

THE SHELL INTERNATIONAL PENSION FUND

YOUR PENSION FUND





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INTRODUCTION

This booklet gives a short summary of the benefits provided to members of the Shell International Pension Fund (SIPF) and their dependants.

The Trust Deed and Regulations of the SIPF is the definitive document determining pension benefits available to members. You can request a copy of the Trust Deed and Regulations from the Pensions Administration Team (contact details on page 18).

The Trustee of the SIPF is Shell Trust (Bermuda) Limited. The SIPF is based in Bermuda and subject to Bermudian law.

The SIPF is designed for international assignees and your membership will stop if you become a local employee either through change of base country or on return to your base country.

HOW THE SIPF WORKS

The SIPF is a 'defined benefit' scheme. The benefits you receive at retirement are based on your earnings and your length of membership in the Fund.

Membership

The SIPF closed to new joiners and re-joiners from 1 January 2009.

Contributions

The SIPF is non-contributory for members.

The Companies pay into the Fund the balance of the costs required, as determined by the SIPF's Actuary. Details are published annually in the Trustee Report and Accounts.

Tax status of the SIPF

The SIPF is a Bermudian registered pension scheme. It is not registered in any other country, nor does it have tax approved status in any other country.

The tax treatment of your pension and any lump sum payment will be governed by the tax laws that apply in your country of tax residence. It is your responsibility to notify the appropriate tax authorities, if applicable, of any tax charges due, therefore it is important that you take independent financial/tax advice.

RETIREMENT BENEFITS

Normal retirement age

Pension age for men and women is 60 and you will normally retire on the last day of the month in which you reach pension age (your normal retiring date).

If you were in the fleet, aircrew or category 'B' service before 1 January 1986, your pension age will be lower than 60 – see the Glossary on page 16 for details of the calculation. You can check what your pension age is by looking at your annual benefit statement.

Early retirement

You may be able to retire from employment early and receive a pension payable either immediately (but not earlier than age 50) or at some future date not later than your normal retiring date.

To qualify for an early retirement pension, you must have at least five years' pensionable service and be retiring with the consent of your Employing Company and one of the Appointed Companies. Consent for early retirement is usually only given if you are leaving on the grounds of redundancy or some other special reason. A reduction may be applied to your pension, currently up to 3% for each year of early payment.

Pension formula

The pension you will receive at your normal retiring date is based on your final pensionable salary at the time you retire, and the number of years and months of your pensionable service in the SIPF. Where appropriate, your pensionable service will be adjusted to take account of any fleet, aircrew, or category 'B' service prior to 1 January 1986.

Your pension is based on two factors – your pensionable service and your final pensionable salary. You will receive a pension equal to 1/54th of your final pensionable salary for each year and month of pensionable service, as follows:

$$\text{Annual SIPF pension} = \frac{1}{54} \times \text{pensionable service} \times \text{final pensionable salary}$$

For example, if your Base Country has a euro currency, your final pensionable salary is €130,000 and your pensionable service is 20 years 6 months, your annual pension will be:

$$\frac{20.5}{54} \times \text{€130,000} = \text{€49,352}$$

You will know your pensionable service, but your final pensionable salary will not be known until you leave. An accurate figure for your pension can only be given when you leave Shell employment. The Pensions Administration Team will send you estimated figures each year based on your current salary in your annual benefit statement.

Maximum pension

The maximum pension paid by the SIPF is two-thirds of final pensionable salary. This equates to 36 years' pensionable service.

Cash lump sum

At retirement, you can choose to exchange some of your pension for a cash lump sum. You will be given details of the maximum amount of cash lump sum available as you approach retirement by the Pensions Administration Team. If you take a cash lump sum, your pension will be reduced.

The cash lump sum is calculated as follows:

$$25\% \times \text{annual pension} \times \text{commutation factor}^* = \text{maximum cash lump sum}$$

*The commutation factor is based on age and sex.

For example, if your gross annual pension was €49,352 (see previous calculation), the maximum cash lump sum you could take would be:

$$25\% \times \text{€49,352} \times 16.763 = \text{€206,821}$$

And your annual pension if you took this lump sum would be:

$$\frac{\text{€206,821}}{16.763} - \text{€49,352} = \text{€37,014}$$

Taking a lump sum only reduces your own pension. It does not reduce your spouse's, children's or any adult dependant's pension.

100% commutation option

Alternatively the Trustee and the Company may permit you to commute the whole of your pension benefits for a once only lump sum payment.

The option is not available if you are still in active service or have already started to receive a pension from the SIPF.

If you choose the 100% commutation option, you will be commuting your own pension and also any future pension entitlement for your spouse, children or dependant.

Please contact the Pensions Administration Team to find out if this option is available to you.

Cost of living increases

Pensions (either in payment or deferred) are reviewed each year. Generally increases are based on the increases in the pension scheme in your Base Country. You will receive confirmation of any increases to your pension in payment from the Pensions Administration Team.

Switch of Base Country currency

The Trustee may permit you to change from your Base Country currency to Euros for purposes of calculation, annual increases and pension payments. Please contact the Pensions Administration Team to find out more about this option.

If the Trustee and the Founding Companies agree, and you decide to proceed with this option, then your pension will have no link to your Base Country currency. All payments will be made in Euros and all increases will be linked to a Euro inflationary index.

Please note that this option is irreversible. If you choose to switch from your Base Country to Euros, your decision cannot be changed at a future date.

INCAPACITY BENEFITS

Eligibility

If you are unable to continue working because of a physical or mental incapacity and you have Company consent, then you may be granted an immediate pension. There are two levels of pension that can be paid at the discretion of one of the Appointed Companies, based on its opinion of your medical condition – Total Incapacity and Partial Incapacity.

Total Incapacity

Total Incapacity means physical or mental deterioration which in the opinion of one of the Appointed Companies, acting on medical advice, is such as to make it unlikely that you will again obtain employment.

If your incapacity falls in this category, then you may be granted a pension until your normal retiring date. It would be two-thirds of your final pensionable salary.

On reaching your normal retiring date, your total incapacity pension would be replaced by a pension based on your final pensionable salary at the time you ceased being employed and on full prospective service, i.e. the years of pensionable service that you would have had if you had been able to continue membership to normal retiring date. The resulting pension value would be adjusted by the same percentage cost of living increases made to your incapacity pension between your date of leaving and reaching normal retiring date.

Partial Incapacity

Partial Incapacity means physical or mental deterioration which in the opinion of one of the Appointed Companies, acting on medical advice, is such as to prevent you from following normal employment and which seriously impairs your earning capacity.

In this case you may be granted a pension based on your final pensionable salary and your pensionable service up to the date you leave, but the pension will not be less than one-third of your final pensionable salary.

On reaching your normal retiring date, your partial incapacity pension would be replaced by a pension based on your final pensionable salary at the time you ceased being employed and on full prospective service, i.e. the years of pensionable service you would have had if you had been able to continue membership to normal retiring date. The resultant pension would be adjusted by the same percentage cost of living increases made to your incapacity pension between the date of leaving and reaching normal retiring date.

Cash lump sum

If you leave employment with an incapacity pension, you may exercise your right to take part of your pension as a cash lump sum. The cash lump sum would be based on that part of your pension which has been earned to the date of leaving employment.

Contact the Pensions Administration Team if you are interested in the 100% commutation option (see page 18).

Cost of living increases

Cost of living increases are applied to incapacity pensions in the same way as other pensions from the Fund. See section on 'Retirement Benefits' for details (page 4).

Lump sum payments on death

If you die before your normal retiring date while you are receiving an incapacity pension, a discretionary cash lump sum is payable from the SIPF. It is equal to three times your pensionable salary at the date you left service (adjusted by any subsequent cost of living increases) less any commutation lump sum you have taken.

A list of potential beneficiaries is set out in the section on 'Dependants' benefits' (page 10).



BENEFITS ON LEAVING BEFORE RETIREMENT

If you resign or otherwise leave the SIPF before pension age, then the following benefits are available:

Deferred pension

If you have five or more years' pensionable service when leaving the SIPF, you are entitled to a deferred pension, payable from your normal retiring date. The amount of your pension is calculated using your pensionable service and pensionable salary at the date of leaving (less any authorised deductions).

Cost of living increase

Your deferred pension will be reviewed annually, and any applicable cost of living increases will be applied in the same way as pensions in payment – see the section on 'Retirement benefits' for details (page 4).

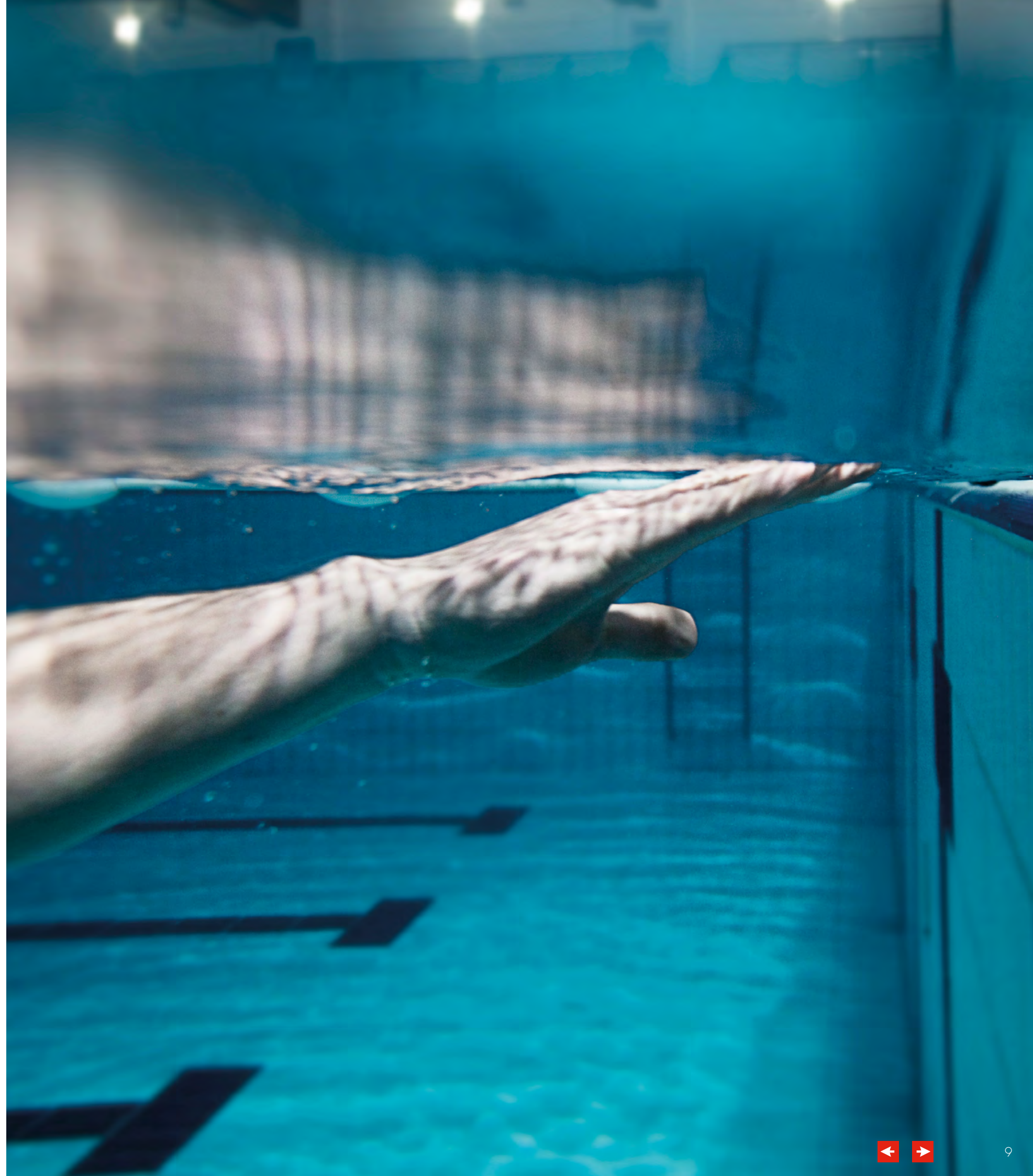
Cash Lump Sum

When your deferred pension starts, you have the right to convert 25% of it into a cash lump sum or you could consider the 100% commutation option. See the 'Retirement benefits' section for details (page 4).

Transferring your SIPF benefits

As an alternative to a deferred pension, it may be possible for a transfer payment representing the cash equivalent of your benefits, to be paid to another scheme.

However, transferring benefits out of the SIPF is complicated. The Trustee will do its best to arrange a transfer if you wish, but the ability to do so may be hampered by the rules of your new pension scheme and any fiscal or other statutory restrictions which may apply. Some pension providers may not accept transfers from the SIPF. If you would like further information, contact the Pensions Administration Team (page 18).



DEPENDANTS' BENEFITS

When you die, your spouse and any eligible children will be entitled to a pension from the SIPF from the first day of the month following your death. If you die without leaving a spouse, an adult dependant's pension may be payable in certain circumstances. In addition, there may be a lump sum payable. Details of the benefits differ according to when you die.

Cost of living increases are applied to dependants' pensions in the same way as they are applied to normal retirement pensions.



Lump sum payments

Death in service

If you die in Company service, a discretionary cash lump sum may be payable from the SIPF equal to three times your pensionable salary at the time of your death.

When you joined the SIPF, you were given a form on which you could nominate a person or persons to whom you wish the benefit to be paid. In the event of your death, the Appointed Companies will consider your wishes when deciding to whom the sum should be paid. The Appointed Companies are not bound by your nomination; for example, they may take into account family circumstances which may have changed since you last completed your nomination form. **It is important that you keep your nomination under review and update it if your personal circumstances change.**

If your death is the result of an accident, an additional discretionary lump sum not exceeding one year's pensionable salary may be paid at the discretion of the Appointed Companies.

Death in retirement

Cash lump sum

If you die within five years of retirement, a cash lump sum benefit is payable from the SIPF at the discretion of the Trustee to the personal representative(s) dealing with your estate. This cash sum is equal to the balance of five years' pension, subject to an overall limit of three times your final pensionable salary, adjusted by cost of living increases applied since your retirement, less any commutation payment.



Spouse's pension

Death in service

If you die in service, your spouse will be entitled to 60% of the pension to which you would have been entitled at normal retiring date, based on your pensionable salary at the date of your death.

For example, for a member with 10 years' pensionable service, and a pensionable salary of €130,000, who dies in service 20 years before normal retiring date:

Service at date of death = 10 years

Period from death to normal retiring date = 20 years

Total potential pensionable service = 30 years

Member's notional annual pension
 $30/54 \times €130,000 = €72,222$

Spouse's annual pension (before state pension deduction) $60\% \times €72,222 = €43,333$

Death after leaving service

If you die after leaving Company service, either before or after your pension has come into payment, your spouse will be entitled to 60% of your pension at the date you left service, ignoring any reductions made in respect of commutation and/or early retirement, and adjusted for any cost of living increases made since that date.

Children's pensions

Eligibility

If you have children under 18 and unmarried at the time of your death, they will be entitled to receive pensions from the SIPP.

Children's pensions normally cease when the child reaches age 18 (or on marriage if this occurs before age 18). When payments to a child cease, the pensions paid to any remaining children are adjusted where necessary (see table below).

The Appointed Companies have the discretion to pay a child's pension to an unmarried child, who is aged between 18 and 25 and is receiving full-time education or vocational training for which he or she is substantially unpaid.

Children's pensions can also be paid to an unmarried child who was suffering from a disability which arose before reaching age 18 and who, in the opinion of an Appointed Company, was financially dependent on you.

Death in service

On death in service, children's pensions are calculated in the same way as a spouse's pension i.e. as proportions of the pension to which you would have been entitled at your normal retiring date, based on your pensionable salary at the date of your death. The overall payments depend on the number of children and whether there is a spouse's pension being paid:

Number of children	Percentage of member's pension	
	Spouse's pension in payment	No spouse's pension in payment
One	20%	40%
Two	40% in total	80% in total
Three or more	40% in total	100% in total

Death after leaving service

Your children will be entitled to the pensions calculated using the above percentages of your pension at the date you left service, ignoring any reduction for commutation and/or early payment, and adjusted for cost of living increases paid since that date.



Adult dependant's pension

If you die without leaving a spouse who is entitled to a pension, then a pension may be paid to anyone aged 18 or over who, in the opinion of an Appointed Company, was financially dependent on you.

Such a pension cannot exceed the amount that would have been payable as a spouse's pension. It will be less than that amount if you leave two or more children in receipt of children's pensions. This is because the total amounts payable from the SIPF cannot exceed 100% of your pension.

GLOSSARY OF TERMS AND HISTORICAL RULES

Appointed Companies - means Shell International Limited and Shell International BV.

Base Country - is the country which forms the basis of your pensionable remuneration and your expatriate remuneration where applicable. Your Base Country is determined by one of the Appointed Companies. Employees with Base Country of the UK or the Netherlands cannot be admitted to the SIPF.

Children - pensions are paid to legitimate (or legitimated) children of the member; they can also be paid to a stepchild of the member, providing that the child was, in the opinion of one of the Appointed Companies, financially dependent on the member.

Commutation - means converting part, or all, of your pension into a cash lump sum. The amount by which your pension is reduced for each unit of cash depends on your sex and age at retirement.

Employing Company - means the participating Member Company that currently employs a member, or in the case of a Deferred Member, was the last participating Member Company to employ the member.

Final Pensionable Salary - is your annual pensionable salary (excluding any annual bonus) at the date of leaving and is expressed in the currency of your Base Country on which your benefits from the Fund are based.

Founding Companies - means Shell Petroleum Company Limited and Shell Petroleum N.V.

Normal retiring date - is usually the last day of the month in which you reach pension age (60 for both men and women).

Pension age - is 60 for both men and women.

Pensionable salary - is expressed in the currency of your Base Country. It will be maintained at a level comparable with that of your peers in your Base Country. Your pensionable salary is determined by one of the Appointed Companies in consultation with your Employing Company.

Pensionable service - is normally the number of years and months (to the nearest month) of the latest unbroken period of full-time employment while a member of the SIPF.



CONTACT US

Making an enquiry or complaint

If you have any enquiries about your individual benefits, please contact the SIPF Pensions Administration Team.

Write to:

Pensions Administration Team,
Trustee Services Unit,
Shell International Limited,
Shell Centre,
London
SE1 7NA

Email:

UK-PensionsAdmin@shell.com

If you wish to make a formal complaint about a matter for which the Trustee is directly responsible, you can do so by completing a 'Notice of Complaint' form. Employees may obtain a form from the Pensions Administration Team. Once completed, the 'Notice of Complaint' form should be returned to:

Write to:

The Secretary,
Shell Trust (Bermuda) Limited,
3rd Floor, Continental Building,
25 Church Street,
Hamilton
HM 12,
Bermuda.

The Secretary has been nominated by the Trustee to investigate any complaints and will respond within two months with either a decision referring to the appropriate regulations of the SIPF or legislative requirements, or reasons for any delay and an estimated date for a decision. § If you remain dissatisfied with the decision, you can then opt to write to the Chairman of Shell Trust (Bermuda) Limited, at the above address, including details of your original complaint and an explanation of why you disagree with the decision made. The Board of Directors of the Trustee will reconsider the matter and respond with a decision within two months of receipt. All formal complaints and the decisions of the Secretary are reported to the full Trustee Board.

This procedure relates only to matters for which the Trustee is responsible, so matters which depend on the Employing Company's discretion must be referred to your Employing Company. Examples of the types of benefit which depend on your Employing Company's discretion are the granting of incapacity pensions or death in service lump sums. The SIPF complaints procedure does not cover complaints in respect of former members who have transferred their benefits from the SIPF more than six months before, or where proceedings have begun in a Court or a tribunal.

