time, adjusted to 122.5% in early January).

MPF's fixed-income securities portfolio based on look-through, excluding derivatives, can be divided into the following subcategories.

Fixed-income securities - Asset categories		2024		2023
Government Bonds	199,173	27.2%	179,562	28.7%
Index Linked Bonds	10,267	1.4%	11,918	1.9%
Mortgages and Mortgage backed securities	50,197	6.9%	65,922	10.6%
Credits	288,043	39.4%	250,365	40.1%
Cash and cash-like instruments	184,251	25.2%	116,897	18.7%
Total	**731,930**	**100.0%**	**624,664**	**100.0%**

Cash and cash-like instruments concern short term claims and interest.

12.8.2 Market risk (S2)
Market risk can be split into interest rate risk, currency risk and price risk. The investment guidelines define the strategy that MPF will adopt to control market risk. In practice, the Investment Committee oversees the controls regarding market risk, in line with the agreed policy framework and investment guidelines. Periodically all aggregated market positions are reported to the Investment Committee and the Pension Board.

The look-thriugh sectorial division of MPF's investments in shares (excluding derivatives) can be specifiead as follows:

Shares – sector categories		2024		2023
Consumers	31,149	7.2%	35,449	9.0%
Energy	5,938	1.4%	5,673	1.0%
Real Estate	903	0.2%	440	0.0%
Financials	36,769	8.5%	230,124	59.0%
Health care	21,483	5.0%	33,580	8.0%
Industrials	16,354	3.8%	25,403	6.0%
Communication services	9,832	2.3%	10,972	3.0%
Information Technology	40,313	9.3%	48,914	12.0%
Materials	3,988	0.9%	3,577	1.0%
Utilities	1,263	0.3%	395	0.0%
Other	265,171	61.2%	2,219	1.0%
Total	**433,162**	**100.0%**	**396,746**	**100.0%**

12.8.3 Currency risk (S3)
At the end of 2024 about 65% (2023: 67%) of the investment portfolio (including the property assets, property cash and operational cash account, excluding investments for risk members) has been invested outside of the Euro zone. The actual EUR (look-through) exposure of the total portfolio hedging was 35% at the end of 2024 (33% at the end of 2023). The total net market value of the outstanding currency forward contracts at the end of the year was 8,428 negative (2023: 8,036 positive).

The look-through currency exposure before and after plan level hedging can be specified as follows:

Currency			2024	2023
	Before Hedging	Currency Derivatives	Net position after hedging	Net position after hedging
Euro	778,381	481,241	297,139	1,067,899
British pound	21,860	-29,978	51,837	3,217
Japanese yen	18,401	-18,005	36,405	305
US Dollar	737,518	-384,467	1,121,985	446,903
Other	15,401	-57,220	72,621	-38,167
Total	**1,571,560**	**-8,428**	**1,579,989**	**1,480,157**

The strategic currency exposure is equal to 35.2% of the assets (30% exposure plus exposure to emerging market currencies). The buffer for the currency risk is 98,794.

12.8.4 Commodity/price risk (S4)
All investments and all asset classes are subject to the risk of price movement. Some to a limited extent such as short maturity government bonds, some to a higher extent such as emerging market equities. One must bear in mind, however, that the asset classes with the highest price risk also tend to have the highest expected returns. In other words, the portfolio of MPF needs to take some price risk, otherwise the expected return will not be sufficient. This trade-off between risk and return is addressed in the ALM study and this has resulted in a strategic investment policy in which the price risk of asset classes will be accepted when the expected return is commensurate. Generally, movements in price lead to movements in value and the value changes are directly and fully reflected in the value of the investment portfolio. On a strategic level MPF manages the impact of price risk by diversifying by investing in different asset classes and by considering only active investment management. On a tactical level MPF controls the price risk by underweighting perceived overvalued asset classes within the allowable ranges. Hedging it through derivatives like options and futures can also mitigate price risk.

The look-through investments in shares can be divided into the following regions:

Shares – Regions	2024	2023
Mature markets	419,271	371,840
Emerging Markets	13,891	24,906
Total	**433,162**	**396,746**

The look-through fixed-income securities can be divided into the following regions:

Fixed-iIncome securities – Regions	2024	2023
Mature markets	600,133	521,128
Emerging Markets	131,797	103,536
Total	**731,930**	**624,664**

12.8.5 Credit risk (S5)
Credit risk can be defined as the risk of financial losses for MPF as a consequence of a counterparty default or payment impairment, if MPF is a creditor of this counterparty. MPF's exposure to Bond issuers, banks (through deposits), reinsurers, and OTC derivative counterparties are all subject to credit risk.

Settlement risk is a specific element of credit risk that needs to be mentioned because it relates to all investment transactions. This occurs when parties, with which MPF has engaged in financial transactions, are incapable of honoring their obligations under the transaction within pre-agreed time limits, and this inability to honor the obligations leads to a financial loss for MPF.

There are various ways in which a pension fund can control credit and settlement risks, first and foremost to impose counterparty exposure limits on the total fund level and to implement an effective collateral management programme. MPF also gives its fixed-income investment managers investment guidelines that seek to diversify the credit risk as broadly as possible. MPF tries to mitigate the settlement risk by only investing in markets where a proper and reliable clearing and settlement system is in operation. MPF requires from its investment managers to perform a due diligence investigation into the clearing and settlement system of each market before the manager is allowed to invest in a new market. If and when MPF engages directly in transactions in non-exchange traded instruments such as OTC derivative transactions, it will only do so when ISDA and CSA agreements have been established with the transaction counterparties so that MPF's financial position in such a transaction is properly collateralized.

The look-through credit rating split, based on information of independent credit rating agencies (Moody's, and when not available Standard & Poor's or Fitch), in the fixed-income securities portfolio is as follows:

Fixed-income securities – credit rating		2024		2023
AAA	102,267	14.0%	114,486	18.3%
AA	51,019	7.0%	33,636	5.4%
A	44,749	6.1%	59,767	9.6%
BBB	67,524	9.2%	62,025	9.9%
Lower than BBB	196,926	26.9%	159,517	25.5%
No rating	269,446	36.8%	195,233	31.3%
Total	**731,930**	**100.0%**	**624,664**	**100.0%**

Assets without a rating mostly concern cash and short term loans.

12.8.6 Technical insurance risk (S6)
The most important technical insurance risks are the longevity-, death-in-service-, disability-in-service- and the indexation-risk.

The **longevity risk** is the risk that members live longer than assumed in the determination of the AAL. As a result there could be too little assets to finance the accrued benefits. MPF has used the mortality table AG Projection table 2024 to take the most recent mortality assumptions and the increased long-term trend in mortality probabilities (and therefore the life expectancy) into account.

Statistics show that in general the mortality of MPF members is lower than the mortality of the entire population. The AG Projection tables are based on data of the total population in the Netherlands. For a correct calculation of the AAL the difference in life expectancy between the total population and the population of MPF should be taken into account. For this reason MPF uses the MPF specific experience rating based on the WTW 2022 experience rating model.

The **death-in-service risk** is the difference between the cash value of a spouse's pension that starts immediately after the death of a member and the cash value of all accrued benefits of the member. This risk is expressed in the risk premium for death-in-service.

The **disability-in-service risk** for MPF consists on the one hand of the costs for continuation of the pension accrual, which is equal to the cash value of the pension accrual for the future and on the other hand the costs for the disability benefit. The risk premium for disability-in-service is used for this risk.

The death-in-service and disability-in-service-risk are both partly reinsured by Zwitserleven (for more information see note 20 Reinsurance premiums).

The fund has incorporated these risks into the buffer for insurance technical risk at year-end by using the standard model as presented by DNB.

The **indexation risk** is the risk for MPF that the indexation ambition of the board in relation to the price indexation cannot be realized. The extent to which this can be achieved depends on the developments in interest rates, investment returns, wage inflation and demography (investment and actuarial results), depending on the Funding Ratio of MPF. The indexation is conditional.

12.8.7 Liquidity risk

Liquidity risk is the risk that investments cannot be sold within an acceptable time period and/or cannot be transformed into cash at an acceptable price, as a consequence of which the fund cannot meet its financial obligations. The liquidity needs of MPF are modelled and taken into consideration in the investment strategy review, and the resulting asset allocation reflects the MPF's liquidity needs. MPF will invest sufficiently in highly liquid assets that can be sold quickly and efficiently in most market circumstances. Furthermore, MPF invests in assets that generate periodical income streams that can be used to meet MPF's financial obligations, thereby reducing and/or eliminating the need to sell investments to meet cash needs. Income generating assets include (almost) all fixed-income investments. At the end of the year MPF has sufficient liquid assets to meet its liquidity needs. However, the intention, as mentioned, is not to sell these assets but to use the income from income generating assets to supply the required liquidity. The Treasury & Benefits Centre (TBC) also creates a liquidity planning for MPF on a monthly basis.

12.8.8 Concentration risk

Large individual investments in the portfolio can lead to concentration risk. In order to determine which investments could be earmarked as large positions, one must add or compare all positions against the same debtor per asset class. Large positions are then defined as positions that constitute more than 5% of the total assets per 31 December 2024.

Positions more than 5% of the total assets:

		2024		2023
Investment property				
Global Value Poperty Fund	124,194	7.9%	117,170	7.8%
Shares				
PEM EFFEM Fund	139,656	8.9%	134,927	9.0%
Fixed-income securities				
BLACKROCK ICS EUR LIQ CORE	171,261	11.0%	98,799	6.6%
Other				
Blackstone FOF	91,525	5.9%	111,404	7.4%
MARS EVOLUTION FUND	83,831	5.4%	36,453	2.4%
Total	**610,467**	**39.1%**	**498,753**	**33.2%**

12.8.9 Other financial risks (S10)

12.8.9.1 Systemic risk

Systemic risk occurs when the global financial system (all financial and capital markets) no longer functions properly, in which case MPF would not be able to trade its investments. It is difficult for any financial institution to directly control a systemic risk or systemic failure. However, careful monitoring of liquidity, counterparty and concentration risk can help mitigate the impact of a systemic crisis.

12.8.9.2 Specific financial instruments (derivatives)

Within the ranges of the agreed strategic investment possibility, MPF can use financial derivatives to hedge financial risks or to enhance or restrict certain exposures. The possible financial effects of using derivatives will always be taken into consideration.

The use of financial derivatives will expose MPF to price risk and counterparty risk (the risk that counterparties to the transaction cannot meet their financial obligations). Using only approved counterparties and collaterals can mitigate this risk. The following instruments can be used:

Futures

These are standard exchange traded instruments that can be used to change the exposure to asset classes. Futures are used to implement ’s tactical investment strategy and for rebalancing purposes. Tactical deviations from policy are permissible within the predefined ranges of the strategic investment policy.

Equity Put Options

This concerns exchange traded or over-the-counter (OTC) options with MPF can limit the downside risk of an equity portfolio. MPF has to pay a premium to obtain a put option. This premium is dependent on the actual value of the underlying equity index, the maturity of the options, and the exercise price of the option. In case MPF writes a put option (sell a put option), then the premium received would be exposed to price risk in case the underlying index decreases in value.

Equity Call Options

This concerns exchange traded or over-the-counter (OTC) options with which MPF can capture the upside potential of an equity portfolio. MPF has to pay a premium to obtain a call option. This premium is dependent on the actual value of the underlying equity index, the maturity of the options and the exercise price of the option. In case MPF writes a put option (sell a put option), then the premium received would be exposed to price risk in case the underlying index increases in value.

Currency Forward Contracts

These are individual contracts with financial counterparties where both parties agree to buy one currency or security and sell another currency or security at a predetermined price (the forward rate) and at a predetermined time. Currency forward contracts are used to hedge exchange rate risks. Bond Forwards are used in fixed-income strategies.

Interest Rate Swaps

A swap is defined as an over-the counter contract with a counterparty (usually a bank) in which both contract parties agree to exchange interest payments on a pre-agreed notional value. The use of Interest Rate Swaps will help MPF to increase the interest rate sensitivity of the portfolio, thereby reducing the duration mismatch.

Swaptions

A swaption is an option contract on a swap. The option buyer is allowed to enter into a swap contract with a counterparty at a predetermined interest rate, with a predetermined maturity at a predetermined time. The option buyer will only do so if the contract terms are better than the market terms at the time of exercise.

The table below shows the derivatives positions (clean value) in MPF as per 31 December 2024:

Type of contract	Expiry Date	Notional Values	Market Value assets	Market Value liabilities
Futures	Various	-212,356	1,858	-567
Currency Forward Contracts	Various	-	483	-8,911
Equity Options	Various	26,159	9,802	-2,389
Interest Rate Swaps	Various	1,013,207	11,518	-24,038
Total Return Swaps	Various	264,646	619	-1,439
Swaptions	Various	-	-	-284
Total		**1,091,656**	**24,281**	**-37,628**

The table below shows the derivatives positions in MPF as per 31 December 2023:

Type of contract	Expiry Date	Notional Values	Market Value assets	Market Value liabilities
Futures	Various	63,318	2,054	-3,259
Currency Forward Contracts	Various	-	8,564	-529
Equity Options	Various	26,989	8,285	-1,794
Interest Rate Swaps	Various	746,955	91,917	-31,370
Total Return Swaps	Various	9,966	1,206	-4,959
Total		**847,228**	**112,026**	**-41,911**

12.9 Notes to the statement of income and expenditures

(All tables in EUR 1,000)

11 Contributions from employers and employees

The total members contribution amounts 28.6% (2023: 24.0%) of the total capped pesionable salaries for all pension plan members. Since the Pension Board determined that the technical conditions in the contribution policy were met, they decided to grant a contribution reduction for 2024. The resulting employer contribution for 2024 must be at least equal to the age-dependent contributions in the ARP/ASP Plan, which equals an employer contribution of 9.7% of the total capped pensionable salaries for all pension plan members. Therefore, a contribution discount of 18.9% was granted.

As mentioned above, the employer contribution percentage includes the contribution with respect to the ARP plan (EUR 9,038) and a contribution with respect to the ASP-plan (EUR 1,998). The members also contribute to the ASP-plan for a total of EUR 4,646. The total actual contribution is EUR 15,460. This results in a contribution with respect to the Final Pay Plan of EUR -222.

The costs covering-, smoothened- and actual contributions are:

	2024	2023
Cost covering contribution	43,301	27,368
Smoothened contribution	33,105	24,872
Actual contribution	15,460	12,693

The cost covering contribution is based on the actuarial assumptions applicable as per 31 December 2024, including an interest rate term structure according to the instructions of DNB per this date. The smoothened cost covering contribution is, in accordance with the ABTN, based on a single expected return of approximately 5.05%. This causes the smoothened contribution to be lower than the cost covering contribution. The actual contribution is based on the contribution policy and at least equal to the smoothened cost covering contribution (determined at the beginning of the financial year) and is expressed as a percentage of the pensionable salary.

The (smoothened) cost covering contribution is:

		2024		2023
	CCC	**SCCC**	**CCC**	**SCCC**
Unconditional accrual	36,041	27,704	22,620	20,616
Solvency surcharge	4,696	2,837	2,452	1,960
Surcharge for execution- and administration costs	2,564	2,564	2,296	2,296
Total	**43,301**	**33,105**	**27,368**	**24,872**

For more information is referred to chapter 8 “Actuarial section” of this report.

12 Contributions for risk members

	2024	2023
ARP contribution	9,038	7,570
ASP contribution	6,644	5,581
Total contribution	**15,682**	**13,151**

The ASP contribution consist of EUR 4.6 milion of contribution paid by members and EUR 2.0 milion paid by the employer.

13 Investment results for risk MPF

	Direct investment results	Indirect investment results	Investment related costs	Total 2024	Total 2023
Investment property	-	-802	2,264	-3,066	-7,071
Shares	978	68,335	1,652	67,662	33,414
Fixed-income securities	16,196	69,407	350	85,252	-7,245
Derivatives	-9,374	-47,233	185	-56,792	-31,310
Other investments	3,824	-1,509	19	2,296	33,816
Investment results				**95,352**	**21,603**
Allocated to ARP				-2,603	-4,676
Net Investment result	**11,623**	**88,199**	**4,470**	**92,749**	**16,927**

The investment results allocated to ARP is determined on an annual basis at a maximum equal to a percentage amounting to "CPI all households" plus 3%. This will never exceed more than 13% on an annual basis and depends on the actual interest made by MPF. The minimum addition is 0%. The Pension Board decides every six months whether, and to what extent it will be granted.

Investment related costs

The investment related costs include management fees for external asset managers, investment advice, custody fee and other investment related costs (i.e. tax- and legal advice). The total amount of investment related costs of EUR 4.2 million (2023: 4.3 million).

	2024	2023
Management fee external asset managers	2,264	2,134
Investment advice	1,652	1,559
Custody fee	350	316
Other costs	185	307
Value added tax on costs foreign asset managers and other	19	3
Total	**4,470**	**4,319**

The investment related costs represent only the direct costs outside the investment funds.

Transaction costs mainly concern the premiums and discounts on the purchase and sale of shares of securities. The several types of transaction costs, i.e. the 2nd layer costs as well as transaction costs for alternative funds are not recorded in the custodian records and cannot be reliably estimated. Therefore these costs are not separately presented.

14 Investment results for risk members

	2024	2023
Investment results ARP (after deduction of transfers ARP)	2,603	4,676
Investment results ASP	14,383	11,345
Total	**16,986**	**16,021**

The investment results ARP are a part of the investment results for risk fund. The change of the ARP is, besides changes in population, due to contributions and a calculated return. The employer pays contributions for ARP. The calculated return is however not equal to the investment results. In 2024 the calculated return was maximized to the CPI-index plus 3%. The investment results ASP consists mostly of positive returns on shares.

Investment results ASP

	Direct investment results	Indirect investment results	Investment related costs	Total 2024	Total 2023
Shares	-	14,460	-	14,460	11,345
Fixed-income securities	-	-77	-	-77	-
Net Investment result	**-**	**14,383**	**-**	**14,383**	**11,345**

The mutual funds in which ASP invests, provides a shared price in indirect investment results. Also (transaction) costs are included which mainly concern the premiums and discounts on the purchase and sale of shares of securities).

15 Benefit payments

	2024	2023
Retirement pension	36,678	35,031
Partner pension	4,505	4,316
Disability pension	429	473
Commutation of small pensions	40	85
Orphan pension	27	32
Total	**41,679**	**39,937**

16 Execution- and administration costs

	2024	2023
Administration costs	1,748	1,717
Employee costs	487	462
Governance costs (Pension Board, Supervisory Council, Accountability Council)	134	119
Audit and advisory services	2,020	2,039
Membership contributions	124	133
Other costs (mostly transition fees)	7	7
Total	**4,520**	**4,477**

Since MPF does not have employees, there are no salary payments or social insurance charges. The work on behalf of MPF is performed by two employees (2023: two employees) who have employment contracts with Mars Nederland B.V., have been outsourced to MPF and all are working within the Netherlands, therefore there are no employees working outside the Netherlands. The costs are charged to MPF and included in this report. During 2024 their is one seconded employee for who the costs are also presented as employee costs.

The total remuneration paid to members of the Pension Board, Supervisory Council and Accountability Council is EUR 86 (2023: EUR 82).

Independent audit and advisory services

	2024	2023
Audit of the financial statements and regulatory returns to the Dutch Central Bank	97	93
Total	**97**	**93**

Audit services are provided by PricewaterhouseCoopers Accountants N.V.

17 Change provision pension liabilities for risk MPF

	2024	2023
Change provision	40,195	40,135

For more details we refer to the notes under reference number 8

18 Change provision for future disability

	2024	2023
Provision change for future disability	-263	58

For more details we refer to the notes under reference number 9.

19 Change provision for risk members

	2024	2023
Provision change for the account and risk of members	33,916	29,200

For more details we refer to the notes under reference number 10.

20 Reinsurance

	2024	2023
Premium	58	46

MPF has a reinsurance contract for the death-in-service and disability-in-service risks with Zwitserleven until 31 December 2025. This reinsurance can be seen as a catastrophe-risk-coverage because it is based on stop-loss insurance with a net retention of EUR 2.5 million which is approximately 250% of the risk premium. Declaration is possible 24 months after the contract period. In 2024 no claims were made.

21 Transfers of pension rights for risk MPF

	2024	2023
Incoming transfer values	-81	-
Outgoing transfer values	397	97
Total	**316**	**97**

22 Transfers of pension rights for risk members

	2024	2023
Incoming transfer values	-1,857	-1,406
Outgoing transfer values	669	1,530
Total	**-1,188**	**124**

23 Other expenses

	2024	2023
Credit interest bank	5	5
Total	**5**	**5**

12.10 Allocation of the balance of income and expenditure

The balance of income and expenditure (gain) for the year 2024 of 6,470 is added to the other reserves.

12.11 Subsequent events

There are no subsequent events that have a material impact op the balance sheet and statement of income and expenditure.

Veghel, 20 June 2025

The Pension Board

Mr. F. Nieuwland (Chairman)	Mr. H. van Heesch (Secretary)
Mr. P. van Bree	Mrs. R. Steenbergen
Mr. W. van de Laar	Mr. P. van Beek

The Supervisory Council

Mr. P de Koning (Chairman)

Mr. F. Valkenburg

Mrs. E Wiertz

OTHER INFORMATION

13 OTHER INFORMATION

13.1 Articles of association governing profit appropriation

In the Articles of Association of MPF no arrangement is included for the appropriation of the balance of the statement of income and expenditures. The destination is further detailed in the Actuarial and Technical Business Memorandum (ABTN). The proposal for the appropriation of the balance of income expenses for 2023 is included in the statement of income and expenditures.

13.2 Actuarial Statement

Assignment

The assignment to issue an Actuarial Statement, as referred to in the Pension Act in respect of the financial year 2024, was issued to Towers Watson Netherlands B.V. by Stichting Mars Pensioenfonds, established in Veghel.

Independence

As the certifying actuary I am independent of Stichting Mars Pensioenfonds, as required by Section 148 of the Pension Act. I do not perform any other activities for the pension fund other than those based on the actuarial function.

Data

The data on which my audit was based were provided by and were compiled under the responsibility of the board of the pension fund.

In testing the assets of the pension fund and in assessing its financial position, I have based my assessment on the financial data on which the annual accounts are based.

Agreement external auditor

Based on the mutual ‘Handreiking’ that applies for both the external auditor and me, there has been agreement about the activities and expectations concerning this year’s assessment. For the assessment of the technical provisions and the financial position as a whole I have determined the materiality to be equal to € 7,200,000. With the external auditor I have agreed to report any observed discrepancies above a level of € 480,000. These agreements have been recorded and the results of my assessments have been discussed with the external auditor.

In addition, I have used the basic data that has been subject to the assessment of the external auditor within the context of his review of the annual accounts. The external auditor has informed me on his findings regarding the reliability (material accuracy and completeness) of the basic data and other principles that are important for my judgement.

Activities

In carrying out the assignment, in accordance with my legal responsibility as stipulated in Section 147 of the Pension Act, I have examined whether the pension fund complies with Section 126 up to and including Section 140 of the Pension Act. On the basis of transitional law, the aforementioned articles apply as they read until the entry into force of the Future Pensions Act (WTP).

The basic data provided by the pension fund are such that I have accepted these data as the point of departure for my assessment activities.

As part of the work for the assignment I have, for instance, assessed whether:
- The technical provisions, the minimum required net assets and the required net assets have been determined adequately;
- The cost covering contribution has been determined in compliance with the legal requirements;
- The investment policy is in accordance with the prudent person rule.

In addition, I have formed an opinion about the financial position of the pension fund. This opinion is based on the liabilities of the pension fund incurred up to and including the balance sheet date and the available assets on that date, also taking into account the financial policy of the pension fund.

My audit was carried out in such a way that it may be ascertained with a reasonable degree of certainty that the results do not contain any inaccuracies of material importance.

The activities described and the implementation thereof are in accordance with the applicable standards and common practice of the Royal Dutch Actuarial Association and, in my view, provide a sound basis for my opinion.

Opinion

The technical provisions have been determined adequately. The net assets of the pension fund on the balance sheet date were higher than the statutory required net assets.

Taking into account the above, I have satisfied myself that, viewed as a whole, the pension fund has complied with Section 126 up to and including Section 140 of the Pension Act. I would like to note that, on the basis of transitional law, Articles 126 to 140 of the Pension Act apply, as they read until the entry into force of the Future Pensions Act.

The policy funding ratio of the pension fund on the balance sheet date is higher than the funding ratio associated with the statutory required net assets.

My opinion about the financial position of Stichting Mars Pensioenfonds is based on the liabilities of the pension fund incurred up to and including the balance sheet date and the available assets on that date. In my opinion, the financial position of Stichting Mars Pensioenfonds is sufficient.

Rotterdam, 20 June 2025

R.J.M. van de Meerakker MSc, AAG

Affiliated with Towers Watson Netherlands B.V.

13.3 Independent auditor's report

Independent auditor's report

To: the Pension Board of Stichting Mars Pensioenfonds

Report on the audit of the financial statements 2024

Our opinion

In our opinion, the financial statements of Stichting Mars Pensioenfonds ('the Pension Fund') give a true and fair view of the financial position of the Pension Fund as at 31 December 2024, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2024 of Stichting Mars Pensioenfonds, Meierijstad.

The financial statements comprise:

- the balance sheet as at 31 December 2024;
- the statement of income and expenditure for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands, T: +31 (0) 88 792 00 20, www.pwc.nl

Independence

We are independent of Stichting Mars Pensioenfonds in accordance with the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements in the financial statements due to fraud. During our audit we obtained an understanding of Stichting Mars Pensioenfonds and its environment and the components of the internal control system. This included the Pension Board’s risk assessment process, the Pension Board’s process for responding to the risks of fraud and monitoring the internal control system. We refer to section 4.5 ‘Fraud Risk’ of the report of the Pension Board for management’s fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, the code of conduct, which includes whistleblower procedures, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the Pension Board, as well as employees of the Pension Office, whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risk and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
Risk of management override of controls According to the Dutch Standards on Auditing, the risk of management override of controls is present in all entities. Inherently, management has a unique position to commit fraud, due to the ability to manipulate accounting records and to prepare fraudulent financial statements by overriding internal controls that would otherwise seem to operate effectively. Therefore, we perform audit procedures related to address the risk of management override of controls related to: • journal entries and other adjustments made during the process of preparing the financial statements; • estimates; • significant transactions outside the regular course of business. We pay special attention to tendencies following possible personal interests of board members.	We have evaluated the design and implementation of internal controls related to procedures for creating and processing journal entries. We have selected journal entries based on risk criteria and have performed specific audit procedures on these journal entries. We have tested if the journal entries and other adjustments made in the financial statements preparation process are acceptable. We have evaluated the design and implementation, as well as the operating effectiveness, of internal controls related to estimates. We have verified the internal controls related to access management in the IT systems by reviewing the ISAE 3402 reports (or international equivalents) of relevant service organizations. During our audit procedures we have paid specific attention to significant estimates that are based on subjective inputs, such as fund specific elements of the valuation of the technical provisions for risk pension fund and the valuation of non-listed investment funds. Based on our audit procedures and the outcomes, we have evaluated these estimates for possible tendencies that can result in a risk of a material misstatement due to fraud. We have performed, amongst others, the following procedures: • We have evaluated the valuation of non-listed investment funds using the net asset values obtained from audited financial statements for these funds. • We have evaluated the actuarial assumptions and changes to these assumptions, as well as the actuarial analysis, and discussed this with the Pension Board and certifying actuary. • We have evaluated the disclosures related to the financial position of the Pension Fund based on the requirements in the Dutch Accounting Standards ('Richtlijnen voor de Jaarverslaggeving'). We have also paid specific attention to significant transactions outside the regular course of business of the Pension Fund or that would otherwise be deemed irregular, based on our understanding of the Pension Fund and its environment and other information obtained in the course of our audit procedures. We have not identified any significant transactions outside the regular course of business. We have not found any indications of (possible) fraud related to significant transactions outside the regular course of business based on the procedures performed. We have not identified any tendencies in our audit of estimates as a result of personal interests of the Pension Board members. Our audit procedures did not lead to indications of (possible) fraud as a result of management override of controls.

We incorporated an element of unpredictability in our audit. Furthermore, we reviewed correspondence with regulators and during the audit we remained alert to indications of fraud. We have reviewed available information, including the SIRA ('Systematische Integrale Risico Analyse'), prepared by the Pension Board. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

The Pension Board has prepared the financial statements based on the going-concern assumption for all business activities of the Pension Fund for the foreseeable future. Our procedures to evaluate the Pension Board's going-concern assessment included obtaining evidence around going-concern risk and the going-concern assumption used by the Pension Board to determine the amounts and the disclosures included in the financial statements.

Based on the obtained information, we have identified whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern.

Based on applicable laws and regulations, pension funds are required to hold sufficient equity reserves, expressed in the 'Ongoing Solvency Margin Ratio' (OSMR). The OSMR is based on the financial evaluation framework ('financieel toetsingskader'). If the funding ratio is below the OSMR, the Pension Fund must prepare a recovery plan to evidence how the Pension Fund plans to restore the reserves to the required levels. If the Pension Fund cannot meet the requirements for recovery, additional measures must be considered. This may involve the reduction of pension rights of (in)active members and pensioners to meet the OSMR requirements.

As disclosed by the Pension Board in section 4.6 'Going concern risk' of the report of the Pension Board, section 12.5.1. 'Accounting policies – General – Continuity assumption' and note 6 ('Other reserves') of the financial statements, the Pension Fund does not have a deficit in reserves as per year-end. It is the expectation of the Pension Board that the Pension Fund has sufficient potential to prevent a situation of deficit. The Pension Board has performed a going-concern assessment for the foreseeable future (at least twelve months after preparing the financial statements) and has not identified any events or circumstances that may cast significant doubt on the entity's ability to continue as a going concern (further: going-concern risks).

Our procedures to evaluate the Pension Board's going-concern assessment included, amongst others:

- considering whether the Pension Board's going-concern assessment includes all relevant information of which we are aware as a result of our audit and performing inquiries of the Pension Board regarding the most important assumptions underlying its going-concern assessment;
- performing inquiries of the Pension Board as to its knowledge of going-concern risks beyond the period of the Pension Board's assessment.

Furthermore, we reviewed correspondence with regulators. Our procedures did not result in outcomes contrary to the Pension Board's assumptions and judgments used in the application of the going-concern assumption.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the report of the Pension Board and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The Pension Board is responsible for the preparation of the other information, including the report of the Pension Board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the Pension Board

The Pension Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Pension Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Pension Board is responsible for assessing the Pension Fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Pension Board should prepare the financial statements using the going-concern basis of accounting unless the Pension Board either intends to liquidate the Pension Fund or to cease operations or has no realistic alternative but to do so. The Pension Board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Pension Fund's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 20 June 2025
PricewaterhouseCoopers Accountants N.V.

Original signed by H.C. van der Rijst RA

Appendix to our auditor's report on the financial statements 2024 of Stichting Mars Pensioenfonds

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Pension Board.
- Concluding on the appropriateness of the Pension Board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Pension Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13.4 Terminology

AAL	Accrued Actuarial Liabilty
ABTN	Actuariële Bedrijfs Technische Nota
AFA	Administrative and Financial Agreement (uitvoeringsovereenkomst)
AFM	Autoriteit Financiële Markten
AG	Actuarieel Genootschap
ALM	Asset Liability Management
ARP (MUP)	Associate Retirement Plan (Medewerker Uittredings Plan)
ASP (MSP)	Associate Selection Plan (Medewerker Selectie Plan)
BPF (industry wide pension fund)	Bedrijfstak Pensioen Fonds
BSG	Blue Sky Group
CBS	Centraal Bureau voor de Statistiek
CCC	Cost Covering Contribution
CPI	Consumenten Prijs Index
CSA	Credit Support Annex
Defined Contribution Pension Plan (DC)	Beschikbare premieregeling
DNB	De Nederlandsche Bank
EB – Executive Board	Dagelijks bestuur
ECB	Europese Centrale Bank
EM	Emerging Markets
EMD	Emerging Market Debt
EOP	Additional Retirement Pension (Extra ouderdomspensioen)
EPP	Additional Partners Pension (Extra partnerpensioen)
FR	Funding ratio (dekkingsgraad)
FTK	Financieel Toetsingskader
GDP	Gross Domestic Product (Bruto Nationaal Product)
IBNR	Incurred But Not Reported
IMA	Investment Management Agreement
ISDA	International Swaps and Derivatives Association
KPI	Key Performance Indicators
LDI	Liability Driven Investments
LIL	Lower Indexation Level (beleidsdekkingsgraad waaronder geen indexatie wordt toegekend)
MPF	Stichting Mars Pensioenfonds
REI	REI Nederland B.V.
MTR	Minimum Technical Reserve (minimaal vereist eigen vermogen)
OTC	Over The Counter
OSMR	Ongoing Solvency Margin Ratio (vereist eigen vermogen)
PCC	Pensioen Communicatie Commissie
PFR	Policy Funding Ratio (Beleidsdekkingsgraad)
RTS	Rentetermijnstructuur
SLA	Service Level Agreement
SCCC	Smoothened Cost Covering Contribution
TIL	Target Indexation Limit (beleidsdekkingsgraad waarboven volledige toeslagverlening kan plaatsvinden)
TRH	Tail Risk Hedge
UFR	Ultimate Forward Rate
UPO	Benefit Statement (Uniform Pensioen Overzicht)
WTP	New Pension Deal (Wet Toekomst Pensioenen)

Stichting Mars Pensioenfonds
Professor E.M. Meijerslaan 1
1183 AV Amstelveen
Postbus 123
1180 AC Amstelveen
www.marspensioen.nl