

Addendum to the Implementation Plan



Stichting Pensioenfonds TNO
(Pension Fund TNO)

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1 Introduction

On 26 June 2025, the TNO Pension Fund (Pf TNO) notified De Nederlandse Bank (DNB) of the proposed collective transfer of assets, as referred to in Article 150m(2) of the Pensions Act. The target date for the transition for Pf TNO is 1 July 2026. Following the so-called integration notification, DNB has commenced a period of substantive assessment of this notification.

Economic developments since June 2025 have, over the same period, led to a significant increase in interest rates and, partly as a result, in the funding ratio. The implementation plan, which formed part of the integration notification, as well as the preceding transition plan of the social partners, was based on an integration funding ratio of at least 106% and no more than 135%. By the end of 2025, the actual funding ratio had risen to over 135%, making it necessary to conduct further analyses to ensure a balanced transition even with higher integration funding ratios.

The review of the integration case file, combined with economic developments, has resulted in a more concrete formulation of the transition objectives, together with an extension of the scope of the implementation plan to higher integration funding ratios and higher interest rate levels. This is described in Chapters 2 and 3 of this addendum. Chapter 4 addresses a DNB requirement concerning compensation for the abolition of the career average system. Chapter 5 describes how monitoring will take place up to the date of integration, and finally, the assessment of the integration case file has led to an addition regarding data quality (administration of DC plans). This is described in Chapter 6.

The Board of Pf TNO formally adopted this addendum on 29 April 2026. Prior to this decision, the social partners had broadened the scope of the decision-making process to cover integration funding ratios ranging from 106% to 145% and interest rate shocks ranging from -1% up to and including +2% (relative to year-end 2023). The Accountability Body issued a positive opinion on the amendments relating to the earlier decision to integrate, and the Supervisory Board of the pension fund approved the addendum to the implementation plan.

The addendum forms an integral part of the implementation plan of 18 June 2025. In the event of any inconsistency between the addendum and the implementation plan, the content of this addendum shall prevail.

2 Transition objectives

Section 5.2.11 of the Implementation Plan sets out the transition objectives. Several of these objectives have now been further specified. This applies in particular to the third transition objective, which states that no unbalanced differences may arise between participant groups during or after the transition. These further specifications ensure that, even at higher integration funding ratios and interest rate levels, all participant groups and age cohorts can feel fairly represented. The specifications relate to, among other things, the maximum disadvantage arising from the transition and the limitation of intergenerational redistribution.

The transition objectives, including the specifications, are:

1. At the time of transition, active participants, former participants and pension beneficiaries do not lose out compared to the current scheme.



2. We aim to provide stable pension benefits. We want to limit reductions in pension benefits.
3. There must be no unbalanced differences between member groups during and after transition. Among other things, we will review how to offset the adverse effects of the elimination of the career average system.
 - a. No disproportionate disadvantage as a result of the transition from the current to the new pension scheme for active participants, former participants and pension beneficiaries.¹
 - b. Adjustments to pension benefits are the same for all pension beneficiaries.
 - c. Limiting the indexation shortfall under the FTK before the transition date.
 - d. Limiting redistribution between generations.
 - e. Compensation for the abolition of the average salary system: an efficient form of compensation which, together with the dual transition, sufficiently limits the disadvantage resulting from the abolition of the average salary system.

Specifications 3b, 3c and 3e were already (implicitly) included in the implementation plan. Specifications 3a and 3d are explained in more detail below.

The fund considers it important that all participant groups feel they are fairly represented. For this reason, the fund considers it inappropriate for any participant group or age cohort to experience substantial disadvantage (in terms of net benefit) as a result of the transition. The benchmark applied is that the change in net benefit (delta net benefit) must not be more than 5% negative for anyone, in any scenario. At higher funding ratios, at least 130%, the benchmark is that the delta net benefit must be at least 0%.

At higher interest rates and integration funding ratios, the fund observes an increase in differences in delta net benefit between groups. The fund wishes to limit this redistribution between generations. In this regard, the fund identifies two causes for the redistribution. Firstly, part of the delta net benefit differences is the direct result of applying equal treatment when integrating pension beneficiaries. This part of the delta net benefit is an intended effect. In addition to this intended effect, part of the delta net benefit differences results from the move to the new system and the application of the standard method. This second redistribution effect is unintended, and the fund wishes to limit it to ensure a balanced transition. This second redistribution effect may therefore not exceed 10 percentage points in terms of delta net benefit in any scenario. Within the group of pension beneficiaries, the benchmark is based on the age cohort of 75-year-old pension beneficiaries, thereby excluding the delta net benefit effect caused by the equal adjustment of pension beneficiaries.

All transition objectives are accompanied by benchmarks and ranges. These are set out in Annex A.

¹ In assessing the transition objectives, the average delta net benefit or delta expected pension benefit is reviewed, as well as the results per age cohort for the different participant groups. The Board is aware that the outcomes for individual participants may differ from these averages.



3 Transition effects

Adjustment to FTK modelling

The Board has decided, in line with DNB's Good Practice – Modelling of Contribution Policy, to adjust the contribution policy in the FTK used in the transition calculations so that the outcomes in terms of contribution coverage ratio and funding ratio are realistic and better aligned with the actual contribution policy applied by the fund in recent years.

In the FTK contribution policy, the following limits are applied in the transition calculations, providing a more realistic modelling of the contribution policy in the FTK and aligning with the fund's (historical) policy:

- A minimum contribution coverage ratio (CCR) of 65%, below which an accrual reduction is applied.
- A maximum contribution coverage ratio of 130%, above which the contribution is reduced if the maximum accrual of 1.75% is reached.
- A contribution reduction if the funding ratio (FR) exceeds 200% and there is no remaining indexation shortfall. In that case, no contributions will be paid (temporarily).

In addition to the assumptions for the contribution policy, the Board has also adjusted, in line with DNB's Good Practice, the assumptions for the expected return on equities used in the calculation of net benefit within the FTK. It has been decided to set the return on return-seeking assets equal to the interest rate plus a fixed excess return of 4%, in order to avoid overestimating the probability of reductions under the FTK. The DNB scenario set contains relatively many higher interest rates which, when applying a fixed return in line with the Parameters Committee, would lead to low excess returns.

Higher integration funding ratios and interest rate shocks

Since the end of 2023, the reference date on which the transition calculations are based, interest rates and the funding ratio have increased. Due to the rise in the actual funding ratio, partly caused by the higher interest rate, Pf TNO decided to include several additional scenarios in the analysis and the assessment of balance as part of the comprehensive decision-making process. To this end, four additional scenarios were analysed: a scenario with a higher integration funding ratio of 145% and the same interest rate as in the base scenario, a scenario with an interest rate shock of +2%, resulting in an integration funding ratio of 138%, and two scenarios with an integration funding ratio set at 145%, where the level of this integration funding ratio is partly caused by an interest rate shock of +1% and +2%, respectively.

Delta net benefit

All delta net benefit results have been assessed against the specified transition objectives and the associated benchmarks. For higher integration funding ratios and interest rate shocks, this has led to the use of the fund's statutory possibilities to ensure a balanced transition through targeted asset allocation. This targeted asset allocation ensures that no unbalanced differences arise between participant groups during and after integration, and that intergenerational redistribution is limited. Among other things, this ensures that the difference in delta net benefit between the age cohort of 75-year-old pension beneficiaries and the other participant groups does not exceed 10 percentage



points, by applying an adequate minimum delta net benefit value in each scenario. The table below shows in which scenarios an asset shift was applied and the percentage of assets used for this purpose.

Scenario		Minimum delta net benefit	Assets applied as % of total assets
FR	Interest rate shock (relative to year-end 2023)		
128%	+1%	$\Delta\text{NB everyone} \geq -3.0\%$	0.08%
135%	0%	$\Delta\text{NB everyone} \geq +0.5\%$	0.14%
138%	+2%	$\Delta\text{NB everyone} \geq +0\%$	0.61%
145%	0%	$\Delta\text{NB everyone} \geq +2.5\%$	0.65%
145%	+1%	$\Delta\text{NB everyone} \geq +1.5\%$	0.31%
145%	+2%	$\Delta\text{NB everyone} \geq +0.5\%$	0.47%

In the delta net benefit results (see also Annex B), the relatively high net benefit outcomes for young active participants stand out. This is due to the high exit probabilities at TNO. Young active participants benefit at younger ages from the abolition of the career average system in the new contract. Due to the high exit probabilities, there is a significant chance that they will become former participants at Pf TNO at older ages, meaning that the disadvantage of degressive accrual at older ages in the new contract does not appear in these delta net benefit results. The high delta net benefit results therefore give a somewhat distorted picture of the actual delta net benefit of the transfer for this group. For this reason, the transfer effects for this group were also assessed separately with exit probabilities set to zero. This shows that the strongly positive delta net benefit results in the relevant scenarios disappear, and the results align with those of the other age cohorts.

Delta expected pension benefits

In assessing the transition objectives, the fund has, for the third transition objective, looked not only at the net benefit results mentioned above but also at the average (real) expected pension benefit in the good-weather, bad-weather and median scenarios².

In the results relating to the delta expected pension benefits (see also Annex C), it can be seen that the average expected pension benefit in most scenarios is higher for all participant groups under the new contract than under the current contract when looking at the expected scenario. The fact that all participant groups receive a portion of the buffer when they retire and that the new system does not have to take into account a limit on future-proof indexing contributes to this.

When looking at the same measure in the bad-weather scenario, it becomes visible that this leads to lower expected pension benefits for young active participants and, in particular, significantly lower

² The median scenario, also referred to as the expected scenario, is the scenario in which there is a 50% probability that the outcome will be higher and a 50% probability that the outcome will be lower. The bad-weather scenario reflects the pessimistic situation in which there is a 5% probability that the results will be worse and a 95% probability of better results. The good-weather scenario reflects the optimistic situation in which there is a 5% probability that the results will be even better.



expected pension benefits for young former participants. For the good-weather scenario, these are precisely the groups with higher expected pension benefits. This wide dispersion is caused by the higher risk profile of these younger active and former participants. For these groups, it is necessary to apply a higher risk profile in order to achieve the pension ambition. The fund considers this balanced and a logical consequence of the new pension contract. It is relevant to note that these analyses do not assume a diversified investment policy. Diversification in the investments limits the dispersion in the results of expected pension benefits.

4 Compensation for the abolition of the career average system

In the transition plan, the social partners agreed on the form and scale of the compensation for the abolition of the career average system. Social partners have opted for the compensation to be funded from the fund assets, meaning that 1.5% of the fund assets will be used for this purpose.

At the end of June 2025, DNB published the “Q&A: How does the pension fund justify the level of compensation per age cohort?”. This states that the compensation must meet the following requirements:

- There must be no overcompensation. This means that the compensation may not exceed the disadvantage arising solely from the abolition of the career average system (single transition), without taking into account the (also positive) effects of the transition as a whole.
- The compensation must be efficient. This means that the compensation must be directed to the groups that experience the greatest disadvantage.

The fund has assessed for all scenarios whether the requirement of no overcompensation is met.

It was found that in the scenario with an interest rate shock of -1%, overcompensation did occur, and the Board, in consultation with the social partners, concluded that in this situation the compensation scale must be adjusted to meet the requirement. It was decided that in the case of a negative interest rate shock of more than 0.5 percentage points (relative to year-end 2023), the structure of the scale will be maintained, but the compensation amount will be reduced from 1.5% to 0.75% of total assets. Given the current interest rate level and the short period until integration, the likelihood of such a situation occurring is very small.

5 Monitoring

In addition to the targeted asset shifts per analysed scenario (described in Chapter 3), the fund has also established a so-called continuum for intermediate funding ratios and interest rate levels. Up to the date of integration, the fund will monitor the development of the funding ratio and the interest rate.

- i. if the combination of funding ratio and interest rate at the date of integration falls outside or threatens to fall outside the continuum, the fund will carry out new calculations or postpone the date of integration;
- ii. during the monitoring phase, the fund will demonstrate to DNB that balance is safeguarded up to the date of integration.



6 Data quality and administration of DC plans up to the date of integration

Sections 3.3.2, 3.4.1 and Chapter 4 of the Implementation Plan address the fact that the administrator of the DC plans (GSAM) terminated the contract as of early 2026. The following adjustments apply to these sections.

In Section 3.3.2: *Key agreements with key outsourcing partners*: the text on page 35 regarding GSAM as an outsourcing party is removed.

In Section 3.4.1: *Description of financial risks*: the text on pages 40 and 41 regarding the additional risk arising from GSAM terminating the administration agreement is removed.

In Chapter 4: *Data quality*: the text on page 48 regarding GSAM terminating the administration agreement is replaced by the following:

In early 2025, the Fund was confronted with the fact that the administrator of the DC plans (GSAM) had terminated the contract as of early 2026. As a result, the administration of the DC plan cannot continue unchanged until the integration of accrued rights. With the support of consultancy firm Montae & Partners, the Fund gained insight into possible solution directions for the interim period and eventually defined a preferred solution path based on that analysis, namely administration in-house by the fund.

The detailed specification will be submitted to the key officers for Risk Management and Actuarial and the Fund's auditor. Everyone has responded positively to the proposal. In addition, it was agreed with the auditor that the key officers for the SFH Internal Audit will conduct an audit of the design, existence and operation of the control measures regarding the temporary administration. In this way, the Board can safeguard the data quality of the DC plans up to and including the date of integration. If material findings arise from the internal audit, the Board will decide, taking these findings into account, whether integration on 01-07-2026 can take place in a controlled manner. In the meantime, the transition of the administration of the DC plans has been successfully completed, and the first changes and allocation of returns have been processed without issues.



Annex A: Transition objectives, benchmarks and ranges

Transition objectives and benchmarks

Together with the social partners, the Pf TNO Board formulated a number of principles and starting points for the transition to the new scheme, which were translated into an overall ambition (see Implementation Plan, Section 5.2.11) for the new scheme and three transition objectives.

Pf TNO applies the following three transition objectives, including the associated (statutory) benchmarks:

1. **At the time of transition, active participants, former participants and pension beneficiaries do not lose out compared to the current scheme.**
 - Everyone receives 100% VPV allocated at the moment of transfer.
2. **We aim to provide stable pension benefits. We want to limit reductions in pension benefits.**
 - The annual probability of a reduction in benefits is a maximum of 10%.
 - The average size of a reduction, if a reduction occurs, is a maximum of 6% (assessed on the basis of the 75-year-old reference person).
 - The delta net benefit for pension beneficiaries is at least 0%.
3. **There must be no unbalanced differences between member groups during and after transition.** Among other things, we will review how to offset the adverse effects of the elimination of the career average system.
 - a. **No disproportionate disadvantage as a result of the transition from the current to the new pension scheme for active participants, former participants and pension beneficiaries.**
 - Delta net benefit for no one lower than -5%.
 - At higher funding ratios ($\geq 130\%$), delta net benefit for everyone at least 0%.
 - b. **Adjustments to pension benefits are the same for all pension beneficiaries.**
 - Pension benefits are adjusted by the same percentage.
 - c. **Limiting the indexation shortfall**
 - Indexation shortfall in the FTK prior to the transition date to a maximum of 13%.
 - d. **Limiting redistribution between generations**
 - Maximum delta net benefit difference of 20 percentage points.
 - Maximum delta net benefit difference between the 75-year-old pension beneficiary and the other participant groups: 10 percentage points.
 - e. **Compensation for the abolition of the average salary system: an efficient form of compensation which, together with the dual transition, sufficiently limits the disadvantage resulting from the abolition of the average salary system.**
 - The Delta net return for active participants aged 45 and over at least 0%.

For the third transition objective, the fund has looked not only at the net benefit results mentioned above but also at the average (real) expected pension benefit in the good-weather, bad-weather and median scenarios.



Bandwidths

Bandwidths for delta net benefit

For all participant groups, if the funding ratio is below 130%, the delta net benefit ranges from a minimum of -5% (lower bound) to a maximum of +20% (upper limit). If the funding ratio is $\geq 130\%$, the delta net benefit has a lower bound of 0% and an upper bound of +20% for all participant groups. Furthermore, a maximum mutual difference of 20 percentage points applies between all participant groups and age cohorts in every scenario.

An exception to these bandwidths applies to active participants born after 1990: due to the high exit probabilities at TNO, a higher delta net benefit of up to 75% in the case of a +2% interest rate shock is accepted. In such cases, the mutual difference between these active participants and the other participant groups and age cohorts may also increase to 75 percentage points.

Bandwidths for delta expected pension benefits

Median scenario (50th percentile)	lower limit	upper limit
Pension beneficiaries	-5%	20%
Active members	-5%	50%
Former members	-5%	200%

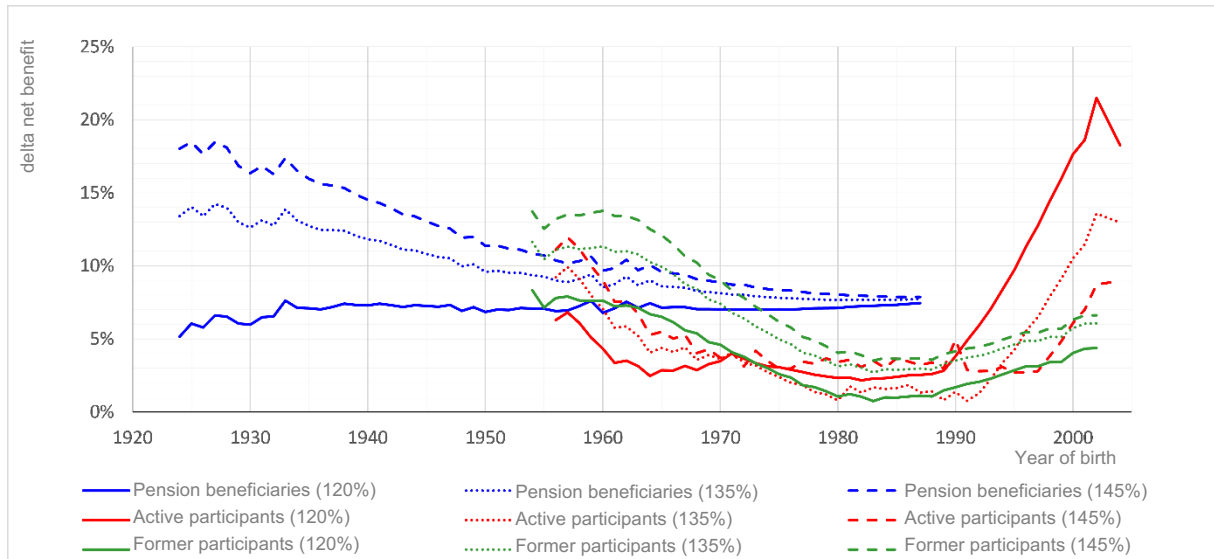
Bad-weather scenario (5th percentile)	lower limit	upper limit
Pension beneficiaries	-10%	20%
Active members	-25%	10%
Former members	-90%	15%

Good-weather scenario (95th percentile)	lower limit	upper limit
Pension beneficiaries	-5%	100%
Active members	15%	350%
Former members	15%	2500%

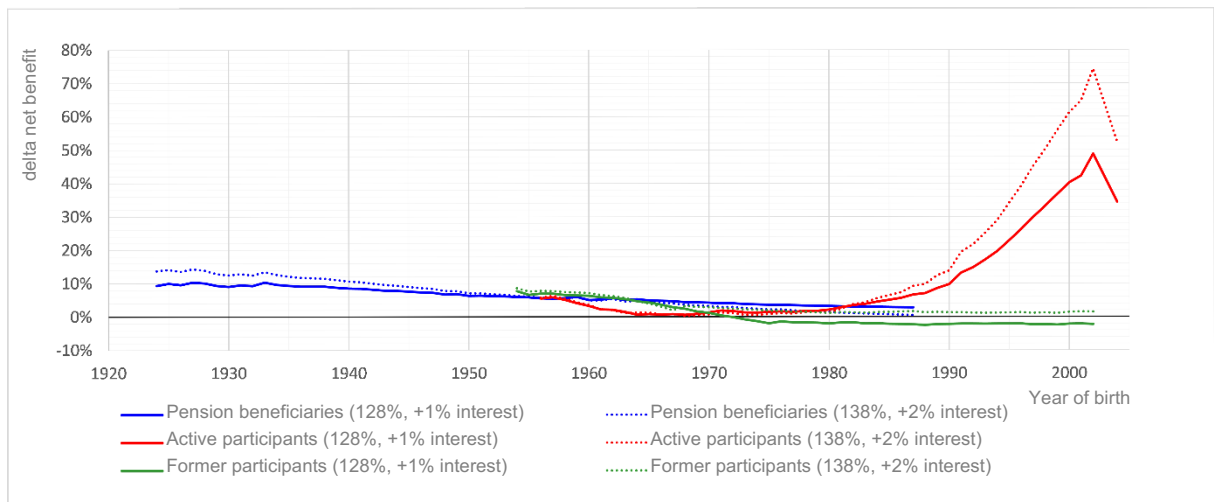


Annex B: Results for delta net benefit

Base scenario (120%) and scenarios with higher integration funding ratios (135% and 145%)

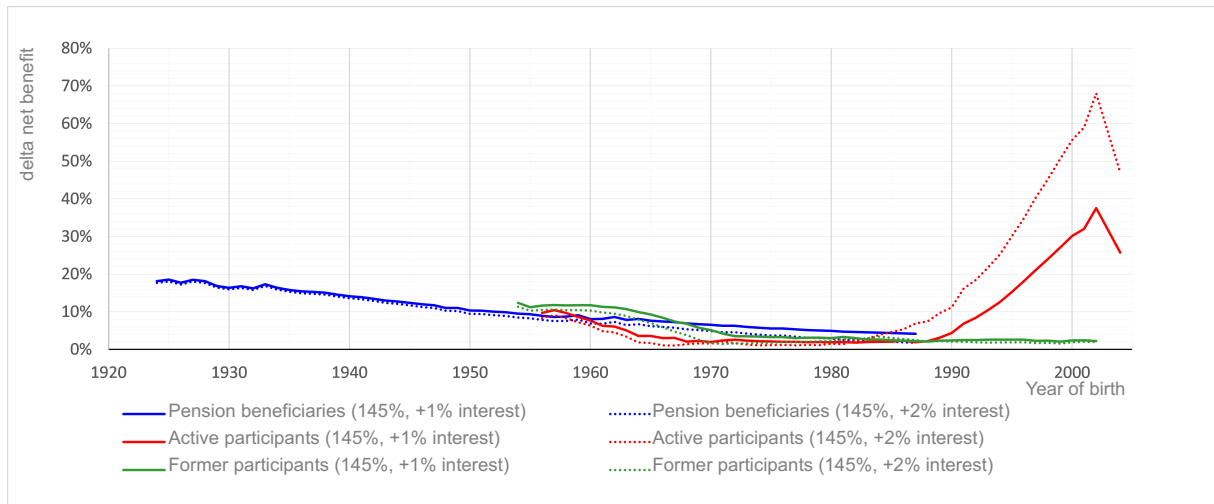


Scenarios with higher interest rates (+1% and +2%)

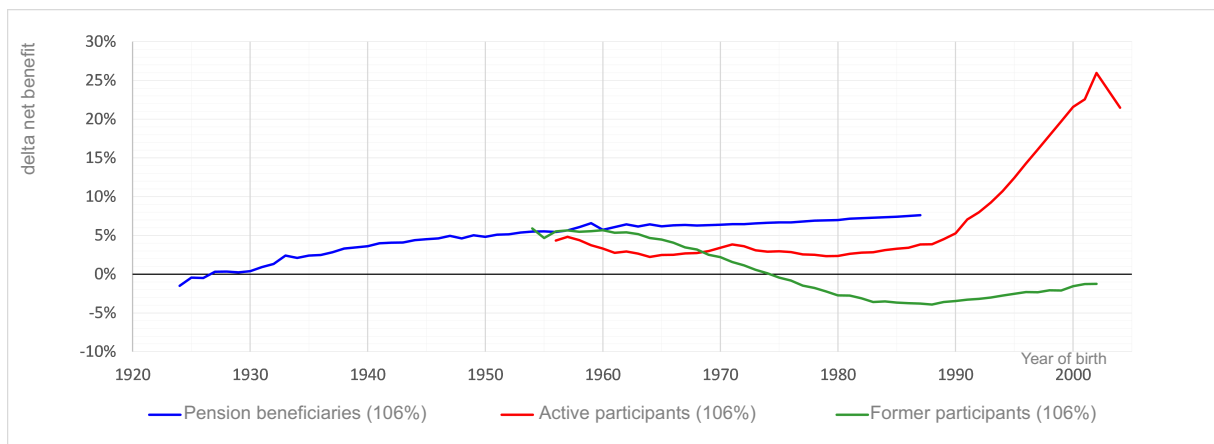




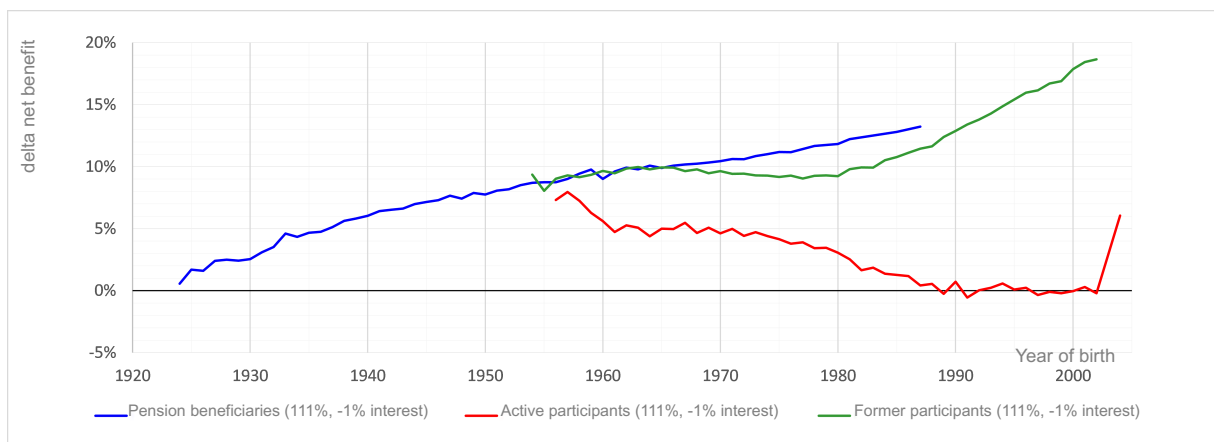
Combined scenarios (145% including interest rate +1% and +2%)



Scenario with lower integration funding ratio (106%)



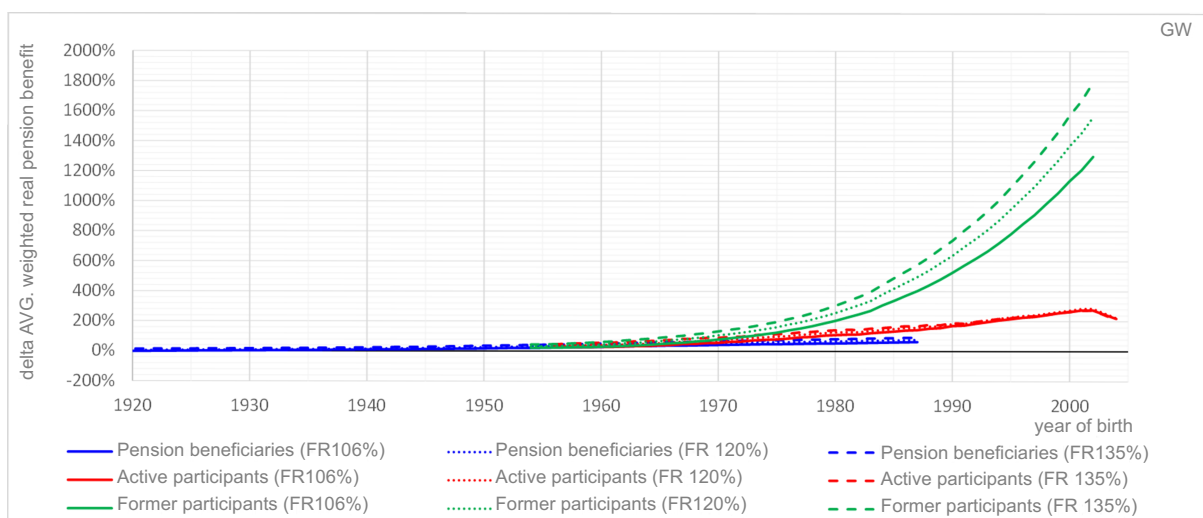
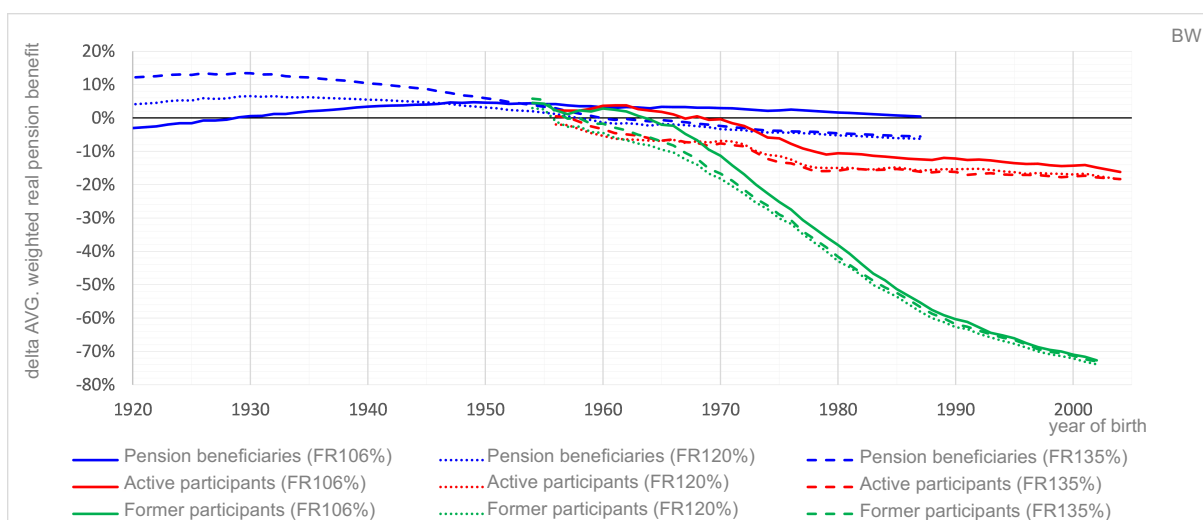
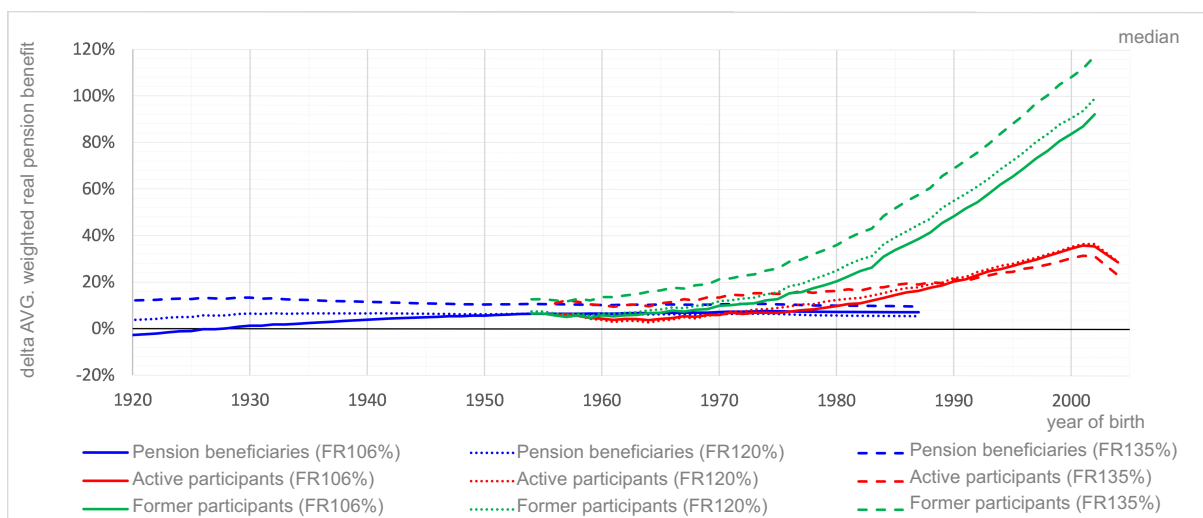
Scenario with lower interest rate (-1%)





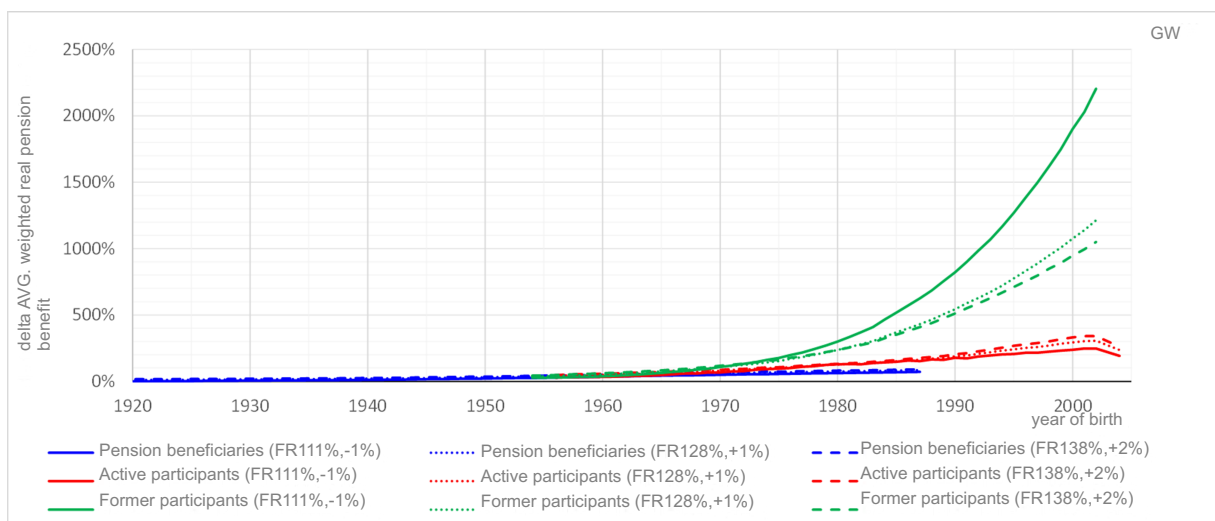
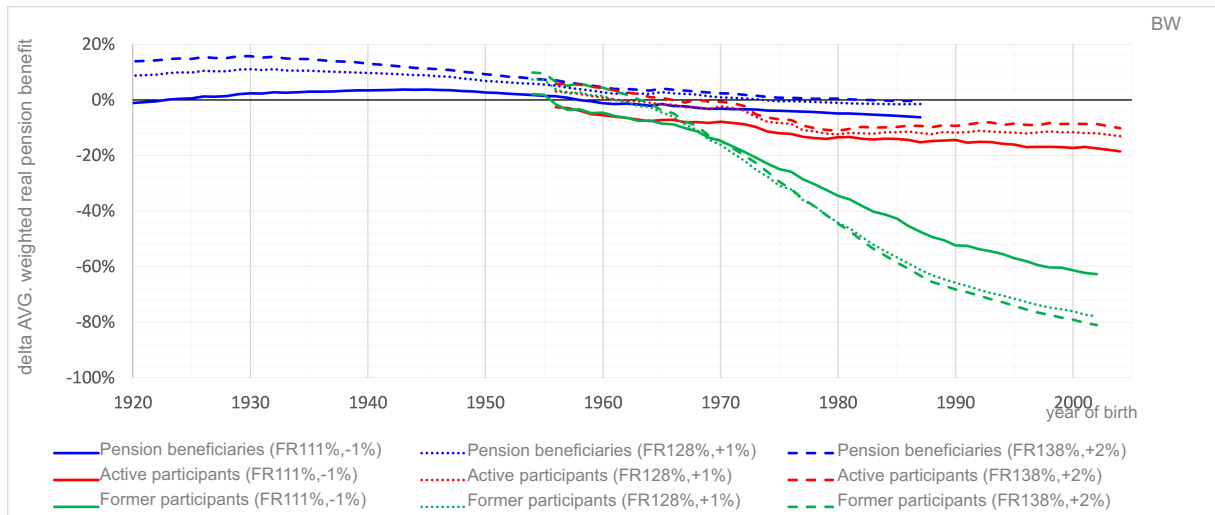
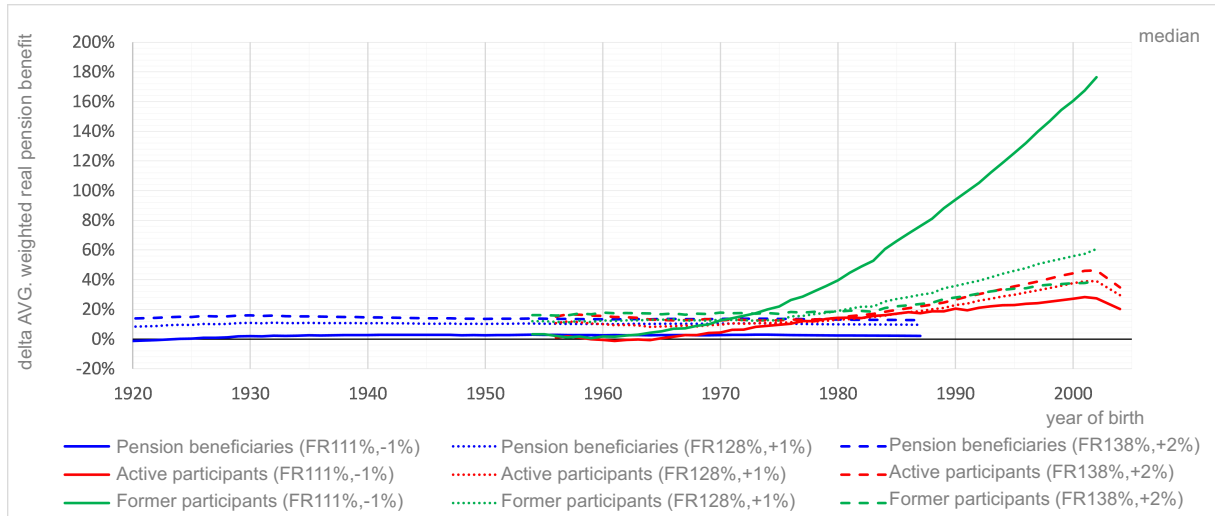
Annex C: Results for delta expected pension benefits

Scenarios with various integration funding ratios (106%, 120% and 135%)





Scenarios with various interest rate shocks (-1% to +2%)





Scenarios with integration funding ratio 145% and various interest rate shocks (0%, 1% and 2%)

