



Summary of the Transition Plan for the New Pension Scheme

What will change for you with the new pension?

- Avery Dennison Materials Europe B.V.
- Avery Dennison B.V.
- Avery Dennison Materials Nederland B.V.
- Avery Dennison Netherlands Investments II B.V.
- Avery Dennison Management Services Netherlands B.V.
- Avery Dennison Treasury Management B.V.
- Avery Dennison Hong Kong B.V.
- Paxar B.V.

Introduction

A new pension law, the Future Pensions Act (*Wet toekomst pensioenen*, Wtp), has been introduced. As a result, the employer and the Central Works Council (hereinafter referred to as social partners) at Avery Dennison have made decisions about the future structure of the company's pension scheme.

All these agreements are documented in the "transition plan." This summary provides an overview of the most important agreements and what they mean for your pension.

Would you like to learn more about all the agreements and changes? Then check out the transition plan. The full transition plan (available in Dutch) can be found at: www.pensioenfondsaveverydennison.nl/downloads.

Contents:

- Overview of the key agreements
- What will change in the new pension scheme?
- What will stay the same?
- Other arrangements regarding the new pension scheme
- How will we distribute the risks

This summary is based on the draft transition plan from the social partners. It is not a complete document, and no rights can be derived from it. However, it provides a quick insight into the new pension scheme and our transition process.

Key Agreements at a Glance

When determining the conditions for the transition to the new pension scheme, the social partners agreed on the following:

- The social partners want a pension scheme that strikes a careful balance between a stable pension value and pension benefit payments.
- The new pension scheme is expected to start on 1 July 2027.
- The new pension scheme will be a flexible contribution scheme. This means that your contribution amount is fixed. However, the final amount of your pension will depend on, among other things, investment returns.
- What if you pass away before your retirement? Then your partner will receive a partner's pension of 40% of your pensionable salary, plus the partner's pension you accrued with the pension fund before the transition date.
- What if you pass away before your retirement? Then your children (up to age 25) will receive an orphan's pension, plus the orphan's pension you accrued with the pension fund before the transition date.
- Your pension will fluctuate more with the economy.
- The amount of contribution you pay with Avery Dennison remains the same. The contribution is approximately 33% of the salary on which you accrue pension capital. You pay 1/3rd of this and Avery Dennison pays 2/3rds.
- Stichting Pensioenfond Avery Dennison (the Pension Fund) invests your pension contributions. The investment strategy will vary by age group. Your pension capital will grow or shrink based on the investment returns for your age group.
- Upon retirement, approximately 2% of your accrued pension capital will be allocated to a "risk-sharing reserve." The Pension Fund uses this reserve to minimize the risk of pension cuts.

What will change in the new pension plan?

The most important changes at a glance (1/2)

	Current pension scheme	New pension scheme
Type of pension plan	Average pay plan: your pension depends on the number of years you have been employed by Avery Dennison and the average salary you earned during that period.	'Flexible contribution scheme': In this scheme, the amount you and Avery Dennison contribute towards your pension is fixed. The total contribution is invested and forms your pension capital. The size of your pension capital depends on, amongst other things, the investment returns. You can choose from different investment profiles, allowing you to decide how much risk the Pension Fund should take on your behalf. The closer you get to retirement, the less risk the Pension Fund will take with its investments. This is how we reduce potential risks. Upon reaching your retirement date, the total contribution (pension capital) you have accrued is used to purchase your pension.
Accrual rate	1.875% of the salary on which you accrue pension.	This does not apply here, because in the new pension scheme, the focus is on the contributions, not the accrual.
Level of contribution	33% of the salary on which you accrue pension. You pay 1/3rd and Avery Dennison pays 2/3rds.	A maximum of 33% of the salary on which you accrue pension capital. The distribution of the premium remains the same.
Increase/decrease	Your pension will be increased or decreased annually in line with the Pension Fund's policy.	You will receive returns (positive or negative) on your pension capital.
Partner's pension if you work for Avery Dennison	70% of the old-age pension you have already accrued. In addition to this, 70% of the old-age pension you could still have accrued until your retirement date.	40% of your salary counts towards your pension, plus the partner's pension you accrued with the Pension Fund until the transition date.

What will change in the new pension plan?

The most important changes at a glance (2/2)

	Current pension scheme	New pension scheme
Partner's pension on your retirement date	The accrued partner's pension on your retirement date, with a maximum of 70% of your old-age pension. At the retirement date, you will make a choice regarding the amount of the partner's pension.	Depending on the amount of your pension capital at your retirement date. You can use part of your pension capital for a partner's pension. This is not mandatory.
Pension for your children if you pass away	14% of the old-age pension you could have still accrued up until your retirement date.	20% of your salary that counts towards your pension, and 40% in the case of a full orphan, plus the orphan's pension you accrued with the Pension Fund up until the retirement date.
Benefit as of retirement date	A fixed pension with the possibility of annual increases or decreases in line with the Pension Fund's policy.	At your retirement date, you can choose between a fixed or a variable pension benefit. If the Pension Fund does not offer your preferred option, you are allowed to "shop around" for other pension funds that provide it.

What stays the same?

Not everything changes. What is good, stays.

- You will receive your pension for life.
- Your (potential) partner and children will receive a pension if you pass away while still accruing capital through Avery Dennison. In the new scheme, this is often a higher benefit than in the current scheme.
- You will accrue pension starting from the age of 18.
- Have you already accrued (premium-free) partner's and orphan's pension? You will keep this pension. Your partner and/or children will receive it if you pass away.
- Have you become unfit for work? Then you will continue to build up pension capital. You will accrue less than when you were still working, but you will not have to pay for it yourself. Are you partially unfit for work? Then you will need to contribute to your pension for the part of the work you still do.

Other arrangements regarding the new pension scheme

We will convert the pension you have accrued

- Until the transition date, you will continue to accrue pension on the salary that counts towards your pension. The Pension Fund will convert your total accrued pension until the transition date into pension capital in the new pension scheme. Your pension retains a comparable value in the process. Is there more money than the total value of all pensions combined after the conversion? Then the Pension Fund will divide the remaining funds. The social partners have agreed on rules for how this distribution will take place.

Are you terminating your employment and do you not have another pension scheme? Then coverage of the partner's pension will automatically continue for 3 months after your departure.

How do we share the risks?

- Participants, former participants, and pensioners bear the investment risk and the risk that we are all living longer. As the Pension Fund will need to pay pensions for a longer period, sufficient funds must be available.
- In the benefit phase, these risks are shared collectively through a “collective benefit.” This means that everyone receiving a pension shares the risks. The Pension Fund invests the collective pension capital of the collective benefit.
- To avoid your pension significantly decreasing in one year, there is a “risk-sharing reserve.” This reserve prevents (large) fluctuations in (future) pensions. This way, you will have a more stable pension.
- We spread increases and decreases in your pension over 5 years. By doing so, we reduce the chance of large fluctuations in your pension. Good years can compensate for bad years.

Pensions will remain at least equal for everyone

- The social partners agreed that pensions should not be expected to be lower under the new pension scheme.
- The social partners want the transition to the new pension scheme to be as fair as possible for everyone. Therefore, they agreed to allocate funds to the pension capital of everyone currently accruing pension. The social partners have made agreements about the distribution of this money.

A balanced pension scheme

- We have made calculations for all participant groups with a pension at Stichting Pensioenfonds Avery Dennison. This allows us to see what the consequences of the new scheme will be for all groups in different situations, for example, if the financial position of the Pension Fund is very good or very bad. Based on these calculations, we have made decisions about compensation and how it will be financed. The social partners believe that the agreements as a whole are balanced.