

## Using the years ahead to make a strong start in the new pension system

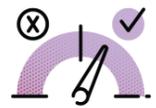
*Once the Dutch Future of Pensions Act (Wet Toekomst Pensioenen) is introduced, it will change how pensions work in the Netherlands. For members of Philips Pensioenfonds, the new pension system is expected to take effect in 2026. The Board of Trustees wants all members to get off to a strong start under that new system, making it in the interests of all our members that the financial buffer is as high as possible at the time of the switch. Another consideration is that any differences between members, in terms of how much pension they have accrued by then, should be minimal, fair and justifiable.*

### What do we want to achieve by the time the new pension system comes into force?

- For our members: a pension that is as close as possible to our ambition.
- Differences between members should be minimal, justifiable and fair.



- Healthy finances and the highest possible funding ratio. The higher the financial buffer, the stronger the start for our members.



### What is the situation at the end of 2022?

#### Our members' pensions:

- Full indexation in 2022, plus some compensation for earlier indexation that you missed out on in recent years:
- Active members:
  - Indexation 1.98% on 1 April 2022
  - Pension accrual 1.65%
- Pension beneficiaries / Policyholders:
  - Indexation 7.78% on 1 April 2022

#### Financial health:

- Beleidsdekkingsgraad 128.8%
- Financiële buffer van 28.8%

#### Wage and price inflation (indexation ambition)

- Wage inflation for the 2023 decision: 2.1%
- Price inflation for the 2023 decision: 7.6%

### What decisions have been made for 2023?

#### Protection for financial buffer

*In 2023, our pensions will be increased by a maximum of 4.0%. We believe that this is a safe and prudent rate with a view to protecting the buffer.*



When we switch to the new pension system, the buffer will be used for our members' benefit, making it in the interests of all our members that the buffer is as high as possible.

#### Pension beneficiaries compensated for 80% of inflation

*The indexation of pensions in 2022 and 2023 compensates for 80% of the inflation that has risen since late-2021. This is similar to what is happening on the market.*



Pension beneficiaries and non-contributory policyholders have not received full indexation. This means that the missed indexation increases. This will be taken into consideration when we switch to the new pension system.

#### Accrual up to 1.85% and full indexation for active members

*In 2022 the accrual rate was lower, at 1.65%. For 2023, the accrual rate returns to the target level of 1.85%.*



With the higher pension accrual rate and full indexation for active members, the differences between members when we switch to the new system will be smaller.