

Stichting Mars Pensioenfonds (Mars Pension Fund)

# IMPLEMENTATION PLAN

Date: 17 April 2026

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## General information

- **Name Pension Fund:** Stichting Mars Pensioenfonds
- Pension schemes covered by this Implementation Plan:
  - Final Pay pension plan
  - ARP/ASP pension plan
- The new pension scheme will apply on: January 1, 2028
  - Hereafter referred to as SPR pension plan

# 1 Project organization and decision-making

## 1.1 Project Organisation for the transition period

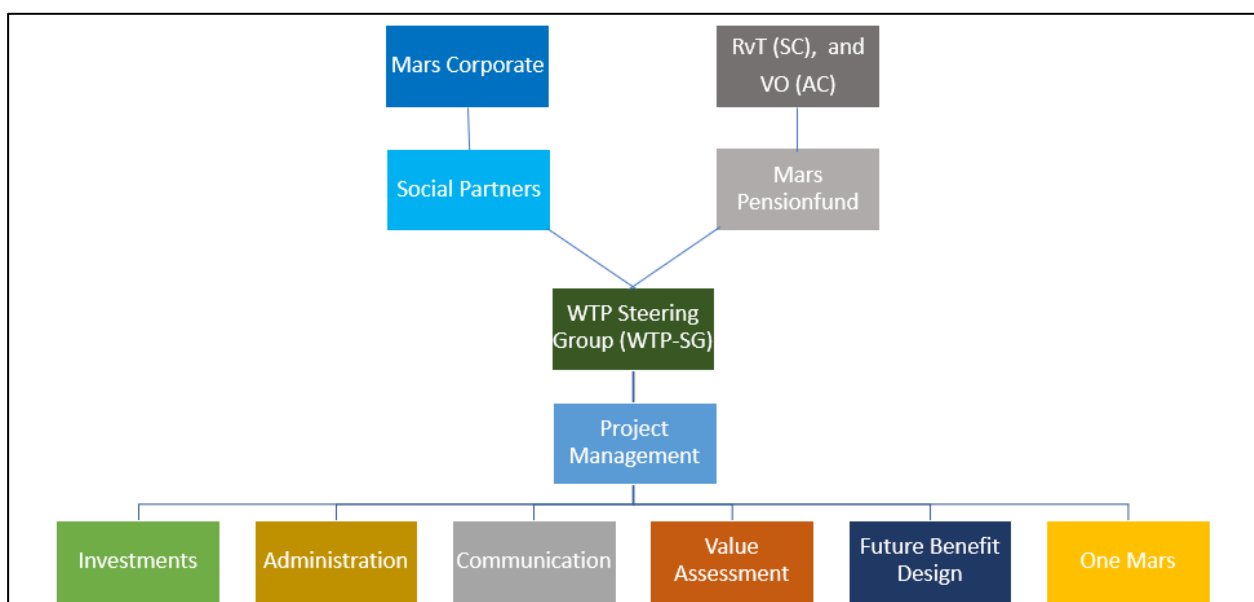
### 1.1.1 Project Structure

It was agreed early in the process (2021) that the Wet Toekomst Pensioenen (“WTP”) project requires active involvement from both Stichting Mars Pensioenfonds (“MPF”) and the sponsor.

A project structure was developed to have one central WTP Steering Team, supported by Projected Management, and several Workstreams (“WS”) to focus on the various key aspects. Representatives from both parties joined the WTP Steering Group, which was co-chaired by the P&O Director Benelux/ITR Auke van Zandbergen and the Chairman of the Pension Board Fred Nieuwland.

In addition to the co-chairs, the WTP Steering Group includes Workstream Leads as members. The Steering Group meetings are facilitated by Project Management and supported by Actuarial and Investment Advisors from Willis Towers Watson (“WTW”), SECOR Investment Advisors (“SECOR”) and Legal advisor Blom Veugelers Zuiderman Advocaten (“BVZA”). The Key Function Holder (“KFH” – in Dutch Sleutelfunctiehouder) Risk was added as an observer of the WTP Steering Group.

Workstream membership consists of representation from the Pension Board (“PB”), Pension Office and the company, including Personnel & Organization (“P&O”), supported by Project Management, Mars Investment team, Mars Benefit team and external advisors.



Graph 1.1

The objectives of the WTP Steering Group and the Workstreams are:

**Steering Group:** the objective of this group is to ensure that the collective of separate Workstream-inputs leads to a balanced, harmonized approach to the final WTP design- and implementation of the agreed pension plan proposal(s). The WTP Steering Group will direct the WS which are appointed as part of the WTP project. The Steering Group has a Workstream-facilitating role and is not a decision-making authority. The decision-making authorities are Social Partners and MPF's Pension Board (PB).

**Future Benefit Design:** to apply the Mars, Incorporated, retirement benefit strategy considering the Dutch WTP legal changes for all Dutch Mars units. The responsibilities of this WS are to create the design of future retirement plan considering the WTP framework and the Mars Inc. directions, determine the transition (timings), decide on conversion or not conversion, establish compensation options, investigate buy-out attractiveness, design future risk benefits and proposition of the future pension/risk benefits provider.

**One Mars:** ensure alignment of all Dutch Mars units regarding future pension benefits in terms of design, transition, conversion and communication.

**Value Assessment:** provide value assessments of the 2 legally proposed pension plan models (i.e. the SPR and the FPR), the potential pension plan vehicles and the potential structures (internal/external). The value assessments should be based on expected pension results as a main objective, in consideration of aspects of complexity, governance, administration and investments costs.

**Investments:** responsible for developing the investment policy before and after the WTP transition, ensuring the portfolio is managed appropriately during the transition and establishing the post Go Live investment framework for all asset components and reserves. This includes supporting and preparing the PB and Social Partners in key investment choices on risk levels, design and implementation (readiness).

**Administration:** facilitate the process to make sure that MPF has a high-quality reliable administration system for the new pension contract in which data quality is guaranteed and the pension fund and its members can rely on sound continued execution.

**Communication:** define the pre- and post WTP communication strategy that minimally comply with the legal requirements for all involved Dutch pension plans of Mars, to support the transition to the new pension plan. The primary objective is to maintain members' trust and ensure they are well-informed about the changes and their individual impact in a timely manner.

### 1.1.2 Milestones achieved and to be realized

**Milestones achieved until April 1, 2026 (the moment of sending the Implementation- and Communication plans to resp. DNB and AFM.):**

- **Early 2021** – WTW shared the outline of the new proposed legal pension plans framework with the PB.

- **November 2021** – Mars Netherlands, after liaising with Mars Incorporated, shared their first broad ideas of a potential new pension design for their associates with the PB. This ingoing position of the company was:
  - Provide a harmonized pension plan option for all NL Mars Associates.
  - Convert (conversion) to the new plan.
  - Reduce the governance burden and complexity and improve the costs efficiency
- **December 2021** – The PB agreed to create a WTP Project Management team
- **March 2022** – The PB agreed with the proposed WTP project organization as visualized in graph 1.1. Monthly meetings of this WTP Steering Group would follow by talking through the options available and discussing the pro- and cons of the ‘Solidaire’ and ‘Flexible’ options prepared by one or more WS (sometimes combined sessions in the so-called Matrix Meetings) until the Transition Plan was sent to the PB.
- **April 2022** – WS Investments together with WTW developed a dashboard, which provided a sound ingoing position and, dependent on the funding level of MPF at the moment of conversion, which would ‘pay all bills’ (think of vested rights, indexation of benefits, compensation to transition to the new plan etc.). The resulting Target Funding Ratio’s (“TFR”) reflect, within certain boundaries, which components would be included in the conversion and which compensation would go to the specific Final Pay- and/or ARP/ASP members, using a so-called Dynamic Allocation Key (“DAK”). The DAK is described in detail in paragraph 4.2.2.
- **July 2023** Ipsos and WTW conducted the risk preference study using the choice sequence method
- **August 2023** – The results of the risk preference study were shared and discussed with the PB.
- **April 2024** – After changing the bylaws, the Mars Senioren Club (“MSC”) formed a Hearing Right Committee to represent the retirees of MPF. This committee consisted of a former chairman of the MPF PB, a former Investment Manager, a former corporate CFO, a former chairman of the Mars Veghel Works Council and former MPF Pension Board Member and another former chairman of the Mars Veghel Works Council and member of the Accountability Council (“AC” – in Dutch, Verantwoordingsorgaan/VO) of BPF Sweets (in Dutch, BPF Zoetwaren).
- **May 2024** – The Hearing Right Committee provided their advice to Social Partners.
- **December 2024** – during the consultation meeting with the AC and Supervisory Council (“SC” – in Dutch, Raad van Toezicht/RvT) the risk attitude results were presented.
- **January 2025** – the opinions of the KFH’s regarding the risk attitude results were discussed with the AC and SC to allow them to ask questions.
- **February 2025** – the AC shared their positive advice regarding the risk attitude.

- **February 2025** – The agreed Transition Plan with the request from Social partner to ease-in to an SPR pension plan was sent to MPF for their consideration/implementation. This included the agreement between Social partners on the DAK. The monthly meetings of the Steering Group were replaced by monthly formal- and informal meetings with workstreams, advisors, PB, AC and SC.
- **March 2025** – The PB unanimously approved the 0.9 version of the Transition Communication Plan in their March 31 meeting.
- **April 2025** – The AC provided their positive advice on the 0.9 version of the Transition Communication Plan.
- **June 2025** – Blue Sky Group (“BSG”) informed MPF about their plans to delay the Go-Live date from January 1, 2027 to January 1, 2028. Multiple meetings and mail exchanges would follow to talk through the consequences for the members, the sponsor, MPF and BSG.
- **August 2025** – The PB formally approved the new Risk Attitude.
- **August 2025** – The PB unanimously agrees in their meeting of August 15 that the quality of the data is of an adequate level for the conversion.
- **September 2025** – The AC provided their updated positive advice regarding the risk attitude.
- **November 2025** - the PB finalized the balancing framework conversations.
- **12 January 2026** – Intended decision by the PB to convert the accrued pension entitlements into the new SPR pension scheme and to conceptually accept the assignment. Also the DAK was approved by the PB.
- **5 February 2026**– The PB agreed to Chapter 4 of the draft Implementation Plan, draft Assignment Acceptance and 0.97 version of the Transition Communication Plan.
- **19 February 2026** – The AC provided their positive advice to convert the accrued pension entitlements into the new SPR pension scheme.
- **19 February 2026** – The AC provided their positive advice on the 0.97 version of the Transition Communication Plan.
- **23 February 2026** – An addendum to the Transition Plan was sent to the PB.
- **15 April 2026** – The SC provided their approval to convert the accrued pension entitlements into the new SPR pension scheme.
- **17 April 2026** – The PB agreed the Implementation Plan and Conversion template
- **17 April 2026** – Decision by the PB to convert the accrued pension entitlements into the new SPR pension scheme and to formally accept and confirm the assignment.
- **17 April 2026** – The PB adopted the final 1.0 version of the Transition Communication Plan.

**Milestones yet to be realized after April 1, 2026 until the planned Go-Live date of January 1, 2028:**

BSG informs Project Management of MPF and the PB of their development activities. This includes the timelines from 2025 until 2028 with the Go/No-Go moments in 2027.

These Go/No go moments are:

April	Mei	Juni	Juli	Aug	Sept	Okt	Nov	Dec
DNB Beschikking? 01.04.2027			Tussentijdse Go/No-Go 01.07.2027			Voorwaarde- delijke Go/No- Go 01.10.2027	Go/No-Go VTC 01.11.2027	Definitieve Go/No-Go 01.12.2027

Table 1.2

The Go/No-Go moments for BSG are dependent on finalization of Plan Rules, SLA and the contractual agreement. The PB will monitor the status of the implementation phase closely in their periodical meetings in 2026 and 2027, realizing that the legal deadline is 1.1.2028, and therefore will create the opportunity to decide per meeting whether a potential no-go situation is applicable. Although there is confidence that no back-up plan is needed to call upon for a delay in implementation after 1.1.2028, given that BSG will have managed five Solidarity Plan implementations by that time, and no FTK Plan will be supported after this date, a back-up plan will be agreed that will enable the regular benefit payments going for the first months in 2028, until the situation is stable to move to the new WTP benefit payments. From a content point of view the PB will define the specific MPF Go/No-Go criteria regarding the July-, October- and November, 2027 moments.

On top of the Key-Milestones for BSG as described, the important Go/No-Go for the PB of MPF will be:

July 1, 2027:

- The approval from DNB has been received or will be received quickly.
- The confirmation from BSG that their milestones they want to achieve on this date are met. This includes the confirmation that all variables of the new pension plan can be processed within their PDC and that those (limited) ones which don't fit within the PDC, are clearly defined, within budget and ready to be tested in the second half of 2027.
- The confirmation from BNY that their milestones they want to achieve on this date are met.
- The confirmation from SECOR that their milestones they want to achieve on this date are met.
- The confirmation from WTW that their milestones they want to achieve on this date are met, and that the conversion calculations, in cooperation with BSG can be incorporated in their system by year-end 2027.
- The confirmation from Mars Incorporated that they agree with the corporate guarantee- and compensation rules as documented in the DAK (below TFR 3 and above TFR 4).

October 1, 2027

- The 'Go' from DNB to go live on January 1, 2028.
- The conditional confirmation from BSG that their milestones they want to achieve on transition date, are met.

#### November 1, 2027:

- The confirmation from BSG, that system tests have run successfully between Mars, BSG, BNY, SECOR and that the Conversion calculations from WTW can be incorporated easily at the appropriate moment.
- The confirmation from BSG that the communication to all members is checked and ready to be distributed.

#### December 1, 2027:

- The final confirmation from BSG is that they are ok to go live on January 1, 2028

### **1.1.3 Follow-up steps up to transition**

In cooperation with BSG a planning has been agreed until the conversion moment on January 1<sup>st</sup>, 2028. On a high level it describes the following topics:

- Risk & Compliance
- Backend (“BE”)
- Tailormade activities re this BE and Front End (“FE”)
- Set-up Conditions and Governance
- How to deal with accrued values of the MPF members and the related conversion
- Setting up basic administration and creating parameters in Wings
- Setting up external interface
- Setting up FE and Pension planner
- Setting up Benefit payment administration
- Setting up Financial Administration
- Setting up Reports
- Transfer from Project- to the ‘normal’ organization
- Operational Readiness
- Defining the Go/No go moments
- Execution

An important change in the new solidary pension contract is the connection between investment administration and pension administration. A monthly prolongation process between the chain partners of MPF must be developed and executed. This process is called the Target Operating Model (“TOM”). The TOM project team has been established with representation of all chain partners and has started the preparation phase. It has been agreed to use the SIVI message standards for all communications between the chain partners. After the Implementation Plan has been submitted, the design, development, testing, and implementation must be completed. Agreements between chain partners are documented in the TOM Working Document.

The key milestones for the TOM process are (with deadlines):

#### ***Design Phase - October 2026***

- Process flows for capital allocation, cash flows and projected benefits administration

- Cost allocation and attribution
- Cohort administration
- Reconciliation process 4-weekly periods versus months
- Production Calendar
- Setup Test plan

### ***Development Phase - May 2027***

- BSG to develop the IT system for pension administration MPF, including unit administration, allocation process and production calendar
- Setup technical Application Programming Interface (“API”) connections between:
  - Bank of New York (“BNY”) and BSG
  - BSG and SECOR
  - BNY and SECOR
- Create templates for SIVI messages

### ***Testing Phase – September 2027***

- Connectivity testing, including back-up connectivity
- bilitySIVI message content
- Dry run

### ***Implementation Phase – November 2027***

- Load data in new system
- Execute shadow run
- Deploy settings in the IT Production environment

## **1.2 Decision-making process**

### **1.2.1 Description of the decision-making process**

Mars Nederland B.V., Mars Food Europe C.V., Wrigley Europe B.V., Direct2Pet Europe B.V. and Champion Europe B.V. (the Company) and the Work Councils of Mars Nederland B.V. and Mars Food Europe C.V. (together called Social Partners) were responsible for the pension/benefit design regarding WTP. The preparation, which led to the proposed new plan design as documented in the Transition Plan was done in close co-operation between these Social Partners, advisors and MPF in 2022, 2023 and 2024 using the Project Organization described in paragraph 1.1 of this document, in which the WTP Steering Group would propose the topics for Social Partners to agree upon.

The ‘Mars Corporate’ box in graph 1.1 refers to the responsibility of Social Partners to seek endorsement of the proposed new pension design from Mars Incorporated, to ensure that, what is proposed in the Netherlands, aligns as close as possible with the global benefit principles of the

corporation given the Dutch legal framework. Social Partners decided in January 2025 that the final Transition Plan could be sent to the PB of MPF for their follow up.

The Transition Plan is the basis for the Implementation Plan. The different components of the final Implementation Plan have been prepared by the various workstreams for discussion and decision-making by the PB. The PB uses the Observe, Assess and Decision-making model (in Dutch BOB model) for this purpose. After approving the underlying documentation, the PB discussed and adopted the Implementation Plan chapter by chapter.

The KFH Risk was invited to be part of the WTP Steering Group meetings as of November 2023 to safeguard that he could fulfil his role and responsibility appropriately. He also fulfilled the role as liaison between the other KFH's Actuarial and Internal Audit and the PB.

Regular consultation meetings have been organized in which MPF PB invited the AC and SC members to guide them through the analyses and considerations to date, the actuarial advisor joined several of the consultation meetings as well. In 2024 the chairpersons of the PB, AC and SC met every month and in 2025 the complete AC and SC joined the monthly meetings to make sure that AC and SC members felt involved and informed about the content and timings of the Implementation Plan.

The responsibilities of the PB, AC and SC are:

#### **Pension Board:**

The PB is responsible for determining the mission, vision, strategy and governance of the Fund and the establishment of the strategic policy in areas such as investment management, pension management and balance sheet management of the Fund, and the strategic policy related to the transition.

#### **Accountability Council:**

With the transition to the new pension scheme, the AC has been assigned additional responsibilities next to their current general tasks. The AC has the authority to express an opinion (the 'Opinion') on:

- The acts of the PB on the basis of the annual report, the financial statements and other Information, including the findings of the SC
- The policy implemented by the PB
- Policy choices of the PB for the future

The additional responsibilities regarding the transition are:

- Extension of indexation opportunities (right to information)
- Risk Attitude (right to consultation)
- Transition FTK and bridging plan (advice right)
- Conversion decision (advice right)
- Administrative & Financial Agreement ("AFA") (advice right)

Furthermore, the PB enables the AC to advise on:

- the communication- and Information policy, including the Transition Communication Plan

### **Supervisory Council:**

In addition to the current responsibilities, the SC has a separate right of approval regarding the intended conversion decision by the PB. The SC assesses the decision-making process of the conversion decision and ensures that all relevant information has been taken into account, with specific attention for adequate risk management and balanced consideration of interests.

The current responsibilities include the approval of the SC for adoption of PB resolutions regarding the following topics:

- the management report and the annual accounts
- transfer of obligations of MPF or taking over obligations of others by MPF in whole or in part
- liquidation, merger or demerger of MPF
- converting MPF into another legal entity.

### **Opinion of the Pension Board**

The PB discussed this Implementation Plan on February 5, 12 and 26, and March 6, and 20 2026, and subsequently adopted it on April 8, 2026, after the opinions of the Key Function Holders were considered, the advice process with the AC and the approval with the SC has been concluded. It was also established that the Implementation Plan complies with statutory requirements. It is the PB's firm opinion that this Implementation Plan forms a solid foundation for the execution of the new Pension design as documented in the Transition Plan. Therefore the PB can accept the Social Partners' request for conversion (in Dutch, *invaarverzoek*) and can accept the assignment to execute the new pension design (in Dutch, *opdrachtaanvaarding*) When adopting the Implementation Plan, the PB decided to leave the possibility open for future adjustments to this Implementation Plan during the implementation phase, based on evolving insights triggered by go/no-go milestones from paragraphs 1.1.2 and 1.1.3 or questions or instructions from the supervising authorities.

### **Judgements of:**

#### **○ Key Function Holders**

The KFH's have been involved in an early phase of the WTP process. The KFH Risk was- and is part of the WTP Steering Team conversations since 2023. This early involvement allowed the PB also to ask for multiple (partial) judgements of the KFH's as table 1.3 is visualizing.

Topic	KFH Risk	KFH Actuarial	KFH Audit
Transition FTK	n/a	✓	n/a
Risk Attitude	✓	✓	✓
Data Quality	✓	✓	✓
Investment Policy	✓	✓	n/a
Transition Communication Plan	✓	n/a	✓
Financial Setup	✓	✓	n/a
Reinsurance	✓	✓	n/a
Solidarity Reserve	✓	✓	n/a
Balance of Interest (DAK and Transition Effects)	✓	✓	✓
Implementation Plan	✓	✓*	✓

Table 1.3

\* Opinion on consistency check between Implementation Plan and Conversion Template

The findings of the KFH's have been part of the final Implementation Plan which are approved by the PB.

#### ○ **Accountability Council**

The AC has been involved from the very beginning of the project through the consultation meetings with the AC and SC. On 16 January 2026 the formal advice request to convert the accrued pension entitlements into the new SPR pension scheme was sent to the AC. The AC drafted its own framework for the evaluation of the WTP conversion. On February 19, 2026, taking all elements into consideration, the AC unanimously decided to provide their positive advice for the intended conversion.

The key criteria the AC looked at were:

- Equal outcome of expected pensions before and after the transition (including granted indexation)
- Sustained pension payments at current levels
- Stable pension results after the transition
- Insight into potential future variation in pension results after the transition
- Cost neutral transition; no benefit decrease, no benefit enhancement (including the value of the additional payment obligation)
- Balance of the transition as a whole: minor differences between groups, if any, need to be understandable and explainable

#### ○ **Supervisory Council**

On 15 April 2026, the SC decided to approve the PB's intended decision to implement the request of the social partners to allow an internal collective value transfer to take place. All available assets will be transferred to the new solidarity-based contribution scheme as of 1 January 2028.

The SCs approval decision is based on the three grounds for refusal as formulated in Article 150I, fourth paragraph of the Pensions Act. The PB must demonstrate that:

1. The request does not violate legal requirements.

2. The effects of the proposed changes on the pension as a whole do not lead to an unbalanced disadvantage.
3. The value transfer is not impracticable within the limits of controlled and ethical business operations.

For each component, the PB has worked iteratively to answer and provide the necessary information to the questions asked by the SC in the WTP assessment framework. In the meantime, findings were discussed between the PB and the SC and, where necessary, follow-up questions were asked and answered, in order to arrive at a final opinion of the SC.

With regard to 1: Based on the available information as of 10 April 2026, the SC does not consider it plausible that the proposed entry decision is in conflict with statutory regulations. The PB has gone through a careful process, using up-to-date legal and supervisory frameworks and being supported by external legal expertise. The SC notes that the relevant legal tests have been carried out, that the conversion template has been completed in accordance with the prescribed version and that the decision-making process has been brought into line with the requirements of the Pensions Act and the Future Pensions Act. On this basis, the SC concludes that, given the state of affairs as of 10 April 2026, there are no indications that the entry request is in violation of statutory requirements.

With regard to 2: Based on the process followed by the PB, the elaborated balance framework with the DAK at its core, the qualitative and quantitative analyses carried out, the explicit weighting of the special MPF characteristics and the unanimous positive advice of the AC, the SC concludes that there is no question of a certain group of participants being structurally disadvantaged in the proposed distribution of the fund assets and the design of the new pension scheme. Based on the information available as per 10 April 2026, the SC considers it plausible that the effects of the proposed changes will not lead to an unbalanced disadvantage with regard to the pension as a whole. The SC also takes into account the fact that the PB did not assess the balance solely on the basis of delta net profit, but also on the basis of other quantitative and qualitative criteria. The SC acknowledges that the fund-specific characteristics may require more explanation to the external supervisor, including the criterion 'Net Profit - Benefit Only' and the chosen spread period of 60 years and the relationship between the Dynamic Allocation Key and the corporate guarantee.

Regarding 3: Based on the available information as per 10 April 2026, the SC considers it plausible that the value transfer is not impracticable within the limits of controlled and ethical business operations. The PB appears to have taken adequate measures to ensure the viability of the transition. The data quality is well guaranteed, a transition Own Risk Assessment ("ERB") has been carried out with various underlying risk analyses, and the overall conclusions are positive.

## 2 Risk analyses and control measures

### 2.1 Risks and control measures:

In preparation for the transition to the new pension plan, MPF conducted an Own Risk Assessment (“ORA”) to evaluate the current risk landscape and to assess how MPF’s risk profile will evolve during and after the conversion. This chapter provides a concise summary of the key outcomes of that ORA, focusing on the most relevant risks. For a comprehensive and detailed assessment, the full ORA should be consulted.

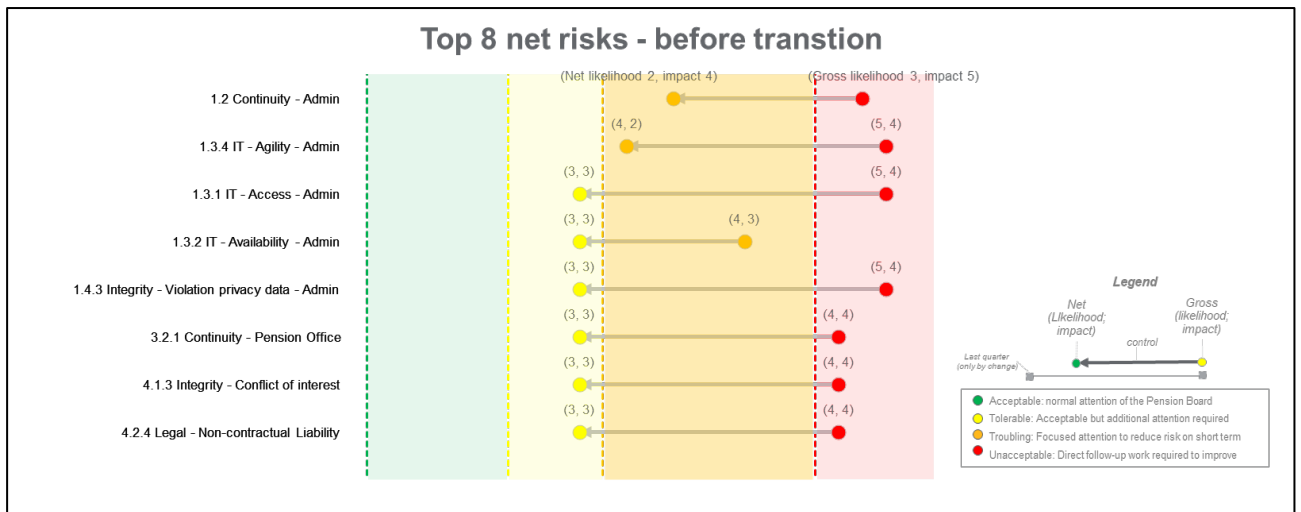
#### **Before the Transition**

Before the transition to the WTP, MPF manages a complex and well-established pension environment consisting of both the closed Final Pay plan and the ARP/ASP defined contribution plan. MPF’s financial structure is characterized by a strong Funding Ratio, robust hedging policies, and a carefully calibrated set of TFR’s. These TFR’s play a central role in the financial governance of the transition.

The risk environment before the transition is broad, with both financial and non-financial risks thoroughly assessed within the existing Integral Risk Management (“IRM”) framework. Financial risks primarily relate to the volatility of markets, liability and assets valuation, interest rate and inflation movements, and the performance consistency of investment managers. These risks are monitored quarterly through dashboards, and by annual and strategic reviews. The ALM study and the OSMR-measure together provide a comprehensive view of both long-term and short-term risk capacity. The PB has recently optimized the investment policy up to the transition date to increase the likelihood of reaching the desired funding level.

The ARP/ASP plan is a plan and therefore places most financial risks with the members. The ARP plan shares its investment policy with the Final Pay plan and provides a conditional return between 0% and CPI+3%, supported by a retained-return buffer which is monitored by the PB. The PB has made a proposal to the Company, following the derisking of the investment policy, that the ARP plan receives a credit based on a specific ARP investment policy that will target CPI+3%. The ASP plan uses age-dependent lifecycles with enhanced interest-rate hedging, partly covering ARP interest-rate exposure. Although members bear the financial risk, MPF remains responsible for designing appropriate lifecycles and monitoring expected pension outcomes, which are reviewed quarterly.

Non-financial risks, including pension administration, investment management, internal business operations, legal matters, and the strategic environment, form an important part of the pre-transition landscape. With 51 risk categories identified, most risks are managed within acceptable or tolerable levels. However, two risk categories are marked as a risk with focused attention. The top eight highest net non-financial risk categories are presented in graph 2.1.



Graph 2.1

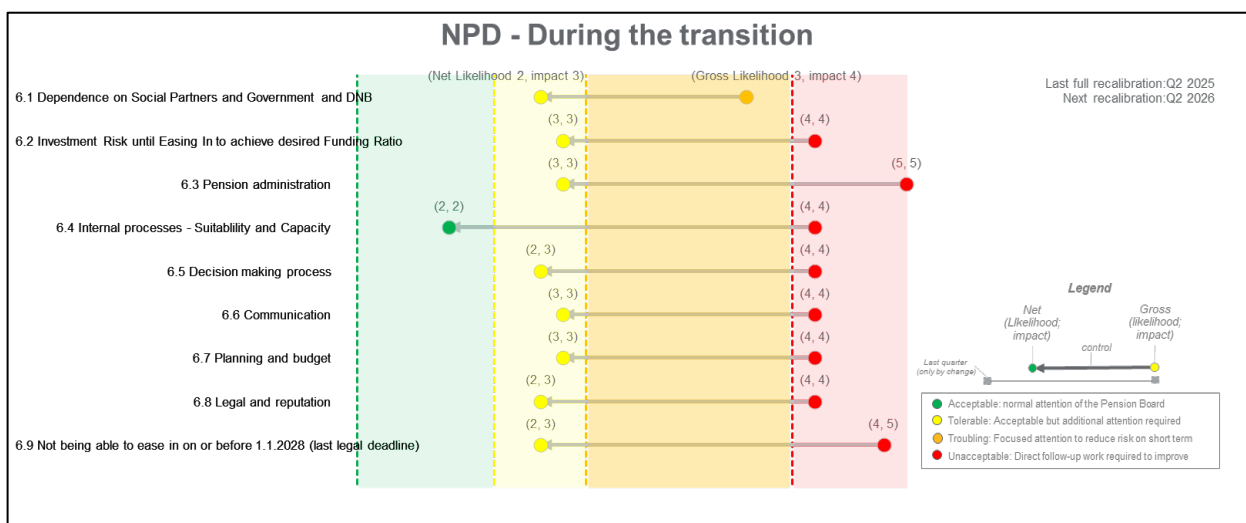
The first risk with focused attention concerns Pension Administration – Continuity, driven by the complexity of MPF’s current pension schemes and some staff turnover at BSG. These factors increase the likelihood of impacts on core processes and potentially create pressure on the continuity of knowledge in pre-transition environment. Although the current delivery against SLA requirements is at a very high level and post-transition MPF will have a simpler pension scheme, MPF pre-transition monitors operational continuity with BSG.

The second risk with focused attention is Pension Administration – IT Agility, reflects attention on the ability to implement required system changes with BSG on time, at acceptable cost, and without introducing operational risk. The required deadline for WTP-related system adjustments carries a degree of risk, although it is beneficial that MPF will not be the first fund to transition to the new system.

The pre-transition phase is therefore characterized by financial strength but heightened sensitivity to the complexity of the current pension schemes, capacity challenges in administration, and technological adaptability. These pre-existing conditions form the baseline from which MPF enters the transition to the new pension plan.

### During the Transition

The transition to WTP introduces a significantly more dynamic and interdependent risk environment. Financially, operationally, legally, and strategically, MPF enters a period of transformation in which multiple processes must change simultaneously. To manage this, the risk framework has been expanded more than three years ago with dedicated transition-specific risks, reviewed and updated by focus groups and integrated into the quarterly IRM dashboard. An overview of these transition risks can be found in graph 2.2.



Graph 2.2

The risks '6.3 - Pension administration and 6.9 - not being able to ease in on or before 1-1-2028', relate to the possibility that the pension administrator cannot implement the new pension plan in time, which would jeopardize the entire transition. This risk increased when BSG postponed MPF's transition date to 1-1-2028, the final legal deadline, as the transition of their other clients requires more time and resources than anticipated. Subsequently the situation has improved early 2026, following the successful SPR conversions of two other BSG clients and progress on updating the addendum to the service agreement, which was signed in February 2026. While these developments indicate a directional improvement of the net risk score, MPF will await practical experience from already transitioned funds before concluding that a material risk reduction has been achieved.

Legal risks remain carefully managed (6.8) during this phase. An additional legal risk review confirmed that all legal risks fall within the existing risk appetite (see also paragraph 2.5.1).

Operational and IT risks increase as the transition involves new data flows between the administrator and investment fiduciary. These risks are mainly discussed under the risk categories under the normal framework, and under the implementation risk discussed above. The planning and budget risks remain under close review due to the potential for rising implementation costs.

The risks under '6.2 - Investment risk during easing in -included in the non-financial risk dashboard -' are linked to financial risks during the transition. Financial risks during transition relate to the required shift from FTK based liabilities to individual capital-based arrangements. This transformation temporarily disrupts the alignment between assets and liabilities and heightens mismatch risk. As the characteristics of liabilities change into a solidarity plan structure, asset allocation must evolve accordingly. This will require careful transition planning, (regular) monitoring and adjustment of the matching portfolio, including scenario analysis, to assess the impact of different market conditions on liabilities and asset values. The transition period may coincide with heightened market uncertainty, amplifying the risk of adverse market movements. Changes in investment policy or asset allocation during the transition could inadvertently increase the possibility of mismatch vs the targeted investment policy. It will be important to maintain strong diversification across asset classes and geographies and the use of risk management tools such as derivatives to manage the exposure during transition.

Implementation risk arises from the operational and execution challenges of moving to the new pension plan, including changes to investment strategy, member data, systems and IT infrastructure, which entail a risk of errors, delays or miscommunication that could affect outcomes. Because above requirements will also evolve towards the transition and may impact 6.2, 6.3, 6.8 and 6.9, strong project governance, project management -with clear timelines, responsibilities, continuous monitoring and the involvement of experienced external advisors- is essential. In addition, the conversion may require reallocating or liquidating assets, which increases liquidity risk if market conditions are unfavorable; MPF mitigates this by maintaining sufficient liquid assets and cash reserves, supported by regular liquidity stress testing.

The transition period thus represents a phase of heightened vigilance, with multiple risk categories interacting in complex ways. MPF navigates this by strengthening governance, increasing operational monitoring, reinforcing legal protections, and ensuring that the financial position remains stable enough to withstand market movement during conversion.

### **After the Transition**

The post transition environment presents a fundamentally altered risk landscape. Under the new pension plan, financial risks shift predominantly to the individual members. Traditional risk indicators such as (monitoring of) a funding ratio, a contribution coverage ratio, indexation, or a short-term risk attitude expressed in terms of required capital are no longer form part of day-to-day governance.

Despite these changes, many investment related aspects for MPF remain largely unchanged. The volatility of markets, interest rate movements, and the performance consistency of investment managers continue to play a critical role, as do return levels, return versus benchmark, the asset mix, and the overall risk appetite. Although some of these risks will shift from MPF to the individual members under the new pension plan, they remain essential drivers of MPF's investment strategy and monitoring framework.

One area MPF will need to implement is the enhanced monitoring of expected pension results using replacement ratios and DNB scenario sets, in a similar way MPF currently monitors the ARP/ASP plan. The solidarity reserve provides a collective cushion that helps manage shocks, but the primary financial exposure lies at the level of the members' personal pension assets.

This change places greater importance on communication. Given the shift in risk to the members, communication is identified as a key area of attention. Particularly in the event of losses on financial markets shortly after the conversion, a significant impact on trust would be anticipated. This will need to be addressed in communication messages.

Non-financial risks evolve differently. An overview of the top net non-financial risk can be found in graph 2.3.



Graph 2.3

Under pension administration, the gross and net risk for continuity decreases as the plan moves from a complex Final Pay and ARP/ASP structure to a more “common” solidarity plan. Although the new system remains complex, the MPF-specific complexity reduces. This results in the fact that this risk is no longer part of the top net risks. At the same time, IT becomes more important because multiple systems must provide data to support processes between the pension administrator and the investment manager. The gross likelihood of issues on 1.3.2. IT - availability is expected to be higher due to this. The net risk prior to and after conversion is comparable and is expected to come out lower in the longer term. Some scenarios on the risk cards have been adjusted to better fit the new pension plan, and no additional measures are expected to be needed.

Under investment management, the impact of the quality of the Investment Fiduciary increases, as more emphasis is placed on the new dataflow between the Investment Fiduciary and the pension administrator. Communicating incorrect capitals could affect MPF’s reputation, so two additional measures are suggested: (1) testing timely month-end closing according to TOM and (2) checking whether data per cohort adds up to total assets. The likelihood of the quality risk of the custodian can decrease, as WTP does not introduce major changes for the custodian apart from the split in Return Portfolio, “RP” (the investment allocation that targets excess return (in Dutch, *Rendementsportefeuille*), and Matching Portfolio, “MP” (the investment allocation that target a protection return (in Dutch, *Beschermingsportefeuille*) and the correct and timely execution of specific tasks within the TOM month-end closing process, in coordination with the other chain partners. During initial month-end closings, the net risk may be higher and will be monitored and increased if necessary. Scenario descriptions have been updated but no further measures are deemed necessary.

Within ‘internal business operations’ there is only one risk change: the Administrative & Financial Agreement, “AFA”) and product development risk, where likelihood decreases due to reduced MPF specific complexity. Again, scenarios have been updated to better fit the new plan, and no new measures are needed.

In the legal area, risks concerning potential lawsuits about conversion-capital allocation remain relevant but are mitigated by the earlier proposed measures, and risk levels before and after

transition fall within tolerable levels. Choice guidance may influence non-contractual liability, though this risk is not expected to increase. Strategically, fewer new requirements and less customization reduce the gross agility risk, while the more individual character of the plan increases the likelihood of Environmental, Social and Governmental (“ESG”) -related risks. To reduce this, periodic ESG surveys and an assessment of MPF’s added value for members will be added, alongside adjusted scenarios to better reflect the new situation.

## **To conclude**

MPF has outlined a series of essential actions aimed at mitigating both financial and non-financial risks. The following actions are identified:

- Completing the assessment of the effectiveness of control measures
- Keep monitoring WTP project risks; in particular the risks '6.3 Pension administration' and '6.9 not being able to convert on 1-1-2028', as well as their control measures (including project management, project plan and follow-up of timelines) Maintain strengthened monitoring of the Funding Ratio and TFR levels, aligned with updated financial parameters and the October 2025 policy update.
- Design the risk framework for financial risk after transition, like the current DC monitoring; periodic mismatch analysis and allocation control, intensified liquidity and collateral management monitoring, monitoring the own assets, periodic check risk exposure.
- Closely monitoring of the two risks with focused attention after the transition: quality of the pension administrator and IT agility of the pension administrator.
- Add newly required measures, including validation of conversion-capital calculations, a reassessment of required provisions and reserves, testing timely month-end closing according to the TOM and checking whether data per cohort adds up to total assets
- Employ strengthened communication governance following Transition Communication Plan, with specific emphasis on expectation management in the event of early-stage market volatility after conversion.

MPF is well-positioned for the transition to the new pension plan. While certain risks require focused attention, particularly in pension administration and IT, no risks have been identified that would obstruct the transition. MPF’s sufficient financial position, proactive risk management, and clear strategic direction provide a solid foundation for successful implementation.

### **2.1.1 BSG and their Risk and Control Measures**

BSG plays an important role as MPF’s administrator. Their risk management set-up is therefore explained in this paragraph. They operate with a Three Lines Model, which will be explained hereafter, which is closely connected with the Three Lines of Defense Model from MPF (see paragraph 2.1.2).

## **Risk Model of the Pension Administrator**

The risk management within the BSG Horizon program is organized according to the internationally recognized Three Lines Model. This model provides a layered and coherent approach to identifying, assessing and managing risks in the context of the implementation of WTP. In 2027, the focus of the program will be on the management of two BSG client simultaneous transitioning, including go-live, as well as on aftercare and further implementation of WTP components. Risk management supports both decision-making and day-to-day management and is aimed at demonstrably managing risks across funds and program lines. In the TOM ways of working (see also 1.1.3 and 2.1.3 for further explanation of the TOM) future responsibilities will be agreed.

## **Organization of risk management**

### First-line risk management

The first-line risk management within BSG Horizon is responsible for identifying, assessing and managing risks within the program and is closely involved in the day-to-day change management. The first line works together with the program management and product owners and ensures that risks are identified and prioritized in a timely manner and that measures are followed up in a timely manner.

#### *The core activities of primary care in 2026*

- Keeping the integral risk picture up to date at program and fund level.
- Monitoring key risks and testing the effectiveness of control measures.
- Identifying and escalating material risks and deviations.
- Supporting decision-making around go-live and post-live stabilization.
- Securing recording and demonstrability within the Control Framework.
- Performing (and recalibrating) Risk Self Assessments (“RSA”).

In this way, primary care contributes to a demonstrably controlled and honest transition to WTP and its subsequent implementation.

#### *Performed and planned (calibrations) RSA’s by primary care*

- Calibration Mars Pension Fund (quarterly)
- Calibration other Pension Funds (quarterly)
- RSA Program plan 2026 (Q1/Q2 2026)
- RSA lessons-learned (Q1/Q2 2026)

#### *Reports*

- Risks in the progress report to the funds (monthly)
- Risks in the Horizon Steering Group Report (monthly)
- Risks in the reporting to the Horizon program management team (monthly)
- Risks in the accountability reporting to the client funds (quarterly)

- Go/No-Go reports for MPF's transition: July 1, October 1, November 1 and December 1, 2027

### *Control testing*

Depending on the periodicity of the controls, the phase of the program and the risk profile within the risk domain, the effectiveness of the control measures will be tested. A schedule for 2027 will be made.

### Second line (independent risk management function)

The second line fulfils an independent, testing and advisory role in relation to the BSG Horizon program. The second line monitors the coherence, quality and consistency of risk management and acts as a critical counterforce to the first line and the program.

#### *The core activities of the second line in 2027*

- Assessing and challenging the integrated risk picture and the underlying assumptions.
- Participating in and assessing RSA's program.
- Testing the design and assessment of the effectiveness of control measures and the Control Framework.
- 2<sup>nd</sup> line monitoring on testing of control measures by 1<sup>st</sup> line.
- Issuing risk opinions on important decisions and milestones (such as go/no go moments, go-live and post-go-live evaluations).
- Monitoring the timely and adequate follow-up of issues and control measures.
- Reporting on the integral risk assessment to BSG's Executive Board and BSG's Supervisory Board.

The second line operates independently of the program, under the responsibility of the Chief Financial & Risk Officer and does not conduct RSA's itself. A schedule has been drawn up for 2026 with risk milestones, in which the second line will provide a risk opinion on important milestones such as:

- Risk reporting in Horizon steering group report
- Go/no go decision-making regarding MPF
- Go live WTP Front End

### Third line (Internal Audit)

The third line carries out independent audits based on a multi-year audit plan. The focus is on assessing the effectiveness of governance, risk management and internal controls within the program. The third line reports its findings to the Executive Board and Supervisory Board and provides an independent opinion on the adequacy and effectiveness of risk management.

#### *Audits carried out by the third line*

- Review actuarial calculation
- Review of the preparation of the process for the customer conversion

- Review process transition

## Conclusion

BSG Horizon's risk management is deeply integrated into the program's organizational structure and reporting processes. The layered and integrated approach enables BSG to proactively identify, assess, and mitigate risks. This is essential for the success of the implementation of WTP and the assurance of a controlled and honest execution.

### 2.1.2 Operational and IT Risks

In order to control operational and IT risks the PB developed the Three Lines of Defense (IORP II legislation) Model.

#### 1. *First line of defense: Risk owners*

A large part of the risks to which MPF is exposed relate to the (daily) activities that are carried out within MPF or at external service providers. This concerns all processes that are carried out, such as pension administration and asset management, but also the activities within the Pension Office and the PB. This is the core of MPF and thus the core of Integral Risk Management, so this is where the primary responsibility and ownership for the risks and their control lies.

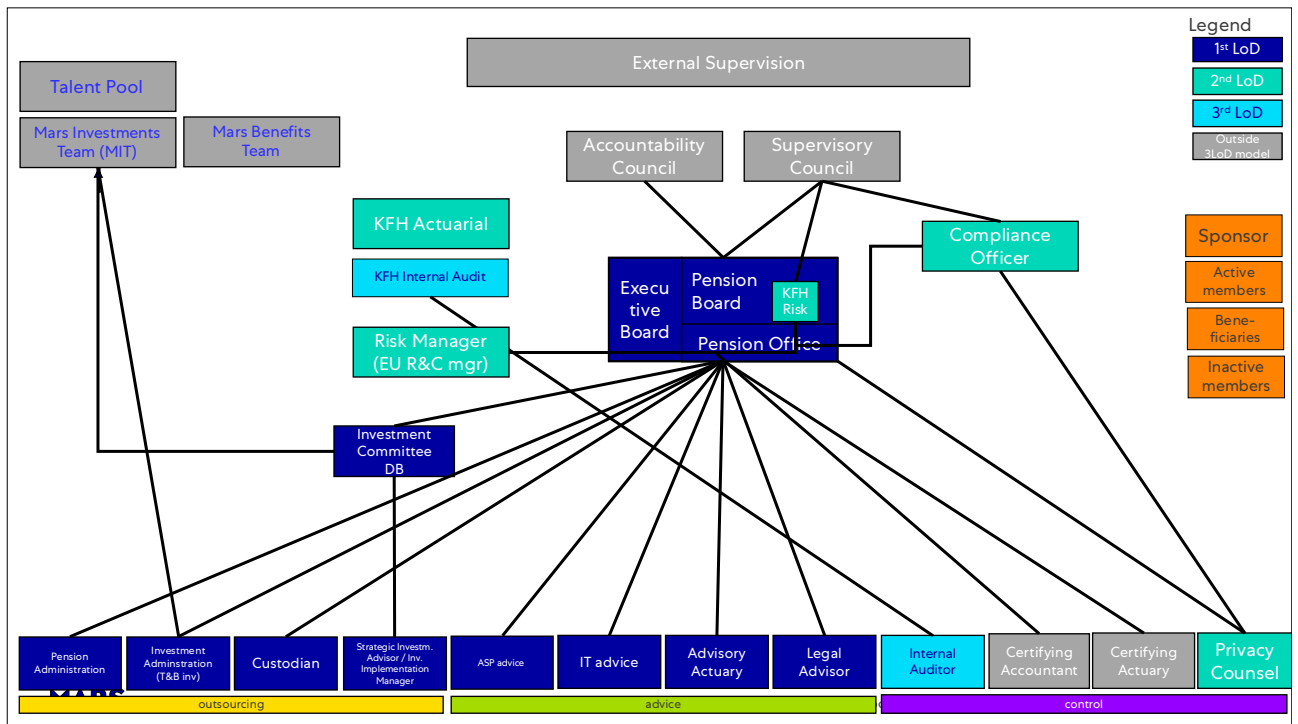
#### 2. *Second line of defense: Control function*

The control function, which forms the second line of defense, assesses, monitors and reports on the risk management system and has an advisory and initiating role in relation to the risk management framework. In particular, the risk-management-function and actuarial function (key functions) are part of the control function. The activities involved with the control function are also covered by several components of internal governance.

#### 3. *Third line of defense: Internal audit function*

The internal audit function is responsible for carrying out (internal) audits within the business operations of MPF. Where appropriate, the audit function can periodically evaluate the adequacy and effectiveness of the control function. The internal audit is conducted by an external party (BDO) and is led by an independent external expert.

Interactions with suppliers, governance bodies and KFH's are visualized in graph 2.4.



Graph 2.4

Responsibilities and processes of external and internal parties are organized along these lines as this Implementation Plan will show.

### 2.1.3 Key changes in the roles and responsibilities of the pension administrator and parties in the investment management chain

Broadly speaking, the transition to the solidarity-based contribution scheme will not change the existing tasks and responsibilities of the main parties in the asset management chain (mainly MPF, BSG, BNY and SECOR). After all, BSG remains responsible for the implementation and execution of the pension administration, and BNY remains responsible for the implementation and execution of asset management. A new process in the relationship between pension administration and the asset management chain is the design of the liaison function, whereby the information about pension assets, cohorts and the associated allocation rules, cash flows, realized returns, etc., leads to a new process regarding the periodic delivery of data and information between these parties.

The introduction of the new pension system will lead to adapted services for the various parties to which new processes are also linked (see the next paragraph). The agreements regarding the roles and responsibilities in the asset management chain are further described in the TOM process.

### **Key responsibility changes of the pension administrator BSG**

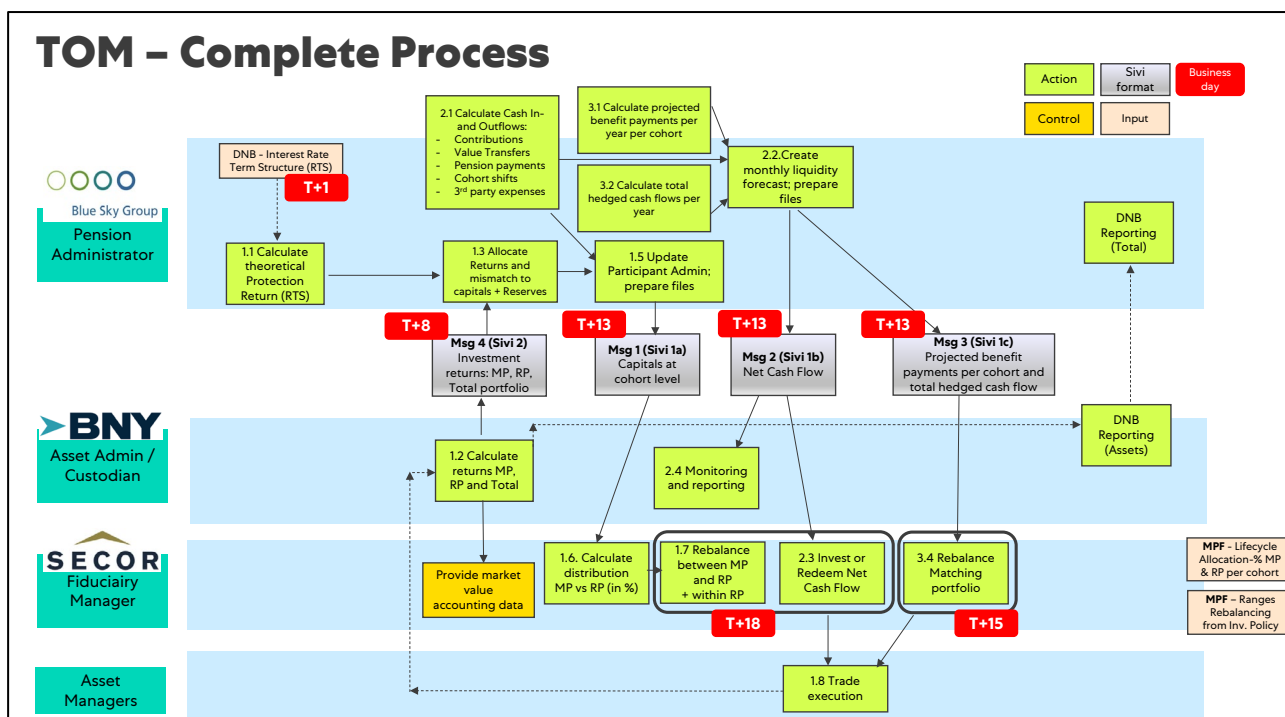
MPF has outsourced its pension administration to BSG. Current activities from BSG related to the member administration in general will remain unchanged. The administration of the solidarity-based contribution plan will lead to new processes. As a result of the transition to the new pension plan, personal pension assets will have to be administered instead of benefit entitlements and rights. This has consequences for member communication and will lead to different requirements regarding the expertise and knowledge in the direct member contact atmosphere. The customer service representatives at BSG serve to be further trained and supported for this purpose. BSG will provide an internal WTP training program for their employees.

### **Key responsibility changes in the investment management chain**

In broad terms, the existing tasks and responsibilities of the key parties within the investment management chain, primarily SECOR, BSG and BNY, will remain unchanged following the transition to the solidary pension contract. BSG will continue to be responsible for the execution of the pension administration. SECOR will remain responsible for the implementation of investment management and the rebalancing process, and BNY will continue to oversee the investment administration of the assets.

A key new process introduced in the relationship between pension administration and the investment management chain is the direct exchange of information regarding pension assets, cohorts and their associated allocation rules, cash flows, realized returns, and related data. This results in a new process governing the periodic delivery of data and information between the parties involved. This data exchange will follow the SIVI standards to ensure proper governance and standardization in the investment management chain.

The introduction of the solidary pension contract will lead to adjustments in service provision across the various parties, accompanied by the implementation of new processes (see also section 2.1.4). The agreements concerning roles and responsibilities within the investment management chain have been formalized with the relevant parties and are documented in the TOM Working Document, see also graph 2.5.



Graph 2.5

## 2.1.4 Changes in the main business processes

### Description of changes in the main business processes of the pension administrator

The processes that will be modified within BSG arise partly from changes introduced by WTP and partly from BSG's decision to renew or replace several (critical) business applications. These changes are coordinated and executed within BSG's Horizon program. The additional responsibilities of BSG are described in more detail in the Transition-DVO.

An overview of the responsibilities and processes within pension administration that will remain unchanged, and those that will change are presented in table 2.6.

<b>Pension Administration Functional Areas</b>	
Responsibilities and processes that do not change	Responsibilities and processes that do change
Employer and participant mutations that have no impact on the Personal Pension Capital (“PPC”).	Employer and participant mutations that impact the Personal Pension Capital (PPC).
Employer and participant processes related to the collection of pension contributions.	Processing contributions to the PPC.
The process for releasing cash for pension benefit payments.	The process for paying pension benefits with respect to timing and processing of the PPC.
Facilitating liquidity for paying reinsurance premiums and other expenses (investment management, pensions, general costs).	Sharing information with SECOR on cash inflows and outflows via SIVI file 1b.
	Allocation of returns relating to the matching return.
	Sharing information with SECOR on asset values after return allocation via SIVI file 1a.
	Sharing information with SECOR on the asset values per cohort and the key changes therein on a monthly basis.
	Establishing the information required for expected future benefit payments for interest rate hedging, by cohort; sharing this information with SECOR via SIVI file 1c.
	Sharing information with MPF for monitoring the target asset allocation calculated by SECOR.
<b><i>Ad hoc policies and processes:</i></b>	<b><i>Ad hoc policies and processes:</i></b>
- Requests to release additional cash for invoice payments.	- Decision making related to investment policy
<b><i>Recurring policy aspects and processes (annual or biennial):</i></b>	<b><i>Recurring policy aspects and processes (annual or biennial):</i></b>
- Adjustment of the level of premium surcharges.	- Adjustment of mortality tables (biennial)
	- Assessment of longevity risk with actuarial impact
	- Annual update of PPCs regarding the technical result
	- Adjustment of benefit levels based on the benefit policy and the return smoothing policy
	- Implementation of decisions regarding the solidarity reserve and the risk fund provisions <sup>1</sup> , including transfers from reserves to PPC’s
	<b><i>Policy aspects recurring every five years:</i></b>
	• Cohort segmentation
	• Allocation policy of returns across cohorts
	• Allocation policy of returns to equity reserve, the solidarity reserve, and risk fund provisions
	• Policy regarding pension benefit payments and the smoothing of returns

Table 2.6

<sup>1</sup> Collective provisions established to cover specific, predefined risks that are not allocated to individual Personal Pension Capitals (PPCs), such as biometric, actuarial, or other insurance-related risks. Risk Fund Provisions are held separately from individual pension assets and are used exclusively to absorb deviations arising from the realization of these risks, in accordance with the applicable policies and regulations.

## Description of changes in the main business processes of the investment fiduciary

The coordinating investment management performed by SECOR and its interaction with any external managers will remain unchanged. The responsibilities and processes related to investment management that do or do not change are outlined in table 2.7.

Investment Management functional areas	
Responsibilities and processes that do not change	Responsibilities and processes that do change
Execution of asset management activities	Allocation of the current investment portfolio into a matching portfolio and a return portfolio <sup>2</sup> .
Monitoring of investment portfolios	Monthly determination of the target asset allocation based on input received from BSG, SIVI file 1b, and SIVI file 1a.
Compliance activities	Sharing target asset allocation information with MPF, enabling them to monitor the outcome against the input received from BSG.
Releasing cash for pension payments	Timing of cash releases for pension payments within the monthly cycle.
Implementation of interest rate hedging (interest rate sensitivity) based on the benefit payment forecast.	Receipt of information required to assess the interest rate hedge, via BSG and SIVI file 1c.
Possible discretionary changes to the investment policy communicated directly by the PB	Adjustments to the investment policy that are first implemented within BSG through the return allocation rules. This will be reflected in BSG's input via SIVI files 1a and 1b for determining the target mix
Implementation of rebalancing where necessary because exposure to an asset class has moved outside the prescribed bandwidth.	Determining and reporting the matching return, mismatch return and excess return in net amounts (after deduction of investment management fees).
Provision of investment reporting	
Manager selection / monitoring processes	

Table 2.7

## Description of changes in the main business processes of the custodian

BNY is responsible for the investment administration of assets. An overview of the processes that will remain unchanged and the processes that will change is provided in table 2.8.

<sup>2</sup> The target asset allocation distinguishes between investments intended for protection (the Matching Portfolio, referred to in Dutch as the Beschermingsportefeuille or "MP") and investments intended to generate excess returns (the Return Portfolio, referred to in Dutch as the Rendementsportefeuille or "RP").

Custodian Functional Areas	
Responsibilities and processes that do not change	Responsibilities and processes that do change
Determining the NAVs of the underlying investments at month end.	Splitting the investment administration into a matching portfolio and a return portfolio.
Reconciling the Accounting Book of Records (ABOR) with the Investment Book of Records (IBOR) of the investment managers.	Determining the monthly value (NAV) of the matching portfolio and the return portfolio.
Preparing the investment administration.	Providing the investment administration, of the total, and separately the RP and MP investment administration, to the Investment Fiduciary for the calculation and reporting of the matching return, mismatch return and excess return in net amounts (after deduction of investment management fees).

Table 2.8

## Risk Management as it relates to the changes in business processes

The control measures relating to the risks arising from the adjusted business processes are described in the TOM. The risks can be categorized into three types:

1. Risks of errors being made or information being incorrect.
2. Risks of incompleteness, where information is missing or insufficient.
3. Risks related to timeliness, where required deliverables cannot be completed on time.

### 2.1.5 Changes in governance

With the transition to WTP, MPF does not foresee any direct changes in terms of the governance model. However, during the WTP transition, the AC was temporarily expanded from 3 to 6 members, to give the AC the best possible preparation for issuing its advice. After the conversion date, the number of members of the AC will be reduced from 6 to 3 again. The PB will conduct a strategic review of the governance model after the transition.

### 2.1.6 Changes in the cost structure

The transition to WTP affects MPF's administration costs in two ways:

1. one-off costs due to the transition, and
2. structural costs due to the implementation of the new pension scheme from the transition date onwards.

#### **One-off costs due to the transition**

BSG distinguishes between the regular implementation (the "run") and all activities that take place to be able to realize the transition to the new pension schemes (the "change", driven by the Horizon program). The pension fund pays partial allowances for the Horizon program:

1. Costs for fund-independent (generic) preparations that BSG must make to be able to realize the conversion under WTP, based on an allocation key between all clients who have subscribed to the Horizon program with BSG, to finance activities taking place from 2021 to 2028.
2. Costs for implementation of the new pension schemes.
3. Specific costs for customization, to be allocated to the fund for which the customization is done.

### ***Structural costs due to the implementation of the pension scheme from the transition date***

In the first half of 2027, MPF expects to sign the service agreement (DVO) and SLA for pension administration with BSG from 1 January 2028 onwards. The costs for the regular implementation (the "run") after transition are part of this.

## **2.2 Technical feasibility**

### **2.2.1 Feasibility analysis**

MPF asked BSG to assess the technical feasibility of the solidarity-based contribution scheme agreed by the social partners, as well as the feasibility of the intended implementation, including the conversion of the existing entitlements, as of 1 January 2028. BSG has confirmed the feasibility of the new pension plan. The main points of their answers are set out below.

MPF and BSG have been working for some time on a controlled and careful transition to WTP based on the employment conditions and ambitions of social partners. The start was made at an early stage. MPF's wishes/criteria (to have the relevant components of the current pension plans available in the new SPR plan, such as risk-benefits etc.) were discussed and compared with the product standards laid down by BSG in the Product and Services Catalogue (In Dutch "Product- en Diensten Catalogus - PDC"). The open dialogue with a constructive attitude of MPF gives BSG confidence that challenges in the follow-up phase will also be solved together. The objective of MPF is to stay as close as possible to BSG's PDC, but there are parts of the terms of employment that have been recognized as customization.

Feasibility of the pension scheme elements that MPF wants, but which do not fit within BSG's PDC, have first been tested for manufacturability. By manufacturability, BSG means testing whether an individual control element that does not fit within the PDC can be realized as a customization solution within the strategic implementation framework and BSG's management objectives. To assess the feasibility of the desired solidarity-based contribution scheme, BSG and MPF had several joint working sessions. There have been several sessions on the implementation test in which the matters from the transition plan were assessed and discussed. Specifically, about the operation of the solidarity reserve, there have been several consultations to understand how the standard works and whether and how MPF can connect to it. These sessions and various follow-up conversations have resulted in a list of customization points that are individually considered feasible by BSG.

Based on current knowledge, these topics are:

1. Period versus monthly processes on renewal and collection. We are discussing the solution direction to align the required monthly processes in the SPR scheme with the 4-week (Period) payroll of the Company.
2. Designing the Company match, in which the members' voluntary contribution is supplemented by the Company.

After the manufacturability test, the feasibility test took place. By feasibility, BSG means testing whether the sum of control elements that have been assessed as feasible customization can be realized in time for a controlled transition on the intended transition date of January 1, 2028.

The route to a controlled implementation of the SPR for MPF as of 1 January 2028 still has a few uncertainties that MPF and BSG both acknowledge:

- a) Finalizing the Plan Rules
- b) Laws and regulations
- c) Obtaining the DNB decision

BSG's conclusion is that the customization package that MPF wants is feasible based on current knowledge.

### **2.2.2 Steps still to be taken**

The 2026 and 2027 implementation milestones are visualized in table 2.9.

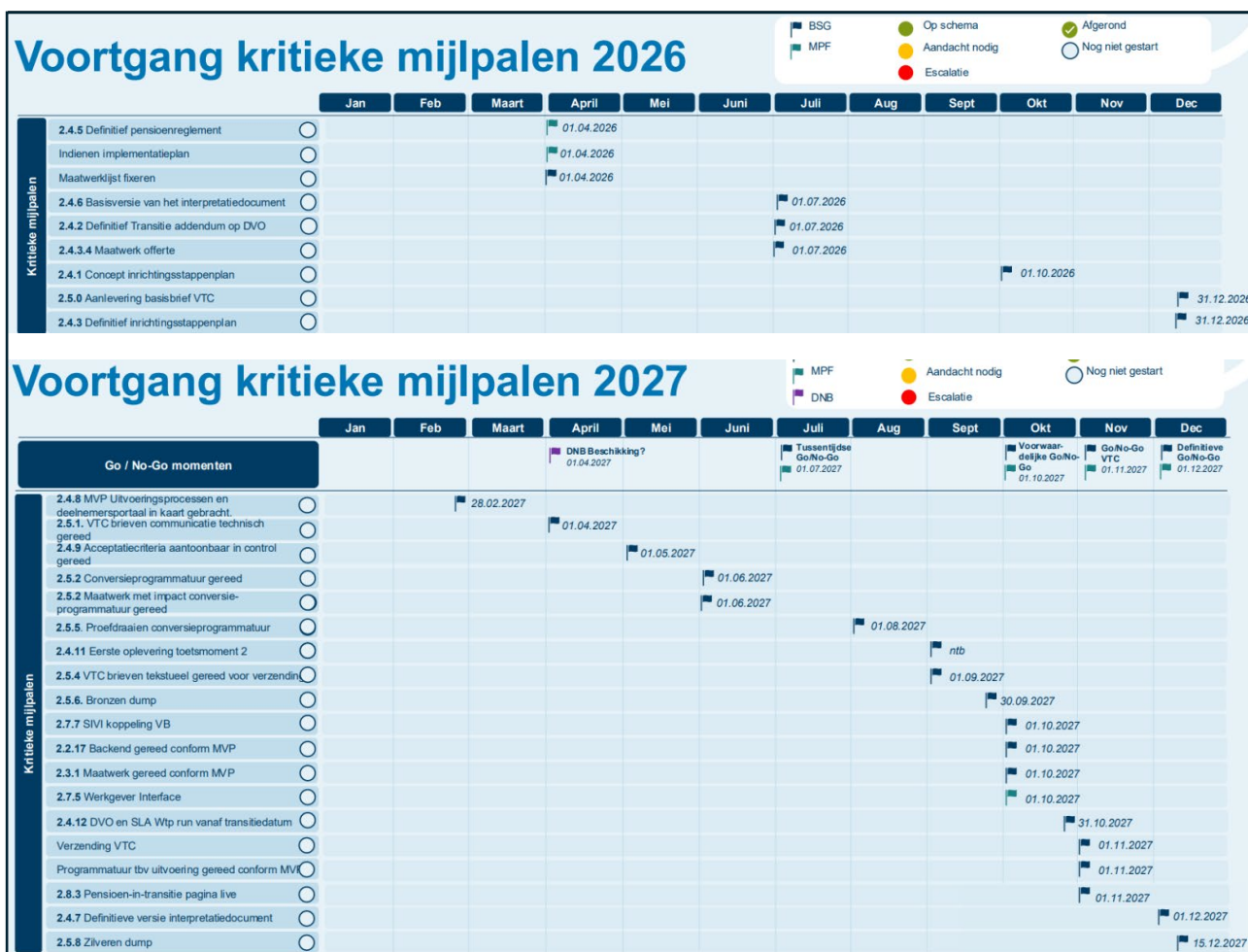


Table 2.9

2026 Will be the year in which MPF expects to finalize the Implementation Plan- and Communication plan conversations with respectively DNB and AFM.

## 2.3 Outsourcing risk

MPF has outsourced several of its (key) processes and therefore is exposed to outsourcing risks. To control the outsourcing risks, MPF has an Outsourcing Policy in order to warrant the continuity of the (sub)outsourced processes as well as the quality in the outsourcing chain. The below sections provide information on WTP specific work related to the outsourcing workstream.

### Involving outsourcing partners

MPF informed the outsourcing parties at an early stage about the conversion to the new pension scheme. During the conversion to the solidary pension contract, in addition to the weekly coordination meetings, other consultations will also take place between BSG and MPF. Written agreements have been made with BSG about the transition to the solidary pension contract and the associated deliverables. The BSG Horizon program monitors these deliverables.

The BSG Horizon program has divided the activities in the context of the conversion to the new pension scheme into focus areas, which are related to specific topics: Advice and Policy, Pension Management and Client Service Arrangements, Organizational Choices, Investment Management, Communication, Data Quality, Contracting, Implementation, Migration and Conversion. For each focus area, an expert from the Horizon program has the lead re the specific topic.

MPF monitors the agreed objectives and deadlines and adjusts/escalates if necessary. As of January 2025, the transition manager compiles a weekly action list from BSG and draws up a monthly progress report. The report contains the current status of the progress on the milestones to be achieved for the applicable project phase. In addition, the report contains an up-to-date overview of the main risks that threaten a successful transition to the new pension schemes and any additional control measures proposed by BSG.

SECOR and BNY are also closely involved because of changes in investment management chain, new information flows and resulting business processes changes (see section 2.1). In order to define and agree the TOM, regular consultations and design sessions have been arranged between MPF and the aforementioned parties.

The TOM sets out the key processes as well as the roles and responsibilities. BSG, SECOR and BNY have each provided written confirmation of their agreement with the arrangements defined therein.

### **2.3.1 Key arrangements with critical outsourcing parties**

#### **Responsibility of the Pension Fund**

MPF carries responsibility for the prudent implementation of the new pension scheme for all (deferred) members, including the conversion of pension entitlements and rights into Personal Pension Capitals (“PPC”). Although a substantial part of the transition activities has been outsourced to BSG, SECOR and BNY, who in turn might work with subcontractors, the PB remains ultimately accountable for all aspects of the conversion.

#### **Blue Sky Group (Pension Administrator)**

Written agreements have been established with BSG regarding the transition to the new pension schemes and the associated deliverables. The Horizon program monitors these deliverables.

BSG reports periodically on the progress of the Horizon program. This accountability report includes an overview of the principal completed and planned activities, the scheduled milestones, progress on the further development of Wings, project costs, and risk management.

Further agreements are being made with BSG regarding the PDC and SLA.

#### **SECOR (Fiduciary Manager)**

Implementation of WTP requires adjustments in the execution of fiduciary and investment management. These changes are necessary to manage the investment portfolio in line with the management agreements and the investment policy applicable under the solidarity contribution scheme. This includes the associated exchange of data between BSG and SECOR. Within the

project, the required changes have been defined and will be contractually formalized in the Service Level Agreement as follows:

- SECOR's plans for implementing the required adjustments in investment management and data exchange in accordance with WTP, including changes to services, procedures, and systems.
- A description of the intended methods of collaboration with other relevant parties in the MPF's investment management chain.

### **BNY (Custodian & Investment Administration)**

The implementation of the new pension plan also results in several adjustments to the activities performed by BNY as custodian and provider of investment administration services for the investment portfolios. While the core responsibilities remain unchanged, additional responsibilities arise due to the transition to the solidarity contribution scheme. (see section 2.1.3).

These adjustments will be incorporated into the existing service framework and formally documented to ensure that BNY's processes continue to align with the governance, reporting, and risk management requirements of MPF under WTP.

## **2.3.2 Critical outsourcing and subcontracting relationships**

Outsourcing is an important part of MPF's way of working as described in MPF's Outsourcing Policy.

### *The objective of MPF's Outsourcing Policy*

To warrant the continuity of the outsourced and sub-outsourced processes and the mission of MPF, and to protect the reputation of MPF when processes are being (sub-)outsourced. The interests of all stakeholders involved should not be harmed in case processes are being (sub-)outsourced. Furthermore, (sub-)outsourcing must not impede the supervision of MPF's supervisory authorities.

### *Applicability*

The Outsourcing Policy applies to all selection processes related to outsourcing activities or purchasing products or services by MPF. The Outsourcing Policy applies to all existing and / or new outsourcing agreements during the entire duration of these agreements.

### *Rationale for outsourcing*

MPF's outsourced core activities include investment (and asset management, investment custody), pension administration and information provision for the (deferred) members and pensionaries. Furthermore, MPF has outsourced operational and tactical processes. The decision to outsource a process is to obtain higher quality and cost-efficient execution by the external provider with specialized expertise than if MPF would do it themselves. These external providers perform that activity for their other clients as well and can invest in development and innovation. They have sufficient capacity to perform complex and critical operational processes like pension administration and asset management.

With this Outsourced Policy as a reference, we have developed the framework for some important service providers, which are listed hereafter.

### **Blue Sky Group**

The agreement between BSG and MPF ensures that MPF can comply with all required outsourcing rules. This is safeguarded through several provisions, including:

- BSG applies to a third-party management policy under which clients are informed in a timely manner and MPF is regularly updated on BSG's outsourcing arrangements, both for regular operations and for conversion-related activities.
- MPF is notified in advance of all new outsourcing arrangements and/or changes to existing outsourcing engagements. In cases where such arrangements or collaborations are strategically significant, MPF is informed at an early stage about the steps to be followed in the process.
- BSG periodically provides MPF with an overview of outsourced- and subcontracted activities and related oversight measures.

Table 2.10 provides an overview for each outsourcing party that play a role in the transition. Because BSG has not procured a new administration system but is instead modifying its existing system, Wings, the interfaces with other systems will largely remain unchanged. As a result, the conversion does not, or only to a limited extent, lead to changes in sub outsourcing risks, and the existing control measures are expected to remain adequate.

<b>Outsourced party</b>	<b>Description</b>
Visma Idella – Payment and Disbursement Services	Visma Idella is responsible for the gross-to-net processing of pension benefit payments. Visma Idella provides: <ul style="list-style-type: none"> <li>• Application software P&amp;B Core and Youforce</li> <li>• Technical management and support</li> <li>• Platform hosting, network management and security services</li> <li>• A project team for the migration project and a product team for implementing BSG's requirements</li> </ul>
Paragon Customer Communications	Paragon is responsible for the creation and distribution of UPOs, collective mailings, daily notifications, and the distribution of magazines.
T&T COMPET&T B.V.	T&T supplies COMPET&T, a SaaS solution for securely and uniformly exchanging information with national registries such as the BRP. T&T also provides: <ul style="list-style-type: none"> <li>• The interface with the national pension register (PR Service)</li> <li>• WOW (Value Transfer via the Web), enabling digital information exchange for small-pension value transfers (without participant consent)</li> </ul>
OneXillium	BSG uses Xtendis as the digital archive for its pension administration. Xtendis Online is provided as a SaaS solution by Expansion, acting on behalf of OneXillium. OneXillium manages the contractual relationship with Expansion.
Expansion Xtendis	Supplier of Application Software Xtendis, technical support, Migration Projectteam
Cegeka Nederland B.V.	Cegeka manages BSG's IT workplaces, hosts business applications, and maintains the BSG network infrastructure.
Microsoft	Supplier of Azure and M365
Signicat	Signicat is a government approved eHerkenning (eIDAS) broker and provider of DigiD services. BSG does not currently procure DigiD services via Signicat; however, under WTP, Signicat will provide DigiD services for funds transitioning to the new frontend.-approved eHerkenning (eIDAS) broker and provider of DigiD services. BSG does not currently procure DigiD services via Signicat; however, under the Wtp, Signicat will provide DigiD services for funds transitioning to the new front-end.
Triple A Risk Finance	Execute the WTP compulsory URM calculations
Truston Solutions B.V.	Truston is responsible for managing the Client portals, including future development and enhancements.
HEQ Holding B.V. (formerly Verschure ICT Services)	HEQ provides technical management for various applications and software used within BSG, develops and modifies software, and delivers consultancy and advisory services. HEQ developers work on Wings and the unit administration. All work takes place entirely within BSG's internal environment and infrastructure, under BSG's internal policies.

Table 2.10

## SECOR and BNY

There are no material sub-outsourcing parties at SECOR or BNY that play a significant role in the conversion beyond what is already included in their regular investment management and custody activities.

### **2.3.3 Associated outsourcing risks and control measures**

The PB is responsible for the implementation of the new pension plan, the establishment of execution agreements, and the procurement of services (contracting or advisory) from various parties for the different operational activities. MPF has an outsourcing policy (as described in paragraph 2.3.2) and assesses on a quarterly basis whether outsourcing risks remain within the defined risk appetite. The outsourcing policy is periodically evaluated and adjusted where necessary. Critical outsourcing partners are evaluated annually. Through outsourcing agreements, service assignments, SLA reports, risk reports, cost reports, assurance reports (including ISAE 3402), annual evaluation meetings, periodic consultations at various organizational levels, and participation in (client) meetings (where, among other topics, integrated risk management is discussed) the continuity, integrity, cost efficiency, and quality of outsourced activities are monitored and controlled in an effective manner. All agreements and service assignments are subject to legal review.

Periodic monitoring of control measures takes place on the basis of the non-financial risk report and the ISAE 3402 reports for pension administration and investment management respectively. Through the Non-Financial Risk Report, MPF receives information on the development of risks at BSG and SECOR.

If structural underperformance against objectives is observed, MPF engages in discussions with the relevant party. In recent years, monitoring has been intensified in relation to BSG in particular, to safeguard progress regarding the IT Control Framework.

## **2.4 Management of financial risks**

### **2.4.1 Financial risks relevant to the conversion**

In financial risks, the focus is on the development of assets and liabilities, as reflected in the Funding Ratio. The nature of the financial risks involved is not new, but the context, namely the conversion to a new pension design certainly is. Depending on the conversion funding ratio (the Funding Ratio at the moment of conversion), the defined conversion objectives can be achieved to a greater or lesser extent. Given the conversion funding ratio, the underlying interest rate will play an important role, as it affects the distribution of assets across members. It is also relevant to consider the role of interest rates after the conversion, i.e. within the new plan design.

### **2.4.2 Scenario analysis financial- and economic shocks**

MPF received the Transition Plan for the Mars Netherlands pension schemes from the Social Partners on 17 February 2025. In its quantitative assessment, MPF explicitly follows the analysis framework defined in the Transition Plan, which includes, and based on the financial situation as per 31.12.2024:

- Scenario analysis across the different Target Funding Ratios specified for Mars (TFR2A at 119.5%, TFR2B at 132.9%, TFR3 at 126.8% and TFR4 at 138.5%)
- Interest rate sensitivity shocks of +100 bps and –100 bps applied to the DNB P-set and Q-set scenarios used throughout the Plan
- Separate scenario analysis for Final Pay and ARP/ASP members (including expected, pessimistic (5<sup>th</sup> percentile), and optimistic (95<sup>th</sup> percentile) outcomes)
- Life cycle investment behavior under the new SPR plan compared to the current schemes
- The effect of the Company Guarantee for active members up to TFR3 (126.8%)
- The expected development and functioning of the solidarity reserve in adverse and favorable economic paths
- Use of the up-to-date DNB P set for scenario robustness

MPF combines these analyses with the priority rules (Dynamic Allocation Key) defined by Social Partners. Based on this integrated assessment, MPF concludes that, within the scenario ranges defined in the Mars Transition Plan, the transition objectives can be achieved. As a result, MPF does not consider additional measures necessary if these scenarios materialize.

### **2.4.3 Investment policy adjustment if necessary**

In 2022 MPF started to adjust its investment policy in order to protect the Funding Ratio towards the moment of conversion. Via a scaled approach for increasing Funding Ratio levels, the interest rate hedge has been increased and allocation to return-seeking assets reduced. The adjustments have been validated to comply with the current risk attitude under the FTK framework.

The PB realizes this policy change reduces the upward potential of the Funding Ratio. Nonetheless the PB considers this change balanced as a lower Funding Ratio is disadvantageous for all participants.

Until the moment of conversion, the Funding Ratio development is closely monitored. The fiduciary manager provides weekly estimates of the Funding Ratio and measures these against TFR3, TFR2B and TFR4. On a monthly basis the actual Funding Ratio and an update on the TFR-levels is provided by BSG and WTW respectively. In every quarterly PB meeting the investment results, market environment and the Funding Ratio development are presented and discussed with supportive analysis. This provides the PB with sufficient information to assess whether the current investment policy is keeping the plan on track to achieve the desired TFR's. If developments require the investment policy to be reviewed, the PB will, with the advice of SECOR and the Investment Committee ("IC") review alternatives through ALM type modelling.

## **2.5 Legal and privacy risks**

The greatest legal risks all relate to the possibility of facing disputes in relation to the transition. Given the complexity of the transition, disputes may arise on the amendment of the pension agreement, the conversion mechanism, the division of legal responsibilities between MPF and the

Company, the compensation or the calculation thereof. Given the complexity of the transition, disputes may also arise with the supervisory authorities or the governance bodies, such as the Accountability Council. These disputes might result in lawsuits impacting the allocation of conversion capital. Already inconvenient before the transition, the most impactful aspect is that, after the conversion, the distribution of assets is irreversible. Various forms of litigation may still arise, either ongoing, emerging, or initiated after the transition, primarily in connection with the conversion itself.

MPF has identified 2 risk measures mitigating the legal risk and the impact of the irreversibility of the distribution of assets; after the completion of the ORA, the extent to which these measures need to be strengthened will be determined:

- Validation of conversion capital calculations.
- Reassessment of the required level of provisions and reserves closer to the transition date.

## 2.6 Investment policy

### 2.6.1 Governance and process

#### Overview of involved parties, roles, responsibilities and interdependencies

The investment management transition under WTP is governed through a structured framework in which the PB of MPF holds ultimate fiduciary responsibility for all decisions relating to the transition.

- The fiduciary manager, SECOR, is responsible for developing and coordinating the execution of the migration strategy, ensuring that the necessary trades, allocation adjustments, and hedge modifications are carried out in a controlled manner. SECOR collaborates closely with external investment managers, who execute transactions within their mandates.
- The custodian acts as the official valuation and accounting agent. The custodian provides valuations for liquid and illiquid asset categories, using actual valuations or manager estimates depending on availability, and ensures the correct booking of all transition-related entries.
- The pension administrator, BSG, plays a critical operational role in the transition by ensuring the timely delivery, quality and completeness of the cohort level participant data that forms the foundation of the lifecycle based strategic investment policy under WTP.
- Actuary (WTW), Regulatory Consultants and Legal Advisors (BVZA): Support lifecycle calibration, risk preference and TFR methodology.
- Investment Committee: Advises the PB on investment policy, sequencing and transition readiness. Monitors risks, market conditions and execution quality in close collaboration with the fiduciary manager.

Interdependencies between the pension administrator (BSG), fiduciary manager (SECOR) and the custodian (BNY) require close coordination during the transition period, particularly to ensure the timely availability of cohort data, the operational readiness of execution parties, and continuous

monitoring of market liquidity. To ensure a controlled transition, MPF will establish clear agreements with all involved internal and external stakeholders. From Q2 2026 onwards, a periodic consultation will be established to further align and formalize the arrangements regarding the target operating model and the transition.

## **2.6.2 Risks and control**

### **Implementation strategy and Migration plan**

The investment policy defined for the period after the transition differs from the investment policy applied under the FTK framework. In particular, the balance between the Matching Portfolio and the Return Portfolio, as well as the level and key rate durations, are different. To ensure a smooth transition, MPF has prepared an migration plan memo that describes all required portfolio adjustments in detail and records the PB's decisions regarding the phasing of these changes. MPF wishes to incorporate insights from pension funds that will transition earlier to form a complete and robust view. This will be part of the periodic consultation with the outsourcing parties as of Q2 2026.

Regarding the major adjustments, MPF could implement changes either before the transition date, after the transition date, or in a combination of both. The impact on the transition funding ratio, the excess return and absolute return, and the overall balance of outcomes across participant groups are key criteria and will be considered in the PB's decision-making process.

### **Temporary deviation, impact and mitigation**

Temporary deviations from the strategic allocation are expected during the transition, particularly due to the difference in timing between hedge reductions, valuation lags for illiquid assets, and the staged execution of return seeking asset allocations. These deviations are justified by the need to mitigate liquidity risk and avoid unfavorable execution conditions. MPF assesses the potential impact of these deviations through scenario analyses that quantify the effects of interest rate movements and market corrections. These scenario analyses are included in the investment management transition memo.

### **Data required for the investment management transition**

The execution of the migration plan relies on accurate cohort data, which determines the life-cycle based allocation and the split between the Matching Portfolio and Return Portfolio. MPF also needs up to date holdings information, including derivatives, collateral and FX exposures, as well as reliable valuations for illiquid assets. Interest rate sensitivity data and cash flow projections are required to determine the hedge adjustments needed under WTP. The detailed arrangements for how this data will be delivered, validated and processed will be set out in the document elaborating the TOM.

### **Conditions triggering Implementation adjustments**

Implementation adjustments are triggered when hedge ratios move outside their bands, allocations drift from target, liquidity or collateral pressures arise, risk limits are breached, or material manager or operational events occur. These are monitored on an ongoing basis by the fiduciary manager,

who follows established governance and cadence processes to identify, escalate, and resolve any breaches through daily risk checks, weekly drift and breach reviews, monthly performance oversight, and ad-hoc actions in response to major market or regulatory developments.

### **Risk assessment and potential actions**

From Q2 2026 onwards, MPF will start to structurally assess these risks within the periodic consultation between MPF, BSG, SECOR and BNY. Within this setting, risks that may affect the fairness, stability or operational feasibility of the transition will be reviewed, and where necessary, potential actions will be considered, such as postponing specific transition steps, adjusting hedge positions, or intensifying monitoring before and after the transition date. By embedding this risk assessment and decision-making process into the recurring consultation cycle, MPF ensures that emerging risks are systematically identified, discussed and translated into coordinated mitigation measures, supporting a controlled and transparent transition process.

## **2.7 Concluding opinions**

### **2.7.1 Concluding opinion Pension Board**

The PB is confident that the risks are managed effectively. This was concluded after systematically reviewing the steps of the fund's risk management process and validation that the risks identified are manageable within the fund's risk appetite. Important control measures are extensively tested both individually and in combination.

The PB therefore concludes that the risks are sufficiently managed, to warrant a proper execution of the assignment from the Social Partners, within the boundaries of a controlled business operation.

### **2.7.2 Concluding opinion Key Function Holder Risk**

On March 23, 2026, the KFH Risk Management issued a positive opinion on the balance of interest of the transition. Subsequently, on 10 April 2026 he issued a positive opinion on this Implementation Plan. Also on 10 April 2026 the KFH Risk Management issued a positive opinion on the ERB which is the source of the risk analyses described in this chapter, and the conversion described in Chapter r of this document. Based on these risk analyses, and taking note of the positive opinion of the KFH Risk Management, the PB concluded that the risks associated with the transition to the new pension scheme are adequately managed.

### **2.7.3 Concluding decision Supervisory Council**

The SC was informed of the developments and decision-making regarding the determination of the risk attitude, the financial set-up, the DAK, the determination of the data quality, the feasibility of

the transition to the new pension scheme, and the statutory communication plan. The SC considers it plausible that the conversion is feasible within the boundaries of a controlled business operation. The PB has taken adequate control measures to ensure the feasibility of the transition. The data quality is well safeguarded, and the PB conducted an ORA with various risk analyses in which the overall conclusions are positive. In doing so, the SC attaches great importance to the opinions of the KFH's, the follow-up of their recommendations and other forms of assurance that the SC has used to substantiate its decision which was shared with the PB on April 15, 2026.

## 3 Data and data quality

Data quality is essential for converting (in Dutch ‘invaren’) both the Final Pay plan and the ARP/ASP plan to the new pension plan. With sufficient insight into data quality prior to conversion, MPF can make a balanced conversion decision (‘invaarbesluit’), and errors in calculating members' individual ‘pension assets’ can be prevented as much as possible. MPF members must be able to trust that the conversion to individual pension assets is carried out correctly and in accordance with the Implementation Plan.

MPF has drawn up the data quality reports, as adopted on 15 August 2025, in accordance with the Pension Federation's Data Quality Framework or in Dutch ‘Kader Datakwaliteit’ (hereinafter: Framework) as published on 11 October 2022. This Framework consists of the following six phases:

Phase 1: Design data quality

Phase 2: Risk inventory and assessment

Phase 3: Data analyses and partial observations

Phase 4: Reporting and assessment

Phase 5: Performance of agreed specific activities by the external auditor

Phase 6: Decision on data quality for conversion.

The work was carried out by MPF and is explained in more detail in this chapter under the relevant sections. The KFH’s Risk Management and Actuarial were involved from the start of the process and provided their opinions at each stage, which were discussed and incorporated into the administrative process. The Key Function Holder Internal Audit was also involved in the process. After finalizing phase 4, the accountant executed the AUP (phase 5).

The following sections explain in more detail how data quality is ensured before, during, and after conversion.

### 3.1 Data availability before, during and after conversion

Data availability refers to the accessibility and usability of data when needed. To guarantee data availability prior, during, and after conversion and to manage the associated risks, reliance is placed on the existing internal control measures.

#### **Data availability prior, during, and after transition**

MPF's current data (including critical data elements) will be available in Wings at BSG from 1 January 2022 onwards. MPF has access to data in the pension administration via BSG. BSG has taken over the history of the former administrator TKP. BSG keeps its administration in order and ensures that the data files are updated periodically. The information for transition will remain in the

pension administration system, Wings FTK. The conversion calculation (in Dutch 'invaarberekening') and the gap reports of the test migrations will be secured and recorded in the audit file for the purpose of Assessment Milestone 2 (in Dutch 'Toetsmoment 2' or TM2). The various balances, final balance and current schemes and start balances of WTP schemes will be recorded in the WTP version of Wings, so that all data and the underlying final balances of the current schemes are secured within the pension administration.

In phase 2.1.1a of the Framework (Profile and characteristics of the pension administrator), MPF has inventoried the availability of historical data. A start date has been set for the data analyses and partial observations from phase 3 of the Framework for the pension scheme. 1 January 2022 was this start date of the administration in Wings. The audit checks were carried out by WTW in the DataValidator application based on (member) files received from BSG. The audit period therefore runs from 1 January 2022 to 31 December 2023. In the phase 4 report, MPF substantiated under the time horizon that the data taken over from TKP as of 1 January 2022, is clean.

## 3.2 Risk analysis data quality

### 3.2.1 Before transition

In order to demonstrate data quality before conversion, MPF carried out the work in accordance with the Framework. MPF regards the work carried out under the Framework as a comprehensive risk analysis of the data quality risk before conversion. It comprises the following components:

#### *Phase 1 – Data quality design*

Defining MPF's qualitative risk appetite regarding data quality, updating the correction and revision policy, and determining the critical data elements.

#### *Phase 2 – Risk inventory and assessment*

Conducting a risk inventory to detect risk indicators and risk groups in the pension administration, conducting a risk assessment for each critical data element (in Dutch 'Kritisch Data-Element' or "KDE") to determine additional control measures for the stay-clean phase and to define the maximum permitted deviation (in Dutch 'maximaal toegestane afwijking' or "MTA").

#### *Phase 3 – Data analyses and partial observations*

Performing data profiling, generic and specific data analyses, general partial observations on risk groups, and specific partial observations.

#### *Phase 4 – Reporting and assessment*

Reporting on the activities from the previous phases, establishing an action plan with findings to be resolved (get-clean) and a preliminary decision on data quality.

### *Phase 5 – Agreed specific activities by external auditor*

Having Agreed Upon Procedures (“AUP”) performed on the activities carried out in phases 1 to 4 by external auditor PWC.

### *Phase 6 – Decision on data quality for conversion*

The PB makes a final decision on data quality for conversion. In making this decision, the PB takes note of the following:

- PWC's report on the AUP performed.
- Get-clean phase: current status of the action plan with the corrections to be made.
- Stay-clean phase: current status of the stay-clean phase.
- Opinions of Key Function Holders regarding the final decision and the previous phases.
- DNB Good Practice decision-making on data quality by pension funds.

The phases mentioned are explained in more detail in this chapter. Before doing so, the operation and control of BSG's administrative system will be explained. BSG administers the pension scheme largely automatically using its IT landscape<sup>3</sup>. The IT landscape is equipped with control measures to maintain data quality. Where manual intervention is required, the four- or six-eyes principle is applied. The ongoing effectiveness of BSG's control framework is confirmed by annual ISAE reports, which are accompanied by an auditor's opinion.

## **3.2.2 During the transition**

The risk regarding the availability of data during transition lies in the migration process from the old to the new pension schemes. Because the new pension scheme will be implemented in a new administration system, the migration to the new scheme is inherently linked to the migration to the new administration system.

BSG bases its basic assurance of data quality 'during' the transition on the TM2 service document issued by the Pension Federation<sup>4</sup>. The specific scope of the control design during the transition phase will be discussed with BSG well in advance of the transition. The effectiveness of the control measures is essential in this regard. The relevant control measures are included in processes that are demonstrably assessed in annual ISAE 3402 type 2 reports. These reports demonstrate the existence and effectiveness of an internal control framework that includes critical data elements.

BSG provides various reports each year on data quality assurance, including a data quality report, a complaints report, Non-Financial Reports (NFR), and ISAE 3402 and ISAE 3000 reports to ensure that the critical data elements remain under control.

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<sup>3</sup> Depending on the further development of IT and the various customization options chosen by MPF.

<sup>4</sup> This service document emphasizes that pension funds must demonstrate that their data is accurate and complete when transitioning to the new pension plan. This means that calculations, conversion rules and administrative processes must be carefully recorded and checked so that members receive a correct personal pension capital.

### 3.2.3 After the transition

The KDE's that are relevant to the new scheme will remain under the monitoring of the pension fund even after the transition. In addition, any new KDE's resulting from the new scheme will be defined prior to the transition date. Control measures will also be put in place for these KDE's. In addition, the data quality policy will be updated where necessary.

## 3.3 Risk analysis conversion of data

MPF has identified the risk in terms of data quality by implementing phase 2 of the Framework. The aim of this phase is to establish a risk profile for the pension administrator, identify risk groups in MPF's administration, and perform a risk analysis for each KDE. This information can be used to determine where additional analyses or additional control measures (stay-clean) are needed.

### Phase 2.1 – Risk assessment

MPF has identified risk groups in the pension administration based on the risk assessment. MPF used the standard questionnaires from the Data Quality Framework for its risk assessment. Complaints, incidents, and high-risk events were also identified. In addition, the risk assessment determined the member risk indicators (in Dutch 'deelnemersrisico-indicatoren' or "DRI's") and combinations thereof. MPF took the proposed DRIs from the Framework as a starting point and added fund-specific DRI's. For each DRI included in the Pension Federation's Data Quality Framework, an assessment was made as to whether this DRI applies to MPF and, if not, why not. In addition, fund-specific DRI's were added.

For each DRI, the number of members or the number of changes was included as provided by BSG. This was done using frequencies, with low (<250 changes), medium (between 250 and 500 changes), and high representation (500+ changes). In addition, the associated risk – after control measures – was assessed as low, medium, or high.

For each DRI, it is then indicated whether this concerns a risk group for MPF. A large proportion of the DRIs are checked in the DataValidator study. This is also laid down in the scope of the DataValidator study. Furthermore, low-risk assessments are also evaluated using DataValidator. Where DRI's have not been checked using DataValidator, additional control measures have been taken or additional partial observations have been defined for phase 3. The number of partial observations is determined based on the frequency with which the risk group occurs and the associated estimated risk. For an overview, please refer to phase 4 reports.

Based on the assessment of the combinations of DRIs, it has been concluded that the most common combinations of DRIs are not complex types of changes (incoming value transfer by active members, start of retirement pension, death of member, marriage after cohabitation etc.). Combinations of DRIs with more complex types of change are relatively rare (such as start of AOP/PVI and settlement). Retroactive effect (in Dutch 'terugwerkende kracht' or "TWK") changes

are an exception to this. These do occur frequently as a result. Three partial observations had already been defined for this.

## **Phase 2.2 – Risk assessment**

In phase 2.2, the gross and net risk assessment took place. The results from the risk assessment in phase 2.1 are used to assess the risks at KDE level as determined in phase 1.2. Appendix A6 of the Framework was used for this purpose.

The risk assessment used the scoring methodology of MPF's IRM policy. The gross risks were estimated for each KDE. The control measures, including their effectiveness, were then identified in order to ultimately determine the net risk per KDE. The generic KDE risk analysis by BSG was used as a basis for this. In this generic risk analysis, the risks were identified by BSG, including the applicable control measures. MPF itself added the gross and net scoring per KDE (risk).

Conclusion: Due to the (additional) control measures taken, the net risk for a large number of KDE's falls within MPF's risk appetite. For 23<sup>5</sup> KDE's, the net risk falls outside the risk appetite. For 5 KDE's, the risk is accepted because the probability cannot be further reduced by additional control measures. In addition, the majority of these KDE's were additionally checked by means of the DataValidator study in phase 3. For the remaining KDE's, the net risk was not accepted. Additional audit checks were carried out for these KDE's and/or control measures were taken.

## **Phase 2.3 – Determine additional activities**

Based on phase 2.1 and 2.2, MPF has defined additional analyses for phase 3 and additional control measures for the stay-clean phase, with the purpose of controlling the before-mentioned risks. For a total overview of the additional activities and additional control measures, please refer to phase 4 reports.

The PB of MPF adopted the results of phase 2, including the specific data analyses and partial observations, on 13 December 2024. The opinions of Key Function Holders were taken into account in the decision-making process.

## **Complex files**

MPF considers a part of the scheme to be 'complex' if it deviates from what is considered 'standard', if it relates to a subpopulation, and/or if this (partial) calculation cannot be performed (entirely) automatically. As part of the risk assessment in step 2.1 of the Framework, some parts of the scheme have been defined as complex. These parts are included as DRI's in the 'specific characteristics' section of the pension scheme that can be considered more complex and/or deviating.

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<sup>5</sup> Of which 6 KDE's are specific for the ARP/ASP plan

### **3.4 Risk appetite regarding data quality**

MPF has mapped the risk appetite and the MTA as part of the activities of the Framework.

#### **Phase 1.1 – Data quality policy**

Based on the Framework, MPF has established a qualitative risk appetite for its data quality risk. The risk appetite specifies the qualitative principles against which the results of risk assessments and data quality measurements are assessed. The qualitative risk appetite is laid down in the data quality policy. The data quality policy was last drawn up and approved by the PB at its meeting on 13 December 2024.

The data quality policy describes the qualitative risk appetite. MPF's qualitative risk appetite regarding data quality is very limited, which means low. Members must be able to trust that their pension rights or entitlements are/will be determined completely and accurately. Data quality must ensure this, and the risk appetite in this regard is therefore low (in principle, zero). The necessary control measures have been taken to limit errors.

#### **Phase 2.2e – MTA**

MPF has translated the (qualitative) risk appetite for data quality into a quantitative risk appetite for individual entitlements. This results in the MTA for individual entitlements.

The MTA expresses the risk appetite in quantitative terms. This is the amount and type of risk that MPF is prepared to accept in pursuit of its objective of maintaining an accurate and complete pension administration. The qualitative risk appetite has been translated into an MTA of € 12 for the accrued entitlements and ARP/ASP capital, respectively.

The MTA above was determined by establishing the maximum difference that may exist in the entitlement per individual member resulting from shortcomings in the pension administration. MPF has determined that only rounding differences may occur, even though the average pensions at MPF are relatively higher than the average pensions in the market.

The MTA was used in the assessment of the analyses in phase 3. The results of the generic and specific analyses and partial observations were assessed to determine whether a deviation could lead to a deviation greater than the MTA. In this case, a follow-up study was carried out. By applying the MTA, the MPF explicitly links its risk appetite for data quality to the results of the data quality study in phase 3 of the Framework.

### **3.5 Work performed**

In order to further investigate the content of the data quality, the following steps were taken in phase 3:

1. Data profiling to investigate whether the characteristics of the data meet expectations, or whether the results give cause for further study.
2. Data analyses based on the results from phase 2 and the previous step 1 (data profiling). The data analyses are generic analyses to determine which specific analyses are required.
3. Based on the results of the previous steps (1 and 2), it was determined whether partial observations were necessary.

The investigations were supported and carried out by WTW. This was done to ensure the independence of the data study. In addition, WTW is an advisor to MPF and has been appointed as a preferred supplier by BSG.

Phase 3 was discussed at the PB meeting on 4 July 2025. Phase 4 was discussed at the PB meeting on 4 July 2025 and finalized on 15 August 2025.

### **Phase 1.2 – KDE**

The KDE's have been defined in order to provide scope for risk analyses and data quality measurements. KDE's are the data elements that are important for determining entitlements upon conversion. The proposed KDE's in the Framework have been taken as a starting point. MPF, in collaboration with BSG, has assessed which KDE's are relevant to MPF, and which are not. In addition, fund-specific KDE's have been added. For each KDE, the sources and domain values have been included in accordance with the guidelines in the Framework.

### **Phase 3.1 - Data profiling**

Data profiling was carried out on the completeness, accuracy of the data type (validity) and the expected domain values. The results have been made clear for each KDE. For KDE's for which no data profiling was performed because they were not supplied, an assessment was made as to whether they are sufficiently controlled. Where this was not the case, additional control measures were taken and/or additional audit checks were defined.

The DataValidator study has already comprehensively checked the data for the years 2022 and 2023. This applies to both frequent and less frequent occurrences. For this reason, it was not considered necessary to also perform an analysis on distribution characteristics.

### **Phase 3.2a – Generic data analyses**

MPF used DataValidator to perform generic and specific analyses, taking into account:

- the critical data elements (KDE's)
- the permitted deviation (MTA) of € 12 per year on the accrued pension for both the Final Pay plan and the defined contribution scheme. DataValidator initially checked for deviations of € 2 per year
- no permitted deviation for date fields.

The analysis and the resulting score were made clear for each analysis performed. For the generic analyses that were not performed, it was motivated as to why they were not performed.

### **Phase 3.2b - Specific data analyses**

Various specific analyses were performed using DataValidator. In DataValidator, these analyses refer to tests relating to the verification of pension accrual and/or additional tests performed. These are the tests numbered 2000 - 4999 that are not included in the list of generic analyses in the Framework, plus a number of additional tests performed.

In addition, in section 3.2, DataValidator identified some findings without a fully plausible explanation from BSG. Specific partial observations (on outliers) were performed for this purpose.

To demonstrate the accuracy and completeness of the data, supporting evidence has been included for each specific partial observation, such as print screens from the BSG administration system and print screens of underlying source documentation.

### **Phase 3.3 – Partial observations**

Following the determination of the risk groups in phase 2, MPF carried out general partial observations on risk groups:

- For the Final Pay plan, 15 partial observations were carried out, which are described in the phase 4 report of the Final Pay plan, and
- For the ARP/ASP plan, 13 partial observations were carried out, which are described in the phase 4 report of the ARP/ASP plan.

A separate document has been drawn up describing the conclusions and findings from the partial observations per subject.

## **3.6 Findings from work performed**

### **Phase 4 – Reporting and assessment**

The following describes how MPF followed up on the findings from the phase 3 audit checks of the Framework. A standard of 100% was applied for the data profiling audit checks. If an audit check did not result in a 100% score, the deviation was further explained by MPF or included in an action plan with corrections. A standard of 100% was applied for the generic and specific analyses. For audit checks that did not meet the standard, further investigation was carried out to provide an explanation. This led to an action plan as included in section 4.2 of the phase 4 report. An action might be a correction but might also involve an additional in-depth analysis. In this regard, MPF took into account the established MTA of € 12 per year on accrued pensions and ARP/ASP capital. On 4 July 2025, the PB made a positive preliminary decision on the data quality for conversion. This decision is based on the results of the work carried out in phases 2 and 3, including the

results of the DataValidator study. These results are summarized in separate reports for the Final Pay plan and the ARP/ASP plan. Part of the PB's decision is the action plan with any corrections to be made. The opinions of the KFH Risk Management, Actuarial and Internal Audit were taken into account in the decision-making process.

## **3.7 Steps to be taken**

MPF has defined the steps still to be taken towards transition, based on the necessary activities / additional control measures for both the get-clean phase and the stay-clean phase.

### **3.7.1 Get-clean phase**

The get-clean phase focuses on correcting findings that emerged from the audit checks carried out in phase 3. An action plan has been drawn up for this purpose, which was provisionally adopted by the PB at its meeting on 4 July 2025. The actions taken have no material impact on the entitlements of individual members and/or MPF's total provisions. The current status is that, resulting from phase 3, there are no get-clean actions for the Final Pay plan<sup>6</sup> and that further investigation is still 'open' for the ARP/ASP plan for findings coming from DataValidator of four members. The (limited) number of outstanding actions will be resolved well before the conversion date (in Dutch 'invaarmoment') in accordance with the action plan. The PB periodically monitors the progress of the action plans.

### **3.7.2 Stay-clean phase**

The stay-clean phase focuses on keeping the pension administration clean in the run-up to transition. MPF has determined that additional control measures are needed for data (KDE's) provided by the employer and the 'Status Uitkering Arbeids Geschiktheid' in Dutch ("SUAG").

Data quality will be periodically monitored by the PB via BSG's data quality report (stay clean). The PB will also closely monitor other assurance reports, as well as any complaints and incidents relating to data quality. When these occur, an assessment will be made of what additional controls are necessary and/or what additional checks are required.

### **3.7.3 Data quality assessment by the board**

Based on the work carried out, the current status of the get-clean activities, the stay-clean phase, and the AUP report from PWC, MPF has concluded that the data quality for conversion is of sufficient quality. However, the outstanding actions (see section 3.7.1) from the action plan must be

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<sup>6</sup> No errors were identified in the Final Pay scheme as a result of phase 3, meaning that no corrections need to be made.

completed before transition. On 15 August 2025, the PB decided that the data quality regarding pension management has been substantiated in a consistent and demonstrable manner and is therefore guaranteed for the purpose of conversion.

## **3.8 Report external accountant / IT-auditor**

### **3.8.1 Description of assignment/work performed by accountant/IT-auditor**

The Agreed Specific Activities Data Quality — Future Pensions Act of the Dutch Professional Organization of Accountants (in Dutch ‘Nederlandse Beroepsorganisatie van Accountants’ or “NBA”) and the professional organization of IT Auditors (NOREA) provide guidelines for external accountants and external IT-auditors for performing the AUP in phase 5 of the Framework. The external auditor PWC used the 35 procedures in this document to assess whether the activities in them have been carried out by MPF, or whether there were substantiated deviations (comply or explain).

### **3.8.2 Results of activities and findings of auditor/IT-auditor**

The AUP does not reveal any procedures for which PWC has formulated a finding.

### **3.8.3 Assessment of results by the board**

There are no findings in the external auditor’s report.

## **3.9 External accountant survey (after conversion)**

### **3.9.1 Description of external auditor assignment**

MPF will have the external auditor PWC conduct a survey into data quality after conversion. MPF will determine the exact assignment description based on the work program of the NBA, the Pension Federation, and DNB. Input from the WTP Good Practice Assurance of Data Quality during and after conversion from DNB, published on 12 December 2024, and last updated on 22 July 2025, has also been taken into account.

### **3.9.2 Procedure how the board handles the findings of the external auditor**

MPF will evaluate the findings of the external auditor, process them, and carry out any additional work if necessary. This will always be based on a PB decision.

### **3.10 Data quality after conversion**

The KDE's that are relevant to the new scheme will remain under MPF's monitoring, even after conversion. In addition, any new KDE's resulting from the new scheme will be defined. Control measures will also be put in place for these KDE's. In addition, the data quality policy will be updated where necessary. If new findings regarding data quality are identified after conversion, for example resulting from the work of the external auditor, these findings will be corrected in the context of controlled and ethical administration. This process will be corrected in accordance with the correction and revision policy in force at that time.

### **3.11 Processing of any retroactive changes**

MPF has a low-risk appetite regarding data quality. This means that corrections based on retroactive changes are also processed. MPF considers it undesirable for a retroactive change (in Dutch, "terugwerkende kracht") affecting one member to have an impact on the conversion capital (in Dutch, "invaarkapitalen") of other members. For this reason, corrections will be made from a reserve.

## 4 Conversion

The Implementation Plan describes the why and how of the conversion in summary. Further substantiation and precise calculations are described in separate documents.

### 4.1 Conversion methods and use of pension assets

MPF has been requested by the Mars' Social Partners to implement the new pension plan in connection with the new pension legislation, and to convert the existing pension entitlements and rights, through an internal collective value transfer (conversion, or Dutch: 'invaren'). Social partners substantiate that this value transfer can be realized in a balanced manner, as set out in the Mars transition plan. In the transition plan, Social Partners have defined objectives and measures to validate that the transition is balanced.

Mars and the Works Councils have agreed on several objectives that serve as a guideline in the transition to the new pension scheme. Based on these objectives, it is assessed whether the transition is balanced and meets the standards using different qualitative and quantitative measures:

1. The transition to the new pension arrangement is explainable and limited in complexity.
2. The objective of the transition is that members in the new pension plan have at least the same or better expected pension result as in the current pension plan. This includes adequate compensation for the negative aspects resulting from the move to a flat rate DC and for the negative aspects of losing guaranteeing components resulting from conversion to the new DC plan. Preferably all plan members have a somewhat similar positive effect, or any difference in effect is plausible and balanced.
3. The new pension plan has, in relation to the current pension plan, a stable benefit payment phase, with a low probability of pension reductions and (relatively) small percentage reductions in case of a pension reduction.
4. Reasonable and plausible Net Profit results

On 17 February 2025, MPF received the transition plan, and the addendum to the original transition plan on 23 February 2026. Subsequently, MPF performed the required analyses to assess if it can realize the objectives of the Social Partners. The PB of MPF made a preliminary decision on 12 January 2026, and with the positive advice of the AC and the approval of the SC as mentioned in paragraph 1.1.2, the PB made the final decision on April 8, 2026 to convert to the new pension plan.

#### ***The Qualitative and Quantitative Objectives formulated by MPF's Pension Board when converting to the new pension plan***

##### **Qualitative objectives**

For the balance assessment, the following qualitative objectives are important for MPF:

- ***Balance is viewed as a whole***

When transitioning the accrued pensions into the new system, a distribution of the collective assets into individual pension assets takes place. In doing so, the PB considers the overall balance of the transition. This means that the changes to the pension scheme and system, the decision to transition or not, and the agreements on compensation are viewed as a whole. It is therefore accepted that not every potential disadvantage is explicitly compensated, as long as the transition as a whole is assessed as balanced for all member groups. Advantages and disadvantages of the transition can offset one another.

- ***Prospective approach***

During the transition, the current pension system is "closed off." Therefore, when assessing the balance of the policy in the new system, only future events are considered (looking forward). Decisions made until the moment of transition are considered to be balanced.

- ***Complexity new pension plan***

The new pension plan should be limited in complexity for as far as possible given the nature of the new legislation. The design should fit as much as possible within the standard choices of the providers of MPF. Complexities that are unrewarded will not be added to the pension plan.

- ***Explainability***

The arguments and process that have led to the transition to the new pension arrangement are explainable for all stakeholders. The new pension arrangement is, in broad terms and as much as possible, understandable for- and easy to communicate to all members given the nature of the new legislation.

## **Quantitative Objectives**

MPF includes the quantitative objectives as included by Social Partners in the Transition Plan, in the framework for a balanced transition of MPF. These quantitative objectives are a result of the shared vision that resulted from discussions between the Company and MPF and are in random order as follows:

- The Net Profit results should be reasonable (objective 4 in the transition plan)
- Members in the new pension plan have at least the same or better expected pension result as in the current pension plan. All plan members should have a somewhat similar positive effect. Any difference in effect should be plausible and balanced. (objective 2 in the transition plan)
- The benefit payment phase in the new pension plan has a low probability of pension reductions and (relatively) small percentage reductions in case of a pension reduction comparable to the current pension plan (objective 3 in the transition plan)
- Ambition of 55-70% (real weighted replacement ratio) of the new pension plan.

The concept of the Dynamic Allocation Key is in line with the concept of Net Profit. The quantitative objectives, including measures and bandwidths and the qualitative objectives together form the assessment framework that supports decision-making as a whole.

## 4.2 Conversion of accrued rights

This section sets out how MPF will deal with the accrued rights at the moment of conversion. It explains how the total pension assets of MPF are allocated in accordance with the standard method, as further elaborated through the Dynamic Allocation Key, including how statutory reserves, compensation arrangements and the solidarity reserve are taken into account within this allocation framework.

Specifically, this section initially describes how the assets are distributed as outlined in the DAK. This is in accordance with the transition plan.

Chapter 4.2.8 explains and demonstrates that the DAK meets the legal requirements regarding the distribution of pension capitals according to the standard method. It demonstrates that the asset distribution, based on the DAK for all members, is at least equal to 95% of the capital upon conversion using the standard method. It also takes into account that the formal compensation in the compensation deposit solely results from the abolition of the average contribution system and the additional compensation as defined in the DAK is part of the administrative discretion (in Dutch 'bestuurlijke ruimte'). This is also reflected in the conversion template.

### 4.2.1 Conversion of accrued entitlements

MPF intends to convert the accrued pension entitlement and rights into the new pension plan. By converting the accrued pension entitlements and rights, it will no longer be necessary to maintain the current two pension plans under the FTK framework (Final Pay plan and ARP/ASP plan). Merging the pension plans as a whole, both past and future accrual, under WTP is more efficient in terms of both costs and administrative complexity. Keeping the FTK administrative system would result in high cost for the decreasing group of members in a closed pension fund. In addition, having a single pension scheme results in clearer communication and better explainability compared to maintaining the three parallel pension plans. Moreover, if chosen for no conversion of the accrued entitlements, it is in principle not possible to finance compensation for both the members of the Final Pay plan and the ARP/ASP plan from the assets of MPF. Furthermore, there would be no initial filling of the solidarity reserve, and the solidarity reserve would first have to be formed, which would result in lesser outcomes, before benefit recipients could profit from the protection of the solidarity reserve.

### 4.2.2 Dynamic Allocation Key (DAK)

The arguments for converting the accrued entitlements have been taken into account by the PB of MPF. Together with Social Partners, MPF has drawn up the framework (DAK) set out below (as included in the Transition Plan), which contains priority rules linking the conversion objectives to the financial position of MPF at the time of conversion.

The rationale behind the DAK begins with the principle that accrued benefits of all members of MPF should be safeguarded. Another important principle is the financing of compensation

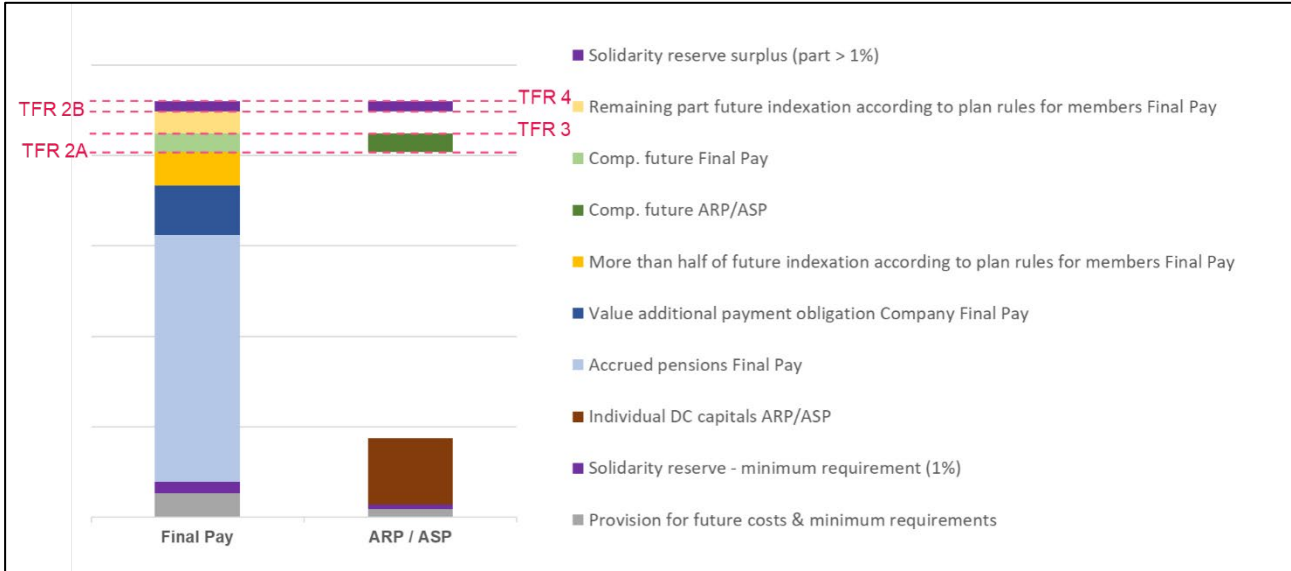
regarding future pension accrual for the active members. Once all members have received the full value of the pension promise regarding accrued benefits (including indexation and future accrual) other priorities, such as additional funding of the solidarity reserve, can be fulfilled. Based on these priorities, the TFR's have been determined for the asset distribution at the conversion date.

**Target Funding Ratios**

There are four different TFR levels defined:

- TFR1: the Funding Ratio at which the accrued benefits and part of the full value of the indexation in the current pension promise for all the members can be fulfilled
- TFR2A: the Funding Ratio at which the accrued benefits and more than half of the full value of the indexation in the current pension promise for all the members can be fulfilled
- TFR3: TFR2A plus the compensation regarding future pension accrual for active and disabled members in both the Final Pay plan and the ARP/ASP plan
- TFR2B: TFR3 and the Funding Ratio at which the accrued benefits and the full value of the indexation in the current pension promise for all the members can be fulfilled plus the compensation regarding future pension accrual for active and disabled members
- TFR4: TFR2B plus additional funding of the solidarity reserve to the desired level for a better functioning of the reserve (5% of plan assets)

Graph 4.1 illustrates the components under the various TFR levels. The dotted lines indicate the respective TFR levels.



Graph 4.1

The company guarantees that MPF can convert at a minimum level of TFR3. Between TFR3 and TFR2B and between TFR2B and TFR4, the assets are gradually distributed according to the next Target Funding Ratio.

Based on the calculations the TFR levels correspond to the following Funding Ratios on the transition date 1-1-2028, using market circumstances at the end of 2024, and DNB scenario set Q1 2025 as visualized in table 4.2. MPF monitors these TFR levels monthly, the estimated TFR levels at the end of 2025 are also in the table.

TFR's 1-1-2028	Market circumstances end of 2024	Market circumstances end of 2025 <sup>7</sup>
TFR3	128.4%	127.2%
TFR2B	131.8%	129.0%
TFR4	137.4%	134.4%

Table 4.2

Table 4.3 is an updated version of the TFR table in the transition plan based on the situation per end 2024. This table illustrates the distribution of the assets as a percentage of the Accrued Actuarial Liabilities (“AAL”), corresponding to each TFR level, over different objectives, such as reserves and compensation.

This table will support MPF to achieve its objectives, and those of the Social Partners, for the conversion as defined in paragraph 4.1.

Note that the Minimal Technical Reserve (“MTR”) and Operational Reserve (“OR”) figures in table 4.3 differ from the percentages listed in the following chapter. This is because the conversion calculations (figures in above table) are based on the insights and assumptions as of the end of 2024. Recently, a more accurate estimate of the various components under the MTR and OR is made during the drawing up of the financial setup, which is why the percentages differ.

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<sup>7</sup> Within the monitoring of the Funding Ratio relative to the TFR, monthly estimates are performed. Since the TFR levels are dependent on market conditions, they are reassessed based on simplified assumptions. This does not involve a full recalculation. The membership data file and the compensation parameters are kept constant, the real liabilities of Final Pay members are assessed using the applicable interest rate.

Target Funding Ratio	Current capital including provisions (AAL + part of value of future indexation)	Transition Plan: Minimum required solvency ratio (MVEV) Impl Plan: Minimal Technical Reserve (MTR)	Operational Reserve (OR)	Solidarity reserve (SR)	Real technical provision Final Pay plan	Compensation Final Pay plan	Compensation ARP/ASP plan	Company Guarantee including compensation
TFR1 112,8%	109,0%	1,0%	1,5%	1,3%	5,4%	4,3%	5,9%	15,6%
TFR2A 118,2%	109,0%	1,0%	1,5%	1,3%	5,4%	4,3%	5,9%	10,2%
TFR3 128,4%	109,0%	1,0%	1,5%	1,3%	5,4%	4,3%	5,9%	0,0%
TFR2B 131,8%	109,0%	1,0%	1,5%	1,3%	10,8%	2,8%	5,4%	0,0%
TFR4 137,4%	109,0%	1,0%	1,5%	6,9% (*)	10,8%	2,8%	5,4%	0,0%

Table 4.3

(\*) The Solidarity Reserve is 5% of the pension fund assets at TFR4 level: 5% of 137.4% = 6.9% of the AAL.

■ DAK objective financed with pension fund assets at conversion date

■ DAK objective financed by the Company Guarantee at conversion date.

#### 4.2.3 Minimal Technical Reserve, Operational Reserve and operational costs

The Minimal Technical Reserve (MTR) is assumed (rounded) to be 0.4% (of total pension assets), based on the preliminary calculations. This consists of the following components:

- Investment risk / cost risk 0.05% (25% of the net annual management costs)
- Mortality risk 0.3% (0.3% of the available risk capital)
- Disability risk 0.01% (same as in the year 2025)

The Operational Reserve is composed of the following elements. The estimated level of each element, expressed as a percentage of total pension assets, is shown in the list hereafter. Based on preliminary calculations, the operational reserves amount to 1.2% of total pension fund assets, with a temporary increase to 1.7%.

- Retroactive results (TWK) 0.1%
- Results on death and disability 0.1%
- Results on unclaimed pensions and flexibilization 0.1%
- Results on costs 0.5%
- Adjustment of actuarial principles 0.1%
- Results on investments (liabilities at the risk of the fund) 0.3%
- Unforeseen financial results / contingency fund 0.3% (temporary)

- Data quality issues 0.1% (temporary)
- Transition buffer 0.1% (temporary).

Furthermore, a provision for operational costs is included (under 'current capital including provisions'). Based on preliminary calculations, this provision is expected to remain unchanged at 2.5% of pension assets compared to the proposed cost provision in the transition plan.

#### **4.2.4 Compensation**

The compensation that will be given to the members will depend on if the active member is part of the Final Pay plan or the ARP/ASP plan.

##### **Final Pay plan**

The compensation methodology for active Final Pay members is structured as follows: compensation is determined to ensure that the pension outcome in the new plan is at least equal to, or higher than, the outcome under the current Final Pay plan, including future accrual up to retirement age 68. This is assessed using the real weighted benefit.

For each individual member, the pension outcome is projected under continuation of the current Final Pay plan across 10,000 possible economic scenarios. The same projection is performed assuming conversion of accrued rights and future accrual into the new pension plan. A specific percentile is then selected to compare the outcomes under both plans. Social Partners have chosen the 15th percentile: if, at this percentile, the real weighted benefit under the new plan is lower than under the Final Pay plan, the active member receives compensation to fully eliminate this shortfall.

##### **APR/ASP plan**

For active ARP/ASP members, the compensation consists of two components: (i) compensation for differences in future contributions, and (ii) compensation for the abolition of the ARP plan.

The compensation for differences in future contributions is determined using deterministic projections of the pension base. These projections assume identical salary development, offset, and maximum pensionable salary under both arrangements, with all parameters increasing over time in line with wage inflation of 2.4%. The annual differences in contributions are discounted to the valuation date.

The compensation for the abolition of the ARP plan is determined by comparing the value of the ARP capital at the 15th percentile with the value that the same capital would have if invested according to the new SPR life-cycle. If the value based on the new SPR life-cycle is lower, the difference constitutes compensation for the abolition of the ARP plan.

As the compensation for the Final Pay plan and the compensation of abolition of the ARP plan are dependent on the Funding Ratio at transition, the compensation differs between TFR3 and TFR2B.

The compensation for the contribution difference is only dependent on the interest rate and will not differ between the funding levels. The amount of compensation needed for the levels TFR3 and TFR2B are noted in the table below. Note that if the transition takes place at the level of TFR4, the compensation is the same if the Funding Ratios are equal to TFR2B. The determined levels of compensation, that correspond to the market circumstances end of 2024, are as follows in millions of Euro's, where the percentage between bracket is the amount as percentage of the actuarial accrued liabilities.

Compensation (in EUR)	TFR3 level	TFR2B level
Final Pay plan	56 M (4.3%)	36 M (2.8%)
ARP/ASP plan	75 M (5.8%)	69 M (5.4%)
- Abolition ARP plan	22 M (1.7%)	16 M (1.3%)
- Contribution difference	53 M (4.1%)	53 M (4.1%)
<b>Total</b>	<b>131 M (10.2%)</b>	<b>105 M (8.2%)</b>

Table 4.4

## Sensitivities

To analyze the sensitivity of the DAK and corresponding compensation, different interest rates have been used to calculate the respective compensation and TFR levels. The following sensitivities have been calculated.

- TFR3, DNB interest rate term structure December 31, 2024
- TFR2B, DNB interest rate term structure December 31, 2024
- TFR4, DNB interest rate term structure December 31, 2024
- TFR2B, DNB interest rate term structure December 31, 2024 +100bps
- TFR2B, DNB interest rate term structure December 31, 2024 -/- 100bps
- TFR3, DNB interest rate term structure December 31, 2024 + 100bps
- TFR3, DNB interest rate term structure December 31, 2024 -/- 100bps
- TFR4, DNB interest rate term structure December 31, 2024 + 100bps
- TFR4, DNB interest rate term structure December 31, 2024 -/- 100bps

This results in the following Target Funding Ratio's:

Interest rate	31-12-2024	31-12-2024 -/- 100bps	31-12-2024 + 100bps
TFR3	128.4%	128.1%	129.2%
TFR2B	131.8%	132.9%	131.3%
TFR4	137.4%	138.5%	136.9%

Table 4.5

With corresponding compensation levels, in million EUR and in percentages of the actuarial accrued liabilities:

Compensation	TFR3	TFR2B	TFR4	TFR3 -/-100bps	TFR2B -/-100bps	TFR2b +100bps	TFR4 +100bps
Final Pay plan	56 M (4.3%)	36 M (2.8%)	36 M (2.8%)	45 M (3.1%*)	20 M (1.4%*)	41 M (3.5%*)	41 M (3.5%*)
ARP/ASP plan	75 M (5.8%)	69 M (5.4%)	69 M (5.4%)	81 M (5.7%*)	78 M (5.5%*)	72 M (6.2%*)	72 M (6.2%*)
- Abolition ARP plan	22 M (1.7%)	16 M (1.3%)	16 M (1.3%)	13 M (0.9%*)	9 M (0.7%*)	31 M (2.7%*)	31 M (2.7%*)
- Contribution difference	53 M (4.1%)	53 M (4.1%)	53 M (4.1%)	69 M (4.8%*)	69 M (4.8%*)	41 M (3.6%*)	41 M (3.6%*)
<b>Total</b>	<b>131 M (10.2%)</b>	<b>105 M (8.2%)</b>	<b>105 M (8.2%)</b>	<b>126 M (8.8%*)</b>	<b>99 M (6.9%*)</b>	<b>113 M (9.8%*)</b>	<b>113 M (9.8%*)</b>

\* Note that the Actuarial Accrued Liabilities are not the same due to the difference in interest rate

Table 4.6

These different scenarios have been assessed.

#### 4.2.5 Solidarity reserve

The Social Partners have assigned two primary objectives to the Solidarity Reserve:

- To prevent or partly prevent nominal reductions if the regular benefit payment for a pensioner is less than the benefit payment in the year before. (Nominal protection)
- To prevent or partly prevent negative personal pension capital that might result due to the removal of the loan restriction (Prevent negative capitals)

The DAK dictates an initial filling of the solidarity reserve of 1% of the assets up to the level TFR2B. With a Funding Ratio higher than TFR2B it will gradually increase to 5% of the assets at a Funding Ratio of TFR4. Analysis shows that a solidarity reserve with a periodic deposit of 2.5% of the excess return is effective in limiting the probability of reductions. In addition, the analysis shows that the maximum size of the solidarity reserve of 5% is sufficient. A higher maximum does not significantly improve the overall results. Furthermore, for the nominal protection of the benefit phase a maximum of 25% of the available solidarity reserve can be used.

The solidarity reserve helps mitigate risks for individual members during the benefit phase, as members cannot easily absorb reductions in their pension benefits during the benefit phase. The solidarity reserve aims to reduce the downside risk for current and future beneficiaries. The nominal protection of the benefit payments in combination with the prevention of negative capitals, fits within the regulations of the solidarity reserve and adheres to the goal of MPF of a stable benefit payment phase, with a low probability of pension reductions (objective 3).

The goal of nominal protection of the benefit payments is seen as very important by MPF as this is good for MPF's reputation. However, it is also important that the solidarity reserve is also resilient. The current active and deferred members pay for the solidarity reserve via their excess return. The reserve should still be sufficiently filled at the time these members retire, so they can also benefit from the reserve. Therefore, the maximum withdrawal in one year is set at 25% of the starting value of the solidarity reserve in any given year. By setting a maximum annual withdrawal, the solidarity reserve is more resilient, which is positive for the active- and deferred members.

Overall MPF concludes that the design of the solidarity reserve is balanced.

- The solidarity reserve allows for the collective sharing of financial windfalls or setbacks, which on average, leads to more stable or higher future pension payments in advance (ex-ante), compared to the assumption that the solidarity reserve would not be part of the pension plan.
- The chosen design of the solidarity reserve results in relatively small redistribution effects for most members. The effect of the solidarity reserve is fairly constant across different ages and member groups – with the exception of young deferred members. If the initial contribution from the assets of MPF at the moment of transition is taken into account, the results for these young deferred members are highly comparable to no use of a solidarity reserve.
- The PB has looked at the young, deferred members more elaborately.
  - A different initial filling of the solidarity reserve does not provide significantly different outcomes for these members.
  - In euro amounts, the effects are very limited, given the limited capital accrued for those members. In addition, this limited capital is often transferred to the new pension provider via automatic value transfers.
  - Although filling the SR results in lower outcomes for young deferred members, a solidarity reserve is still preferred because it provides more stability, especially in the benefit phase.

#### **4.2.6 Treatment of survivor's pension, disability benefits and contribution waiver**

In the new pension plan, the survivor's pension is insured on a risk-basis.

The accrued deferred survivors' pension benefits and the survivors' pension benefits that have been formed as a result of exchange upon retirement will be honored. The value of these benefits (as derived from the DAK) is included in a separate liability on MPF's balance sheet. The individual capital will remain individually traceable. The corresponding assets are invested separately under an appropriate investment policy with 100% return protection. This means that the capital from the honored partner's pension is largely protected.

For disability pensions, the total value of the disability pension is included in the individual conversion capitals. The amount of the disability pension capital in the personal pension fund determines the benefit amount.

Please note that both the honored partner's pension and the disability pensions are included in the DAK when dividing the assets.

After the transition into the new pension plan, contribution-free continuations in the event of disability will involve the contribution waiver of the total premium instead of the contribution-free

continuation of pension accrual (as in the current pension plan). This entitles the insured to the statutory defined contribution and the statutory mortality risk coverage. The contribution waiver depends on the degree of disability. The contribution waiver plan for disabled persons will remain as similar as possible. The applicable disability classification will not be changed.

#### **4.2.7 Legal and regulatory framework**

No distinction may be made in actuarial rates and premiums on the basis of gender. The conversion capitals as well as the rates used to determine the (variable) benefits are therefore established on a gender-neutral basis.

#### **4.2.8 Administrative discretion and adherence to the standard method**

##### **Legislation**

Legal requirements apply to the method by which individual capitals are determined. For example, the individual capitals for each member must be at least equal to the minimum of:

- 95% of the capital conversion using the standard method; and
- the value of the technical provision.

If the Funding Ratio is lower than 105%, a maximum of 5% of the value of the accrued pension entitlements and rights may be used for:

- replenishing the solidarity reserve; or
- compensating members by granting pension entitlements; or
- granting additional pension benefits to retirees up to their technical provision.

If the Funding Ratio is higher than 105%, part of the individual capital can be redistributed to achieve a more balanced distribution of the assets by means of the administrative discretion.

The minimum conversion Funding Ratio under the DAK is TFR3. Therefore, the situations of a funding ratio below 105% will not be applicable for MPF, as the employer's guarantee ensures that the Funding Ratio will always be higher than 105% upon conversion. Furthermore, under TFR3 the technical provision of each member plus more than half of the full value of the indexation in the current pension promise for all the members is included in the conversion capitals. Therefore, the minimum requirement of the value of the technical provisions is also met.

##### **Spreading period**

As mentioned in 4.2.2 MPF will use the DAK as method of dividing the assets during conversion. This is not exactly the same as the use of the standard method. To be able to determine whether the DAK satisfies the minimum of the 95% of the standard method, the DAK can be seen as the standard method with the use of a spreading period of 60 years and the use of the administrative discretion. First the use of a spreading period of 60 years is considered balanced by the PB. By using a spreading period of 60 years, the number of future indexation moments as included in the

standard method is equal to the number of future indexation moments in the current Final Pay plan. Therefore, the future indexation included in the DAK closely resembles the method of indexation under FTK. Combined with the risk-free interest rate, this results in approximately the same delta Net Profit in the new pension plan for most members in the Final Pay plan. A spreading period of 10 years would result in better delta Net Profit results for older members and/or worse delta Net Profit results for younger members, which would be less balanced. Specifically, at the TFR2B level, the result of a spreading period of 60 years results in each member receiving approximately the risk-free value of all future indexation.

Under the DAK the AAL is determined including full future indexations according to the ambition of the Final Pay plan. Technically, this is similar to the distribution system from the standard method, except that with the DAK, the indexation percentage is based on market conditions and dependent on time. With the standard method, the indexation percentage is fixed for all maturities and is determined such that it is precisely enough to distribute the surplus.

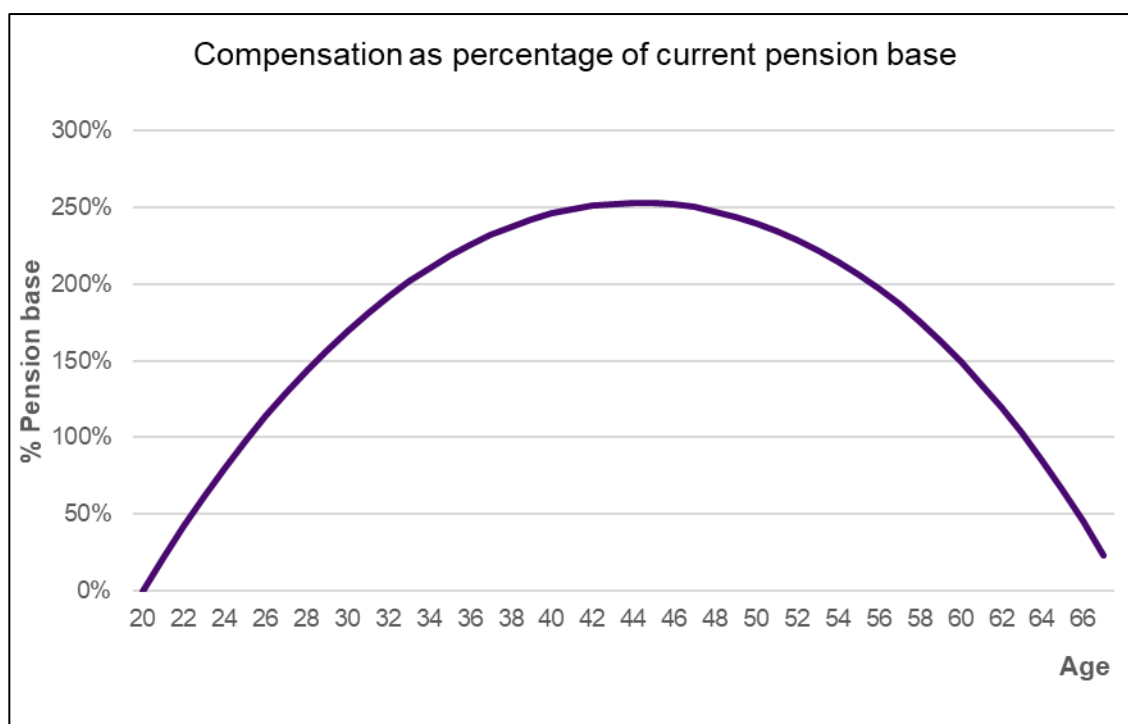
### **Abolishment of the average contribution system Final Pay plan**

The compensation described in the DAK deviates from solely the compensation for abolishment of the average contribution system. The additional compensation in the DAK is substantiated in the administrative discretion. To demonstrate that the DAK meets the 95% minimum of the standard method, the compensation based on sole abolishment of the average contribution system was determined for both the Final Pay plan and the ARP/ASP plan.

Given the closed nature of the Final Pay plan, a theoretical new entrant aged 20 is used to determine the flat-rate contribution relative to the average contribution, such that on a cumulative basis both are equal at age 20<sup>8</sup>. This results in the following compensation ladder:

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<sup>8</sup> Please note that the Final Pay plan only consists of members that are older than 45 at transition.



Graph 4.7

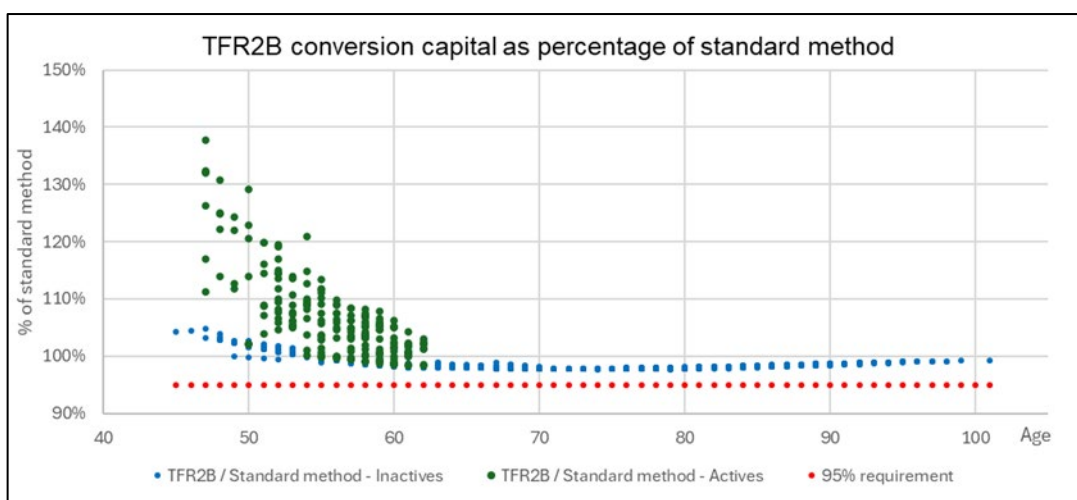
Graph 4.7 shows the compensation for abolishment of the average contribution system. Note that in de DAK the compensation is calculated differently and results in different individual compensations.

### Adherence to the standard method

The method used will comply with the Regeling Pensioenwet en Wet verplichte beroepspensioenregeling. Regarding DC, these laws state that the capital to be eased in for DC plans may only consist of accrued capital, compensation for the abolishment of the average contribution, and the value of any guarantees in the plan. Therefore, the assets distributed via the standard method are equal to TFR2B with a deduction of:

- ARP/ASP capitals
- Compensation ARP/ASP
- Minimal Technical Reserve (Final Pay)
- Compensation Final Pay population with use of compensation as visualized in graph 4.7.
- Operational Reserve
- Provision for Operational costs

This method results in a conversion capital with the use of the standard method, which will be compared to the capital a person would get with the use of the DAK. At the level TFR2B the minimum a person will receive as percentage of the standard method is 97.7%, see figure below.



Graph 4.8

This method of dividing the assets is assessed for all different scenarios, the results of this can be found in the table below.

	TFR2B	TFR3	TFR2B -100bps	TFR2B +100bps	TFR3 -100bps	TFR3 +100bps
A. Value abolition average contribution system	21.8 M	23.0 M	20.2 M	23.1 M	36.8 M	24.1 M
B. Total compensation Final Pay members	36.4 M	55.7 M	20.5 M	40.7 M	44.5 M	56.4 M
<i>Percentage compensation (A/B)</i>	60%	41%	99%	57%	83%	43%
C. Minimal value DAK as percentage of the standard method	97.7%	96.4%	98.5%	97.8%	98.8%	96.3%

Table 4.9

#### 4.2.9 Balanced transition

The transition to the new pension plan must be balanced as a whole. In cooperation with Social Partners, the PB has established a balanced assessment framework. The qualitative framework and the quantitative assessment criteria included therein together constitute the evaluation framework that supports the decision-making process as a whole. In addition, the balanced

assessment framework explicitly addresses the different member groups and their respective interests. The PB’s balanced assessment includes the evaluation set out below.

**Assessment of qualitative objectives**

The table below contains an overview of the long-term objectives including an explanation of how these have been met in the vision of the PB.

Objective		Explanation
Balance is viewed as a whole	✓	<ul style="list-style-type: none"> <li>- During the process, care was taken to ensure a balanced consideration of interests.</li> <li>- The balance of each interim choice is examined to see how the choice in question will affect the various stakeholders.</li> </ul>
Prospective approach	✓	<ul style="list-style-type: none"> <li>- The current pension plan is compared to the new pension plan. The current pension plan only includes the pension plan as is applicable now.</li> <li>- Compensation is calculated for the difference in the current pension plan, compared to the new pension plan. Changes in the pension plan in previous years are not considered.</li> </ul>
Complexity	✓	<ul style="list-style-type: none"> <li>- There is one pension plan for MPF with one collective benefit payment phase for beneficiaries. Only differences in contribution levels are allowed.</li> <li>- The new pension plan fits as much as possible within the standard choices of the providers of MPF.</li> <li>- Complexities that are unrewarded are not added to the pension plan.</li> <li>- The new pension plan consists of one pension plan only (Defined Contribution) for all members, where both the accrual period and the payout period are combined.</li> </ul>
Explainability	✓	<ul style="list-style-type: none"> <li>- The new pension plan has a uniform pension system (Defined Contribution) for all members.</li> <li>- Both the accrual period and the payout period are combined.</li> <li>- Implementation of a uniform flat rate contribution plan (no age-dependent actuarial contributions).</li> <li>- With the new pension plan, all current transitional arrangements will end, and the value will be considered with the conversion.</li> </ul>

Table 4.10

**Qualitative assessment of Dynamic Allocation Key**

The PB has elaborated why it considers the design of the Dynamic Allocation Key balanced and in the interest of all stakeholders. Important considerations in this elaboration are:

- the value of the future indexation that will be given at the different TFR levels and which should result in at least the same indexation perspective in the new pension plan
- the corporate guarantee of the Company which secures conversion at a minimum level of TFR3
- the funding of compensation for the active members in both current pension plans
- additional funding of the solidarity reserve to a maximum level of 5% of the assets when the accrued benefits and future indexation on these benefits are sufficiently secured

### **Assessment of quantitative objectives**

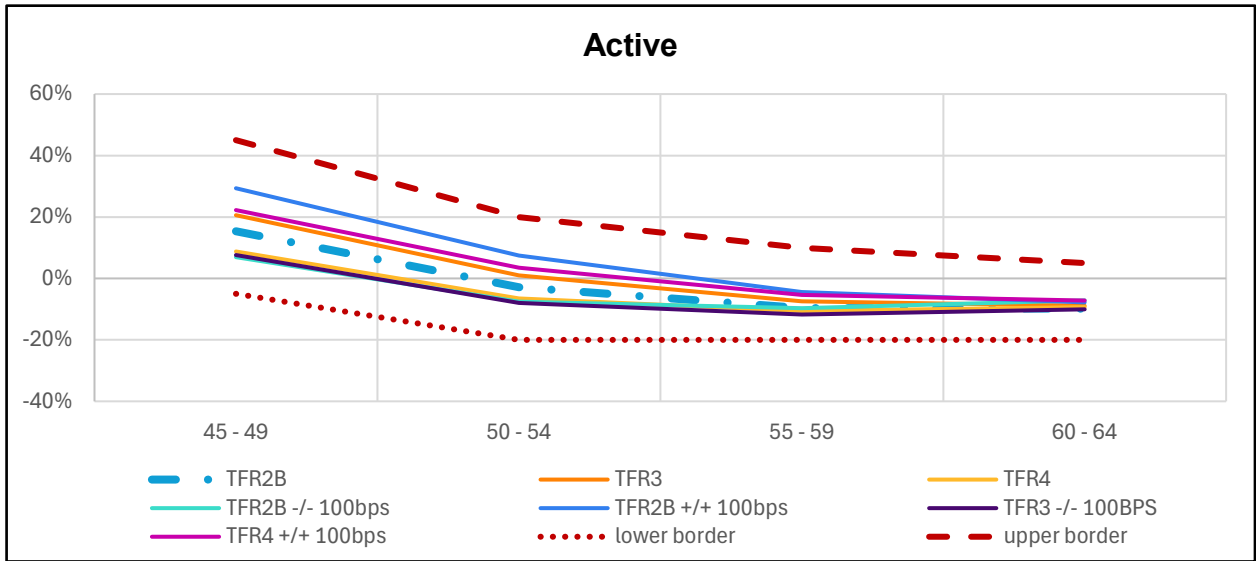
MPF has included the quantitative objectives of Social partners in its framework for a balanced transition as mentioned in paragraph 4.1.

#### **1. Net Profit results should be reasonable (objective 4 in the transition plan)**

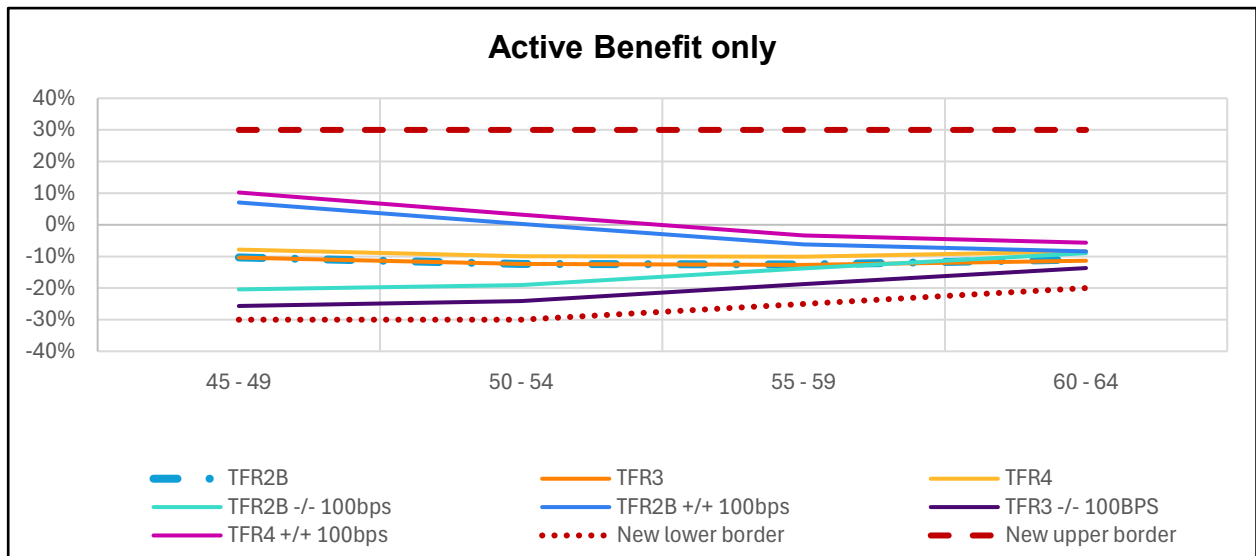
To assess this objective MPF has defined bandwidths for the measure delta Net Profit, which shows the difference in risk neutral value between the new and the current pension plan. Net Profit is a measure which is specifically suitable to assess whether the transition is balanced between member groups. This measure is applied for active, deferred and retired members from both the Final Pay plan and the ARP/ASP plan. An additional measure for active members in both plans has been defined ('benefit only'), which is equal to Net Profit without subtraction of the paid contributions. The PB considers this measure more relevant for the specific situation of both pension plans of MPF. The PB has defined bandwidths for these measures which are based on the results for the TFR2B level. MPF considers some negative and positive differences in the outcomes for the TFR2B level acceptable. For the active members in the Final Pay plan the lower bandwidth of the additional measure 'benefit only' is negative for all ages. The reason for this is that the movement from the Final Pay plan with a fiscal maximum accrual rate and long service times (due to the closed nature of the plan since 2004) and partly unconditional and partly conditional indexation of additional pensions related to previous plan changes to a defined contribution pension plan will lead to negative outcomes in a risk neutral world. A pension plan similar to the current Final Pay plan in terms of future accrual in a risk neutral world cannot be achieved within the fiscal limits of the SPR pension plan. However, when including the effects of investment risk in the pension result (see the next objective), the outcomes are strongly positive for the active members.

Graphs 4.11 - 4.14 visualize the bandwidths and the results of the actual calculations.

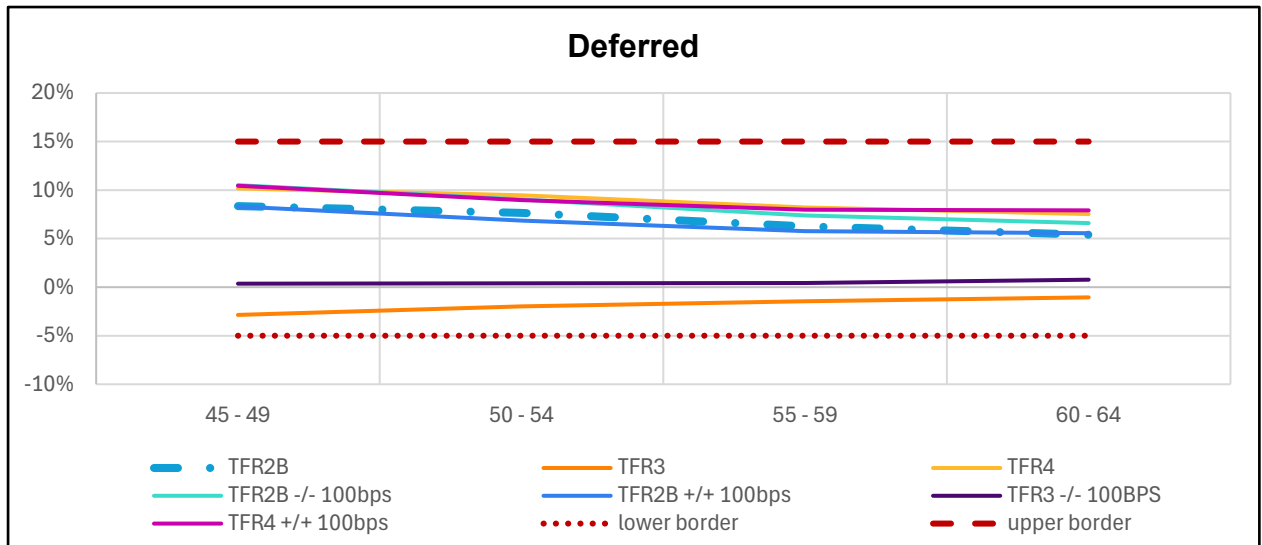
**Final Pay plan**



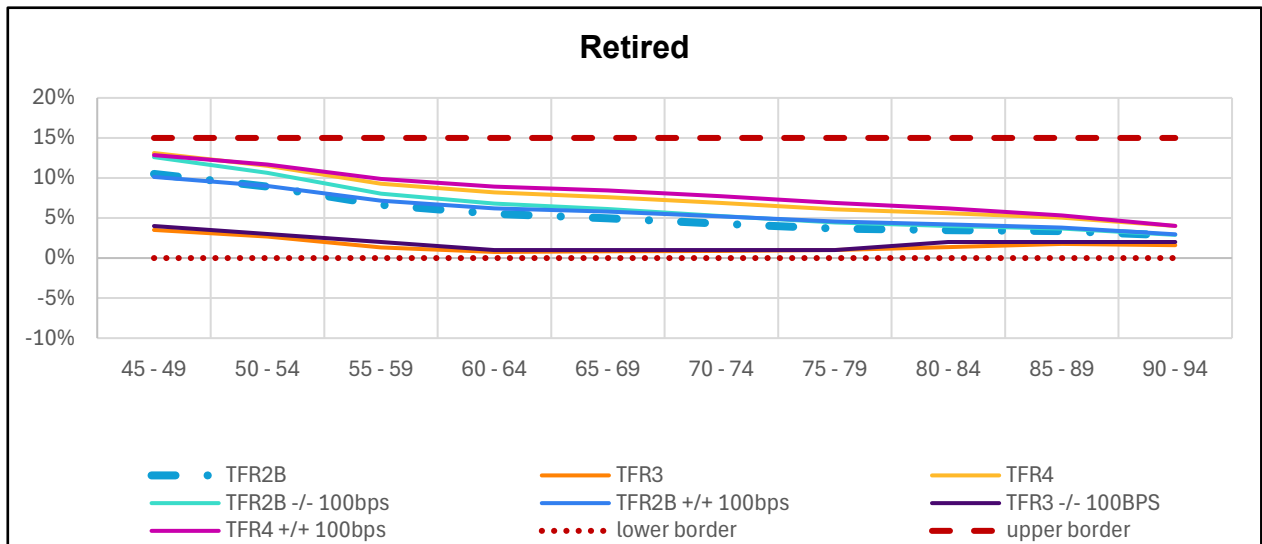
Graph 4.11: Delta Net Profit – active members Final Pay Plan



Graph 4.12: Delta Net Profit – active members Final Pay Plan – benefit only



Graph 4.13: Delta Net Profit – deferred members Final Pay Plan



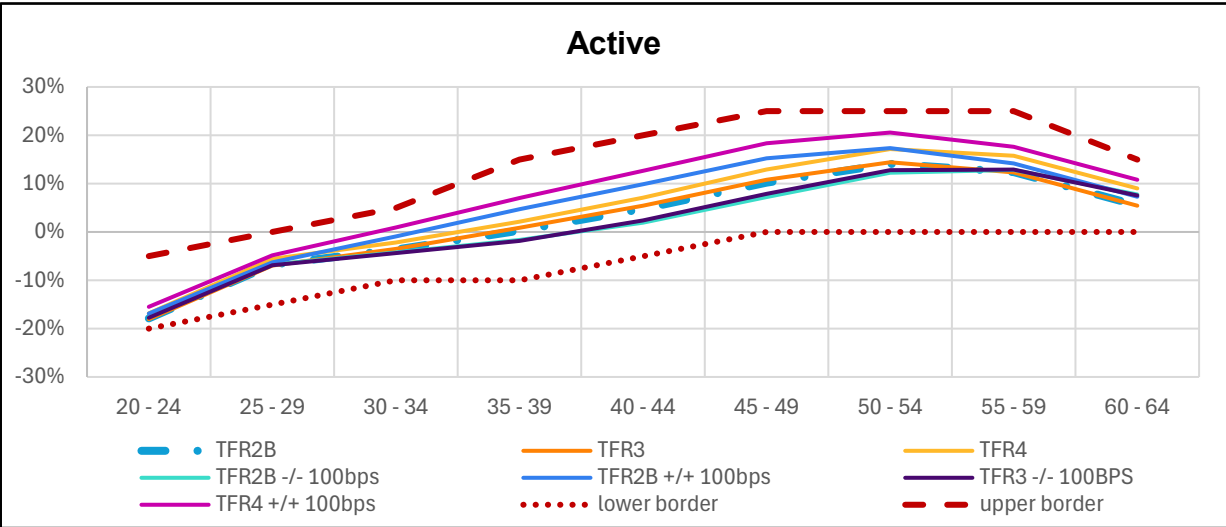
Graph 4.14: Delta Net Profit – retired members Final Pay Plan

For active Final Pay members Net Profit is highly related to the age cohort due to the closed nature of the plan. When only the market value of future benefits is considered (excluding contributions), delta Net Profit for active members is fairly constant over the different age cohorts. However, the Net Profit results are negative, indicating that the compensation granted is insufficient in risk-neutral terms. This is due to the large value of the current Final Pay plan.

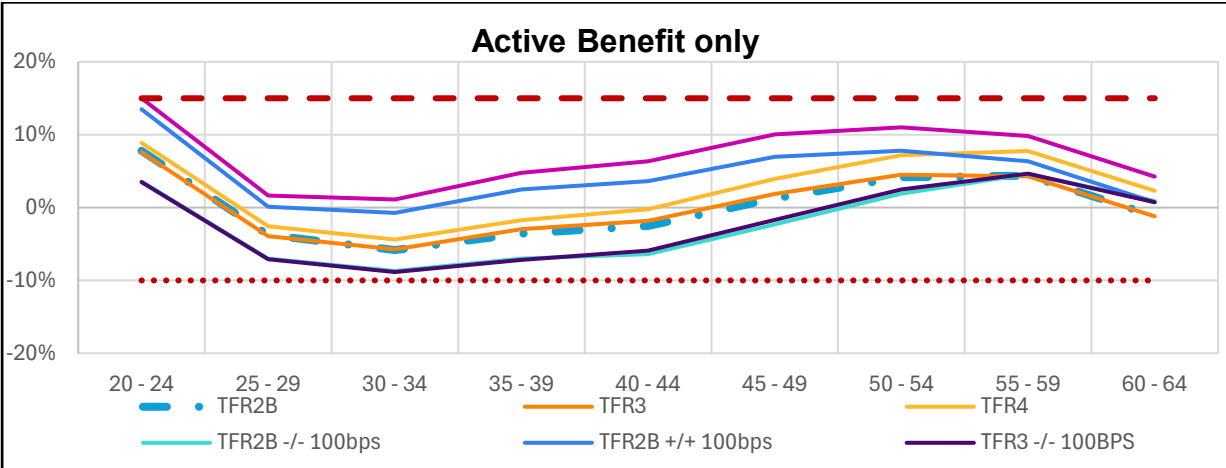
For deferred Final Pay members, delta Net Profit is positive overall. This is mainly explained by the assumption under TFR2B that members receive 75% of the projected CPI (capped at 3%), which corresponds to the maximum indexation ambition of the current plan. In several scenarios this ambition is not achieved under the current framework, resulting in a positive relative delta Net Profit. Furthermore, the new plan includes a Solidarity Reserve, which serves as extra protection and leads also to a more positive delta Net Profit.

Delta Net Profit for retired members, particularly those below the age of 60, is higher than for deferred members. This difference is mainly attributable to immediate protection from the solidarity reserve after transition. Deferred members only benefit from this protection upon retirement, which explains the stronger effect for retirees of the same age cohort.

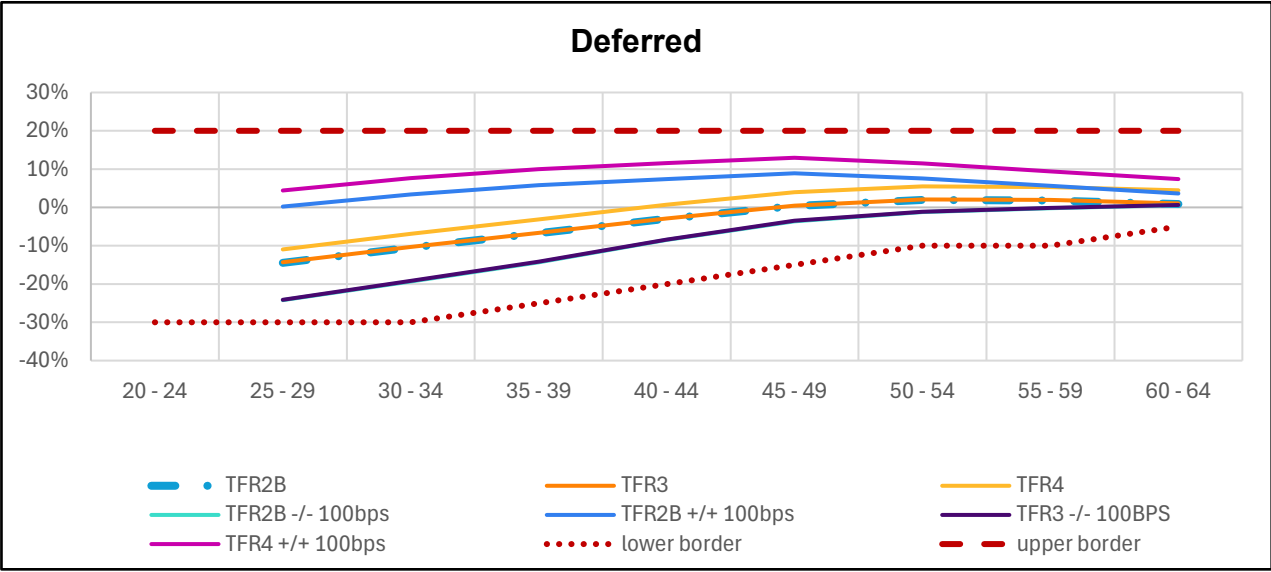
**ARP/ASP plan**



Graph 4.15: Delta Net Profit – active members ARP/ASP Plan



Graph 4.16: Delta Net Profit – active members ARP/ASP Plan – benefit only



Graph 4.17: Delta Net Profit – deferred members ARP/ASP Plan

For the active ARP/ASP members, accrued pension capital is transferred one-to-one at transition, implying no initial increase. Younger active members show negative delta Net Profit results. This is a consequence of the 0% return guarantee in the ARP plan. Note that the compensation for the abolition of the ARP plan is relatively limited for younger members, as its valuation approach uses a different scenario set than the Net Profit metric (see also Section 4.2.4). For older active members, delta Net Profit is positive overall, mainly because of compensation for contribution differences (because conceptually the Net Profit of a DC plan is approximately nil). Therefore, the PB considers the measure ‘benefit only’ more relevant. The outcomes for this measure are more in line over all ages.

Deferred ARP/ASP members receive no compensation at transition and their capital remains unchanged. Younger deferred members experience a negative delta Net Profit, as they would have benefited longer from the 0% return guarantee in the ARP plan. Older deferred members show a slightly positive delta Net Profit due to the protection of the solidarity reserve upon retirement under the new system.

Note that there are no retired members in the ARP/ASP plan.

**Conclusion regarding this objective**

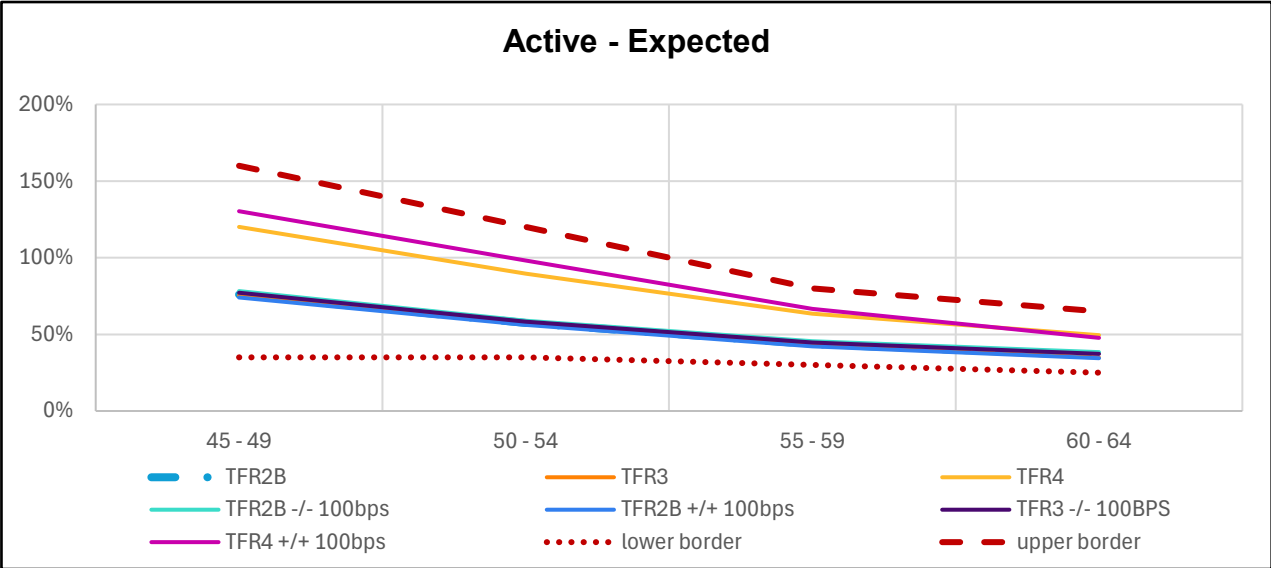
The PB of MPF concludes that the Net Profit outcomes for all relevant member groups, active, deferred and retired members, as well as members in the Final Pay plan and ARP/ASP plan, meet the objectives set out for the relevant interest rate levels and Funding Ratios. Differences in outcomes between groups are considered reasonable and plausible and do not result in any disproportionate advantage or disadvantage for specific subgroups or age cohorts.

**2. Members in the new pension plan have at least the same or better expected pension result as in the current pension plan (including current indexation perspective). All plan members should have a somewhat similar positive effect. Any difference in effect should be plausible and balanced. (objective 2 in the transition plan).**

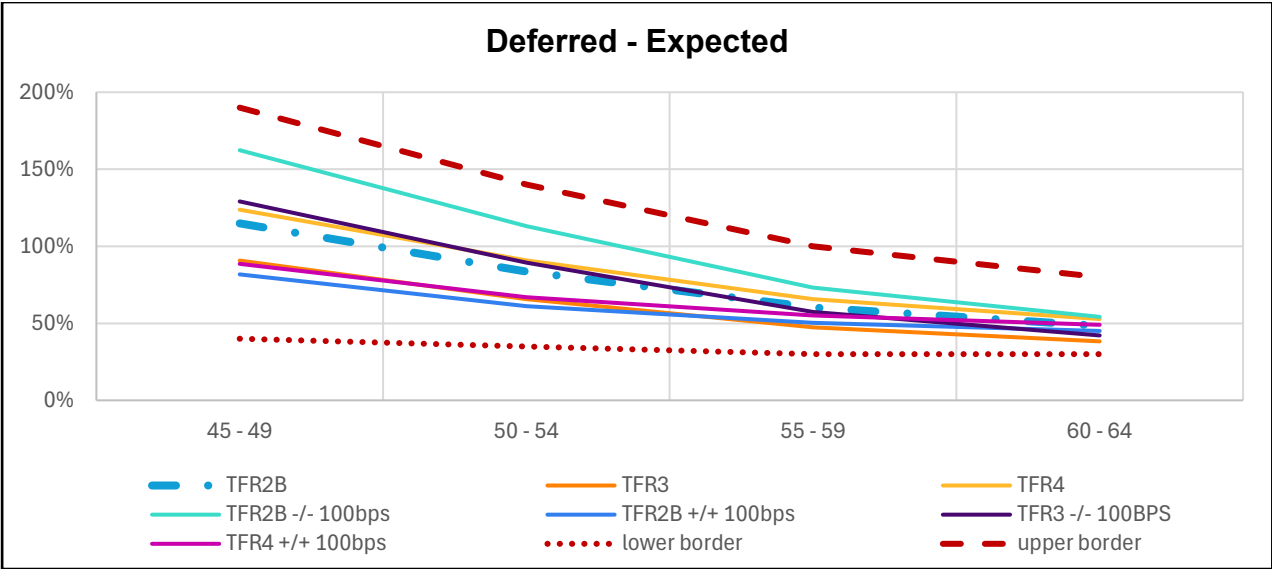
To assess this objective MPF has defined bandwidths for the measure real weighted benefit (or also referred to as real weighted replacement ratio), which is the value of the pension benefit corrected for inflation during the entire benefit phase and corrected for the probability of being alive. This measure is used for active, deferred and retired members from both the Final Pay plan and the ARP/ASP plan and for three different scenarios: the pessimistic, expected and optimistic scenario. The PB has defined bandwidths for this measure which are based on the results for the TFR2B level. MPF considers some negative and positive differences in the outcomes for the TFR2B level acceptable.

Graphs 4.18 – 4.20 show the bandwidths and the results of the actual calculations for the expected scenarios for the Final Pay plan. Graph 4.21 shows the overview of the results of all groups in the three different scenarios.

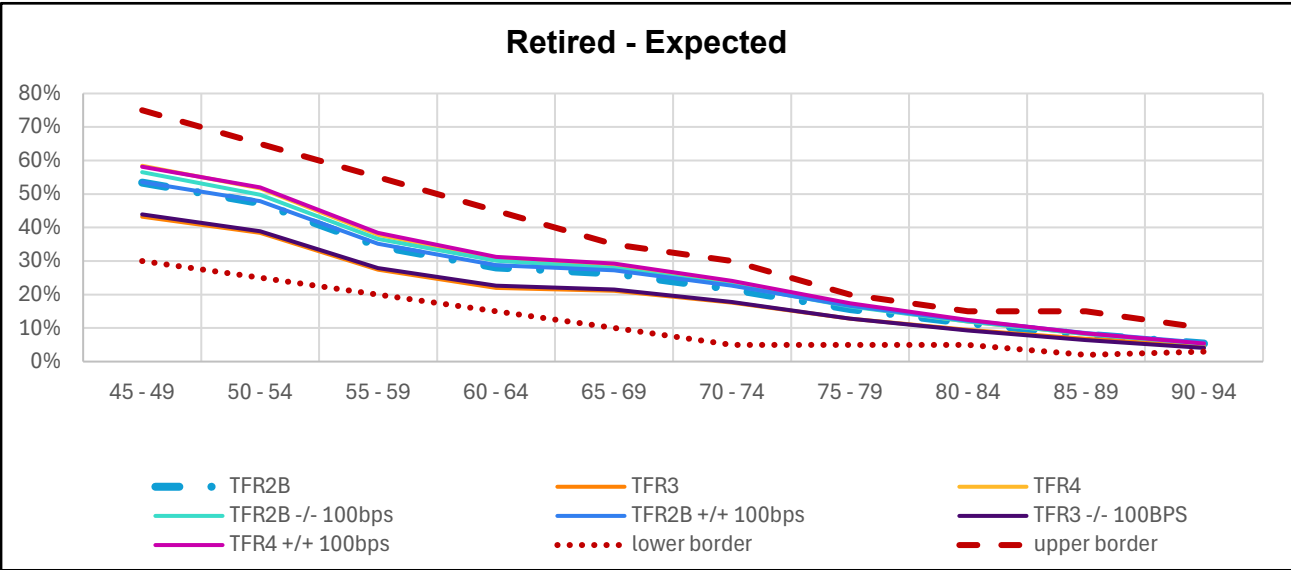
**Final Pay plan**



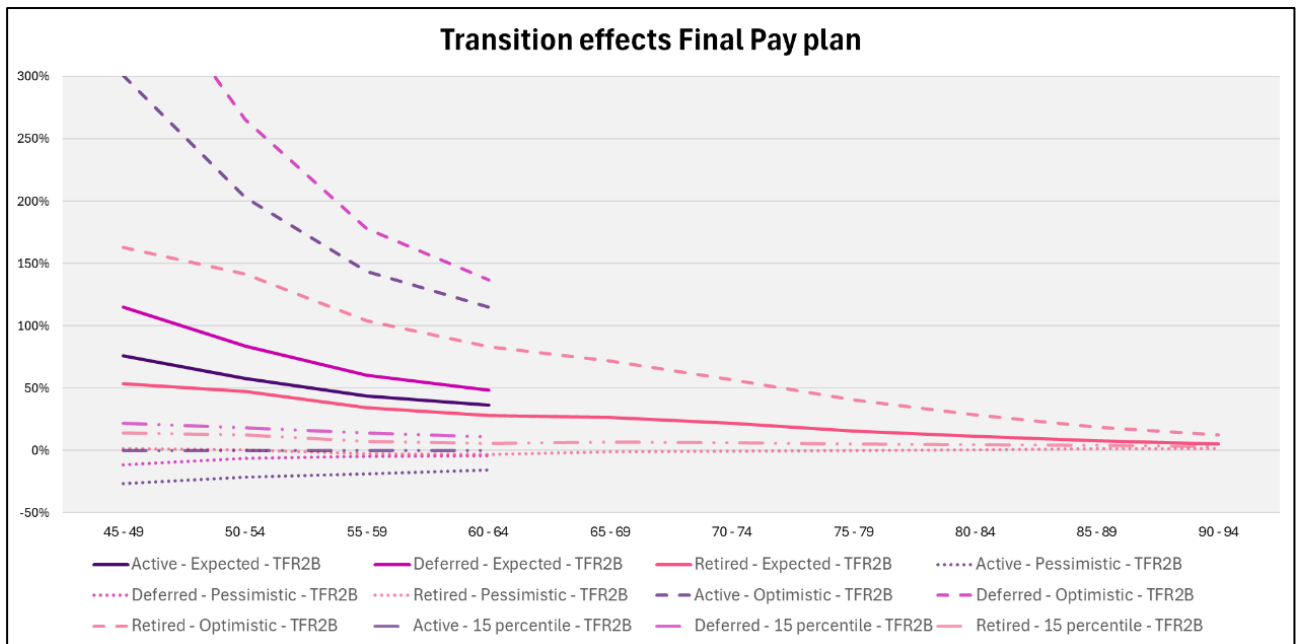
Graph 4.18: Delta RWB – active members Final Pay Plan – expected scenario



Graph 4.19: Delta RWB – deferred members Final Pay Plan – expected scenario



Graph 4.20: Delta RWB – retired members Final Pay Plan – expected scenario



Graph 4.21: Delta RWB – Final Pay Plan – all members – expected scenario

For active Final Pay plan members, conversion outcomes are predominantly positive in the expected and optimistic scenarios. This is mainly driven by:

- The conversion of future indexation into higher conversion capital at transition.
- A higher-risk investment policy after transition, resulting in higher expected returns that are no longer capped by the indexation ambition.
- Compensation for active members in the Final Pay plan.

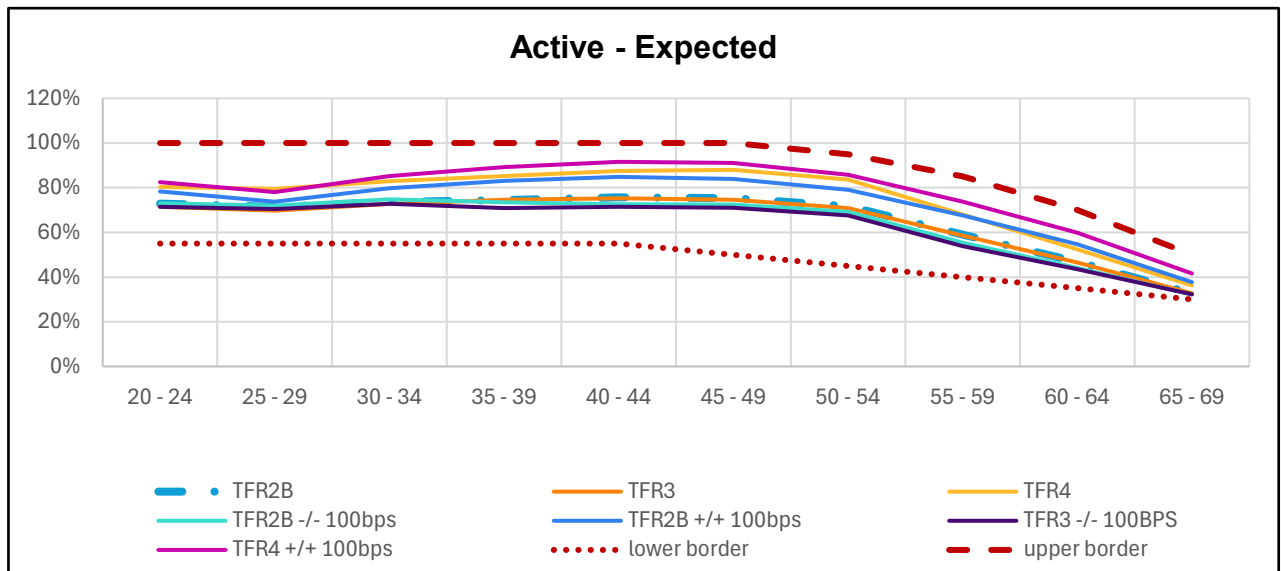
In pessimistic scenarios the effects are negative, as the increased risk materializes unfavorably, while under the current FTK framework additional contribution obligations provide protection. Around the 15th percentile, active members are indifferent due to the compensation method.

For deferred members, the same reasons apply as for actives except for the compensation: the higher conversion capital and the investment policy, but outcomes are more extreme due to the absence of future accrual, which otherwise dampens scenario shocks.

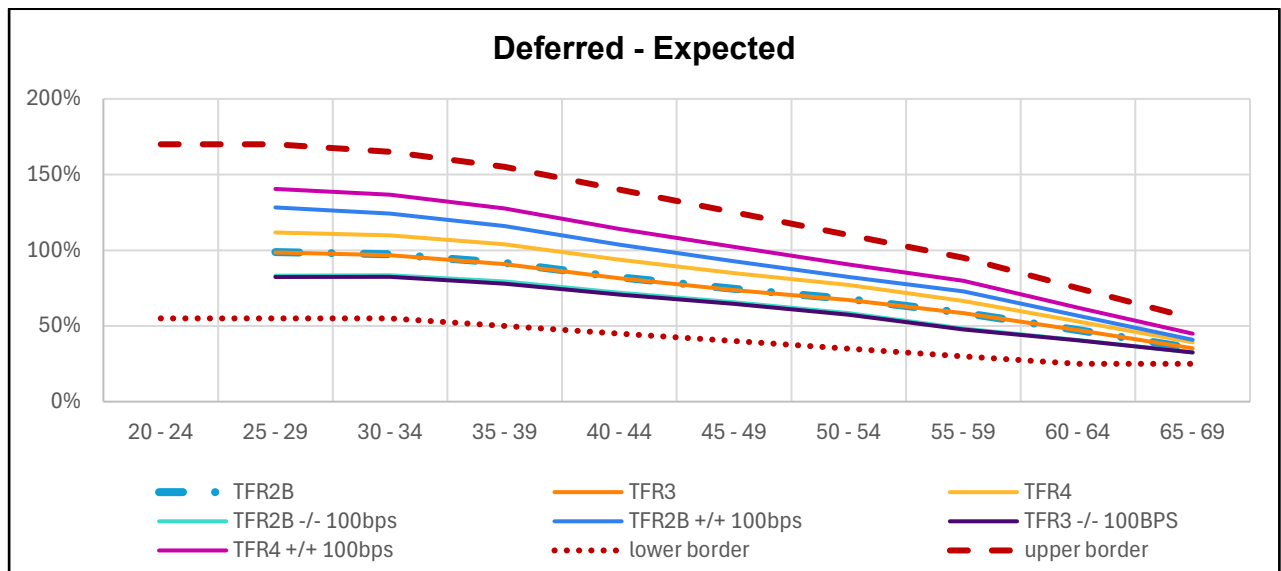
For retirees, conversion effects are generally smaller, particularly at higher ages, reflecting shorter remaining life expectancy. In favorable scenarios, the indexation cap in the current plan becomes limiting, leading to positive conversion effects. In pessimistic scenarios the current plan is relatively more favorable. Compared to deferred members of the same age, retirees show fewer extreme outcomes due to the effect of the solidarity reserve and lower risk exposure.

### ARP/ASP plan

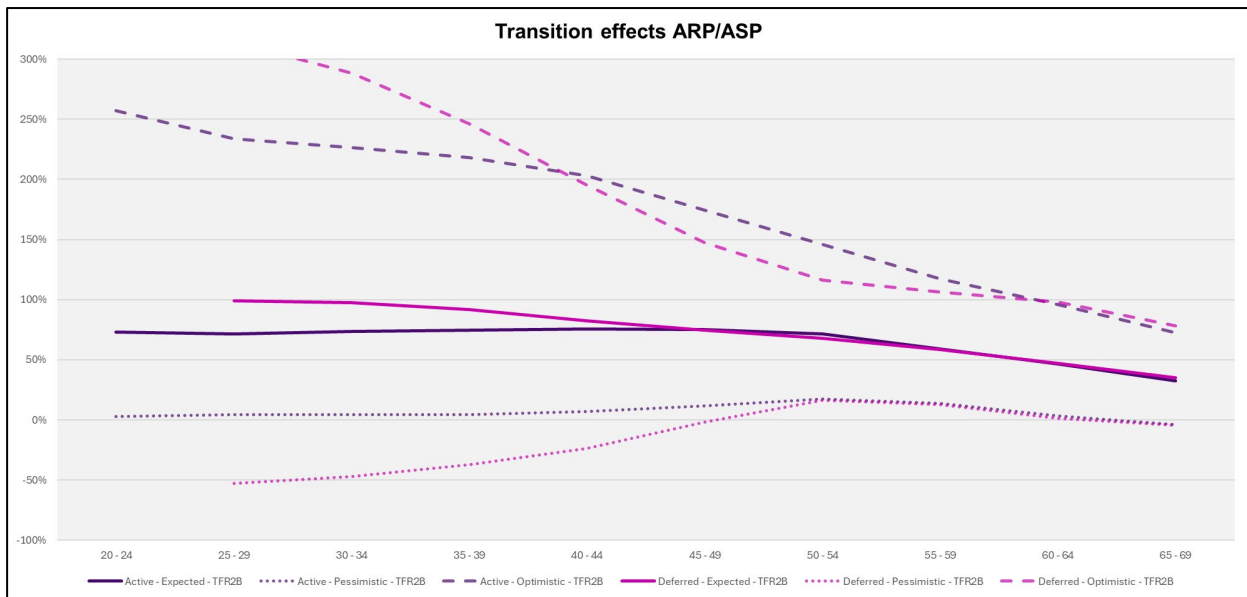
Graphs 4.22 and 4.23 show the bandwidths and the results of the actual calculations for the expected scenarios for the ARP/ASP plan. Graph 4.24 shows the overview of the results of all groups in the three different scenarios.



Graph 4.22: Delta RWB – active members ARP/ASP Plan – expected scenario



Graph 4.23: Delta RWB – deferred members ARP/ASP Plan – expected scenario



Graph 4.24: Delta RWB – all members – ARP/ASP Plan – expected scenario

For active ARP/ASP members, outcomes in the median and optimistic scenarios are positive. This is mainly explained by:

- Compensation, in particular driven by contribution-related effects.
- A more aggressive investment policy under the new pension plan.

For younger members, the constant and relatively risky life cycle amplifies these effects, whereas for older members the reduction in risk and increased interest-rate hedging dampen both upside and downside outcomes.

Compared to active members, deferred ARP/ASP members benefit more in favorable scenarios and experience larger setbacks in pessimistic scenarios, as there is no future accrual to stabilize outcomes.

Note that there are no retired members in the ARP/ASP plan.

### Conclusion regarding this objective

The PB concludes, based on the real weighted replacement ratio results, that the changes in pension expectations are in line with the stated objectives and do not lead to a disproportionate disadvantage for any subgroup.

### 3. The benefit payment phase in the new pension plan has a low probability of pension reductions and (relatively) small percentage reductions in case of a pension reduction compared to the current pension plan (objective 3 in the transition plan).

Regarding the probability of benefit reductions, the PB concludes that the results are consistent with the objectives.

**4. Ambition of 55-70% (real weighted benefit) of the new pension plan.**

Finally, in relation to the ambition of the new pension plan, the calculations show real-weighted benefits ranging from 30% to 207%, with a median of 72%. This median, which represents the expected scenario alongside pessimistic and optimistic scenarios, is in line with and slightly above the target range of 55%–70% as defined in the Transition plan.

**Assessment of contractual design choices**

The balance of each interim choice is examined separately as visualized in the table below, to see how the specific variables will affect the various stakeholders. This assessment is kept ‘cumulatively’, so that when designing the new pension plan/contract implementation, it is continuously monitored throughout the process whether matters remain or become in balance.

		Final Pay plan			ARP/ASP plan	
		Active	Deferred	Pensioner	Active	Deferred
<b>Benefit payment phase</b>	Collective payment phase	+/-	+/-	+/-	+/-	+/-
	Projection return: Risk-free interest rate curve	+/-	+/-	+/-	+/-	+/-
	Dispersion period: 4 years	+/-	+/-	+	+/-	+/-
	Dispersion method: Linear	+/-	+/-	+	+/-	+/-
<b>Biometric risks</b>	Micro longevity risk: 100% protection and excess return for all members	+	+	+	+	+
	Macro longevity risk: 100% protection and excess return for retirees	-	-	+	-	-
	Mortality/short term risk	+/-	+/-	+/-	+/-	+/-
	Disability: processing via other reserves	+	+/-	+/-	+	+/-

Table 4.25

## 5 Transition FTK

MPF has no Transition FTK or Bridging Plan, therefore this paragraph is not applicable. This was unanimously agreed by the PB on June 20, 2023.

For MPF, two main considerations influence the decision regarding the transition FTK. Firstly, the current Funding Ratio allows for full indexation, and this will likely remain possible until the transition date. Secondly, the Company's additional payment obligation results in a relatively high TFR1, meaning that only in very unlikely negative scenarios benefit reductions could occur even if the Funding Ratio remains above MTR. Given that the advantages of the transition FTK are limited and potential disadvantages exist—such as possible benefit reductions despite an acceptable Funding Ratio—and considering the extensive substantiation and additional work required, the PB decided not to adopt the transition FTK. The KFH Actuarial has formed a positive opinion regarding this decision.

## 6 Transition plan

### 6.1 *Decision-making process regarding the transition plan*

The decision-making process for changing the pension scheme and the delivery of the transition plan was led operationally by the Workstream Future Benefits Design, as mentioned in paragraph 1.1 and 1.2. This was done in close co-operation with the Steering Team and the other workstreams.

In December 2024 the Works Councils of the Company provided their consent to the proposed plans, and the Mars Inc. governance bodies approved the plans by the end of 2024. Additionally, the Mars Seniorenclub, representing retirees and deferred members, exercised their legal right to be heard by forming a committee that engaged with the Company and the Workstream. A detailed description of the decision-making process is included in Chapter 9 Accountability process in the Transition Plan.

In February 2025 the Transition Plan has been finalized and sent to MPF, and the Addendum to the transition plan was received by MPF in February 2026.

### 6.2 *Assessment transition plan for a balanced conversion*

The PB has assessed the balance of the final (transition) agreements in the Transition Plan using its own Balance Framework. The substantiation process follows the seven-step Good Practice framework published by DNB, ensuring a robust validation of the balance and integrity of the new pension plan. The central element in the Balance Framework is the DAK that is drawn up together with Social Partners and is described in Chapter 4.2.2. The objectives in the Balance Framework align with the objectives of the Social Partners in the Transition Plan. The PB conducted detailed calculations of Net Profit and Real Weighted Benefit effects across different member groups, applying various economic scenarios and sensitivities. The outcome of the calculations and the assessment by the PB are included in Chapter 4 Conversion.

### 6.3 *Feasibility of the transition plan*

The PB was involved in the process of defining the Transition Plan, although the final decision was made by the Social Partners. After receiving the Transition Plan, the PB has explored options to technically implement the Transition Plan, together with advisors (WTW, BVZA, SECOR, Cardano, Mercer etc.) and administrator (BSG) as described in Chapter 1. The AC and SC have been informed via monthly meetings with PB and/or representatives of the PB since. KFH's have been asked to provide their advice/input on parts- and/or the Implementation Plan as a whole (where

applicable) on a regular basis, as described in Chapter 1. The collective efforts of advisors and administrator via multiple meetings and reports convinced the PB, AC and SC that the Transition Plan is feasible. BSG, the administrator, did confirm in March 2026 that what was asked of them in the Transition Plan, completed in the Implementation Plan and in more details explained in the new plan regulations, is achievable and doable in connection with their PDC and IT Framework and set-up.

## **6.4 Legal compliance of the transition plan**

The new pension plan, the compensation arrangements, the solidarity reserve and the company guarantee are described in headlines in the Transition plan and are in line with Article 150d of the pension act and article 44 of the resolution on the pension act.

## **6.5 Deviation from the transition plan**

After assessing the quantitative objectives in the transition plan, MPF added the ambition level as a formal objective. This results in the following objectives, with corresponding measures and bandwidths.

1. The Net Profit results should be reasonable (objective 4 in the transition plan).
2. Members in the new pension plan have at least the same or better expected pension result as in the current pension plan. All plan members should have a somewhat similar positive effect. Any difference in effect should be plausible and balanced. (objective 2 in the transition plan).
3. The benefit payment phase in the new pension plan has a low probability of pension reductions and (relatively) small percentage reductions in case of a pension reduction compared to the current pension plan (objective 3 in the transition plan).
4. Ambition of 55-70% (real weighted benefit) of the new pension plan .

MPF has changed several bandwidths compared to the earlier bandwidths formulated by Social Partners in the transition plan to align with its own reasoning and balancing of interests. After receiving the transition plan, MPF used a more recent DNB scenario set and MPF (member) data. This resulted in some changes in the bandwidths. Additionally, the Transition plan did not contain a bandwidth for the youngest group deferred members (below 25 years). As it is possible that these young, deferred members become part of the member-group before the transition date, MPF has defined a bandwidth for this group, in addition to the transition plan. The Transition plan also did not include spouses. The PB has therefore extended the bandwidths for retired members, to include spouses. The deviations from the Transition Plan are included in the Acceptance (“Opdrachtbevestiging”) from MPF to Social Partners.

## **6.6 Financial boundaries**

The arrangements made in the transition plan, which follows from the DAK, ensure that the financial boundaries within which MPF can convert, are dynamic. The methodology for calculating the TFR levels in the Implementation Plan is identical to the Transition Plan. Due to changing economic conditions and member population, the absolute percentages will change. The way TFR levels are defined is explained in the DAK.

## **6.7 Arrangements when financial limits are exceeded**

In the transition plan, Social Partners have made agreements about the situation in which the Funding Ratio at the transition date is below TFR3. If the Funding Ratio at the transition date is below TFR3, the Company has guaranteed to finance the difference between that Funding Ratio and TFR3. The lowest possible Funding Ratio therefore is TFR3.

The maximum Funding Ratio for which the transition effects are analyzed in the transition plan is TFR4. If the Funding Ratio at the transition date is above TFR4, the Company explicitly reserves the right to explore the extent to which capital above TFR4 can flow back to the Company. If no capital flows back to the Company, the assets will be used for an equal increase of all individual capitals at TFR4 level of all members (both Final Pay plan and ARP/ASP plan). The Company has planned to make the final proposal based on the actual funded status by year end 2026.

## Glossary of Terms

English	Dutch	Abbreviation Dutch/English
Accountability Council	Verantwoordingsorgaan	AC/VO
Accrued Actuarial Liabilities	Technische Voorziening	AAL
Administrative & Financial Agreement		AFA
Administrative discretion	Bestuurlijke ruimte	n/a
Agreed Upon Procedures	Overeengekomen Specifieke Werkzaamheden	AUP
Application Programming Interface		API
Assessment Milestone 2	Toetsmoment 2	TM2
Associate Retirement Plan	Medewerker Uittredings Plan	ARP (MUP)
Associate Selection Plan	Medewerker Selectie Plan	ASP (MSP)
Bank of New York	Bank of New York	BNY
Blom Veugelers Zuiderman Advocaten	Blom Veugelers Zuiderman Advocaten	BVZA
Blue Sky Group	Blue Sky Group	BSG
Consumer Price Index	Consumenten Prijs Index	CPI
Conversion (i.e. value transfer)	Invaren	n/a
Critical Data Elements	Kritieke Data Elementen	KDE
Current pension legislation	Financieel toetsingskader	FTK
Disability pension	Arbeidsongeschiktheidspensioen	AOP
Dutch National Bank	De Nederlandsche Bank	DNB
Dutch Professional Organization of Accountants	Nederlandse Beroepsorganisatie van Accountants	NBA
Dynamic Allocation Key	Dynamische verdeelsleutel	DAK
Financial Markets Authority	Autoriteit Financiële Markten	AFM

Flexible Contribution Plan	Flexibele Premie Regeling	FPR
Honoured	Geëerbiedigd	n/a
Integral Risk Management	Integraal Risico Management	IRM
International Standard On Assurance Engagements	Internationale Standaard voor Assurance Opdrachten	ISAE
Investment Committee	Beleggings Advies Commissie	IC
Key Function Holder	Sleutelfunctiehouder	KFH
Mars Pension Fund	Stichting Mars Pensioenfonds	MPF
Mars Seniors Club	Mars Senioren Club	MSC
Matching Portfolio	Beschermingsportefeuille	MP
Member Active member Deferred member Retirees (pensioners)	Deelnemer Actieve deelnemer Inactieve (gewezen) deelnemer Gepensioneerde	n/a
Members Risk Indicators	Deelnemersrisico-indicatoren	DRI
Minimal Technical Reserve (In Transition plan Minimum required solvency ratio)	Minimaal Vereist Eigen Vermogen	MTR (In Transition plan MVEV)
Maximum Permitted Deviation	Maximaal Toegestane Afwijking	MTA
New pension legislation	Wet Toekomst Pensioenen	WTP
Non-Financial Risk	Niet Financiële Risico's	NFR
Ongoing Solvency Margin Ratio	Beleidsmatig Eigen Vermogen	OSMR
Operational Reserve	Operationele Reserve	OR
Own Risk Assessment	Eigen Risico Beoordeling	ORA
Pension Board	Bestuur	PB
Personal Pension Capital	Individuele Pensioen Account	PPC
Premium waiver in case of disability	Premievrijstelling Invaliditeit	PVI

Price Waterhouse Coopers	Price Waterhouse Coopers	PwC
Products and Services Catalogue	Producten en Diensten Catalogus	PDC
Professional Organization of IT Auditors	Nederlandse Orde van Register EDP-Auditors	NOREA
Retroactive effect	Terugwerkende kracht	TWK
Return Portfolio	Rendementsportefeuille	RP
Risk Attitude	Risicohouding	n/a
Risk Self Assessment	Risico Beoordeling BSG	RSA
SECOR Investment Advisors	SECOR Investment Advisors	SECOR
Service agreement		DVO
Service Level Agreement		SLA
Solidarity Contribution Plan	Solidaire Premie Regeling	SPR
Solidarity Reserve	Solidariteitsreserve	SR
Status Benefit Work Capacity	Status Uitkering Arbeidsgeschiktheid	SUAG
Supervisory Council	Raad van Toezicht	SC/RvT
Target Funding Ratio	Streef Dekkingsgraad	TFR
Target Operating Model	Target Operating Model	TOM
Transition (time(frame) oriented)	Transitie	n/a
Willis Towers Watson	Willis Towers Watson	WTW
Works Council	Ondernemingsraad	WC
Work Stream	Werkstroom	WS