

Investment Regulations

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PensUnit

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The Board of Trustees draws up the following Investment Regulations based on Art. 49a BVV 2 [OPP Ordinance on Vesting in Pension Plans]. Within the framework of the statutory provisions on supplementary occupational pension provision, the Foundation Deed, the Pension Fund Regulations as well as the Organisational Regulations, the Board of Trustees defines the provisions on implementation which must be followed for the management of the pension assets of the pension fund.

1. Basic principles of the investment strategies

1.1 The Foundation pursues a variety of investment strategies for the affiliated pension funds, adapted to suit the varying levels of risk capacity and risk tolerance. Each Pension Fund Commission selects an investment strategy, adapted to suit the corresponding risk capacity and risk tolerance.

1.2 The following aspects must be complied with in the management of the pension assets:

Liquidity

The assured benefits must be able to be paid out on time at any time.

Security

The investment strategy is defined to reflect the corresponding risk capacity and risk tolerance.

Diversification

The investment of the pension assets must adhere to the basic principle of an appropriate spread of risk. In particular, the assets must be divided between various investment categories, regions and industry sectors.

Profitability

Taking into account the risk capacity and risk tolerance, the aim of the investment strategy is to achieve an appropriate level of performance for the pension assets.

2. Organisation and process

2.1 Board of Trustees

The Board of Trustees

- defines the basic principles governing investments.
- specifies which custodian banks and asset managers are available to the Pension Fund Commission for selection.
- concludes an asset management framework agreement with the selected asset managers.
- annually verifies compliance with the basic principles of the investments.
- is responsible for the coherent presentation in the annual report of any extensions of investments under Art. 50 Para. 4 BVV 2/OPP 2.
- decides on the exercising of shareholder voting rights (see Art. 4 of the Investment Regulations).
- annually determines the interest to be paid by the insured person for collective loans and personal mortgages. In this context, the Board of Trustees is guided by the standard market interest rates of the cantonal banks and major banks for variable mortgages.
- In special cases (e.g. major crises in the capital market, underfunding, insufficient accumulation of fluctuation reserves) has the right to remove the Pension Fund Commission's option to select how the pension assets are invested (immediate withdrawal) and, on request, to exert a direct influence over its investment strategy.

2.2 Pension Fund Commission

In accordance with Art. 6, the Pension Fund Commission decides how the pension assets are invested and informs the Board of Trustees of the desired investment strategy.

2.3 Custodian bank

The custodian bank

- invests only if the strategy sheet and investment profile (for discretionary asset management mandates) signed by the Pension Fund Commission and the Foundation, are available.
- invests or sells only on the instructions of the asset manager or the Pension Fund Commission.
- provides the Pension Fund Commission with a periodic overall evaluation, at least on an annual basis, containing the performance of the investment, the costs and details of in-vestments.

2.4 Asset manager

The asset manager

- invests only if the strategy sheet and investment profile (for discretionary asset management mandates) signed by the Pension Fund Commission and the Foundation, are available.
- is responsible for the implementation of the defined investment strategy.
- monitors the compliance with the Investment Regulations and investment strategies.
- reports any deviations to the Pension Fund Commission and the Foundation.
- submits half-yearly reports to the Foundation on compliance with the Investment Regulations.
- is responsible for the timely provision of the required liquidity.
- provides the Board of Trustees with a periodic overall evaluation, at least on a half-yearly basis and on request, to include performance, costs, details of investments as well as compliance with the Investment Regulations.

2.5 Relationship Manager / Asset Manager

The Relationship Manager of PensExpert AG or the Asset Manager

- informs the Pension Fund Commission about the opportunities and risks of the investment strategies.
- informs the Pension Fund Commission about the Foundation's Investment Regulations.
- signs the strategy sheet, confirming that the obligations to provide the Pension Fund Commission with information have been met.

2.6 Management Board

The Management Board

- verifies the investment strategy selected by the Pension Fund Commission or puts forward a counter proposal.
- verifies compliance with the investment guidelines every six months.
- conducts a periodic review of the investment strategies or as and when required in special circumstances.

3. Investment regulations

3.1 Permitted investments

The pension assets can be invested in.

- a. Liquid assets
- b. Receivables expressed as a fixed amount
 1. Postal account and bank deposits,
 2. Money market investments with a duration of up to 12 months,
 3. Treasury bonds,
 4. Bonds, including those with conversion or option rights,
 5. Secured loans,
 6. Swiss mortgage deeds,
 7. Acknowledgements of debt from corporations established under Swiss public law,
 8. Surrender values arising from collective insurance contracts,
 9. In the case of investments which are geared towards a standard, broadly-diversified bond index in widespread use, the receivables included in the index,
 10. Receivables not listed under b) are classed as alternative investments in accordance with g).
- c. Shareholdings in companies whose sole business purpose is the purchase and sale as well as the letting and lease of their own land and properties (real estate companies).
- d. Equities, dividend rights and participation certificates and similar securities and shareholdings, as well as shares in cooperatives; shareholdings in companies are permitted if they are listed on a stock exchange or are traded on another regulated market which is open to the general public.
- e. Investments in infrastructure can include investments both in borrowings as well as equity of infrastructure companies. The investments do not have to be listed/issued. The use of borrowings on the level of an infrastructure company is not classed as leverage. Investments are not restricted to the domestic market and can also be made directly as individual investments, providing they offer appropriate diversification.
- f. Investments in non-listed claims against debtors (private debt) or in shareholdings in non-listed companies (private equity) whose registered office and business operations are in Switzerland. Where investments are made in collective capital investments, more than half of the capital of these collective investments must be invested in Switzerland.
- g. Alternative investments without any compulsory call for funds; such as hedge funds, private equity, insurance linked certificates and commodities.

Non-diversified collective investments are permitted under alternative investments providing the collective investments are supervised by FINMA or are authorised for sale in Switzerland.

A maximum of 5 % of the pension assets can be invested per investment strategy and investment.

Physical and non-diversified collective investments in precious metals (e.g. ETF Gold) are limited to 5 % of the pension assets pursuant to Art. 56 Para. 3 lit b BVV 2 per commodity investment.

Individual investments in securitised and perpetual bonds are assigned to the alternative investments category and are limited to 5 % of the pension assets.

Direct as well as collective investments are permitted for the purpose of implementing the strategy in accordance with a) – d).

Investments in accordance with e) – g) are only permitted through diversified collective investments, diversified certificates or diversified structured products.

Claims to / shares in collective investments (joint investments) are permitted within the framework of Art. 56 BVV 2.

Securities lending is not permitted by the Foundation.

3.2 Individual debtor limit on the Foundation level

With reference to Art. 50 Para. 4bis BVV 2 (expansion of the investment options), a maximum 25 % of the pension assets may be deposited as liquid assets with a government-backed cantonal bank.

If the liquidity of a partner bank as at 31 December exceeds 10 % of the Foundation's pension assets, this liquidity must be reduced to the permitted level within 6 months (exception: government-backed cantonal bank)

3.3 Individual debtor limit on the pension fund level

The individual limits are:

- a. 10 % receivables
- b. 10 % own mortgages
- c. 5 % investments in equities and participations
- d. 5 % real estate

Insofar as security, risk spread, risk capacity and risk tolerance are preserved, the individual limits in accordance with a) may be expanded. This requires prior approval by the Foundation.

3.4 Own mortgages

Own mortgages are where the decision on the investment is effectively taken by the insured person who grants him/herself a mortgage. These may be granted within the framework of a pension fund which carries out the investment itself and where the virtual collectivity is fulfilled. This applies if an insured person is insured solely in this pension fund.

Own mortgages may not exceed 10 % of the assets.

With own mortgages, the expansion of the investment options in accordance with Art. 50 Para. 4bis BVV 2 is only permitted in justified individual cases.

3.5 Category limits on the Foundation and/or pension fund level

- a. 50 % for Swiss mortgage deeds
- b. 50 % for investments in equities
- c. 30 % for investments in real estate, maximum one third of which abroad
- d. 15 % for alternative investments
- e. 30 % for foreign currencies without any currency hedging
- f. 10 % for investments in infrastructure
- g. 5 % for investments in non-listed receivables and shareholdings in non-listed companies

3.6 Expansions on the Foundation or pension fund level

Insofar as security, risk spread, risk capacity and risk tolerance are preserved, categories a) to e) may be expanded as follows in accordance with Art. 3.5 of these Investment Regulations:

- a. A maximum of 85 % of the available pension assets may be invested in Swiss mortgage deeds on real estate.
- b. A maximum of 85 % of the available pension assets may be invested in equities or similar securities and shareholdings.
- c. A maximum of 40 % of the available pension assets may be invested in real estate. A maximum 1/3 of this percentage may be invested in foreign real estate.
- d. A maximum of 40 % of the available pension assets may be invested in alternative investments.
- e. A maximum of 50 % of the available pension assets may be invested in foreign currencies securities without any currency hedging.

3.7 Liquidity availability

Only investments which can be liquidated within three months are permitted.

This period may be extended providing a pension fund's risk capacity and risk tolerance are met. This requires the prior consent of the Foundation.

4. Exercising the Foundation's rights as a shareholder

- 4.1 The Board of Trustees determines the rules for exercising the rights as a shareholder in accordance with Art. 49a Para. 2 lit. b BVV 2.
- 4.2 The voting and election rights resp. voting and election obligations are exercised for the equities directly held in Swiss companies which are listed in Switzerland or abroad. In the case of collective investments, the voting obligation also applies insofar as there is an enforceable voting right vis-à-vis the collective investment. The rights/obligations are exercised for at least the statutory proposals (elections, remuneration, amendments to the articles of association relating to remuneration) and in the interests of the insured persons.
- 4.3 The interests of the insured are deemed to have been protected if voting or an election is carried out primarily in the long-term financial interest of the shareholders. When exercising voting rights, particular emphasis is placed on the principles of return, security, liquidity and sustainability. The voting rights are exercised in accordance with the provisions of the Board of Directors, provided that the proposals do not conflict with the interests of the insured persons.

- 4.4 The exercising of the rights as a shareholder is restricted to the participation rights such as voting right, electoral right, participation in the General Meeting of Shareholders, right to add items to the agenda etc. Implementation is delegated to the Foundation's Voting and Election Rights Committee, which consists of the Chairman of the Foundation Board and a person appointed by the Management Board.
- 4.5 In the event of disagreement on the Voting and Election Rights Committee, the full Foundation Board shall decide by way of a resolution of the Foundation Board. Each Member of the Foundation Board may request a resolution from the Foundation Board for any voting and election transaction up to 15 days before the Annual General Meeting of the respective stock corporation.
- 4.6 The shareholder rights are exercised in the interests of the insured persons. In this context, the Foundation is guided by the recognised basic principles of good corporate governance.
- 4.7 Furthermore, in exercising the voting and electoral rights the Foundation is guided by the following rules:
- The Foundation will fundamentally follow the recommendation of the company's Board of Directors.
 - All shareholders should be treated equally in accordance with the principle of "one share, one vote".
 - The Board of Directors acts in the interests of the company and the shareholders. The emphasis is on independence, sufficient training and the avoidance of conflicts of interest.
 - The remuneration structure must be appropriate and the interests of the management must be consistent with the interests of the shareholders.
 - The policy on communication and information should be timely, transparent and comprehensible.
- 4.8 The Foundation is responsible for the actual exercise of voting rights. The Voting and Election Rights Committee may appoint an external service provider for the exercising and administrative processing of the voting and election obligations.
- 4.9 Every year, the Foundation informs the insured persons about the exercise of the Foundation's voting and election rights in an appropriate form.

5. Loyalty in asset management

- 5.1 All persons or institutions entrusted with the Foundation's asset management must fulfil the requirements of loyalty in asset management in accordance with Art. 48 f - I BVV 2 and must comply with all other pertinent rules of conduct.
- 5.2 All pecuniary benefits must be delivered to the Foundation. In addition, unless governed otherwise in separate agreements with asset managers, compliance with the rules of conduct relating to integrity and loyalty in asset management must be confirmed in writing annually to the Foundation.
- 5.3 The following are excluded from these basic principles:
- Occasional gifts: One-off gifts to the maximum value of CHF 200 per case and CHF 1'000 per year are deemed to be occasional gifts.
 - Invitations: Invitations to a day event such as e.g. technical seminars are permitted. If the event lasts for more than one day, the consent of the Board of Trustees is required.
- 5.4 The acceptance of personal pecuniary benefits in the form of monetary payments (cash, vouchers, discounts etc.) is not permitted.

6. Selection of investment strategy by the Pension Fund Commission

- 6.1 On the basis of the pension fund's risk capacity or risk tolerance, the Foundation decides whether the choice of strategy by the Pension Fund Commission can be achieved to the extent desired. The following criteria are taken into consideration by the Foundation when determining the risk capacity:
- Number of insured persons
 - Time frame (ages of the insured persons and fluctuation risk)
 - Collective fluctuation reserves
- 6.2 If the Pension Fund Commission selects an investment strategy which includes mortgages, all insured persons shall bear joint and several liability for any default risks.
- 6.3 The Pension Fund Commission must inform the Foundation, in writing, of the choice of custodian bank, asset manager and investment strategy.
- 6.4 A change in the custodian bank is permitted on expiry of the affiliation agreement with the Foundation, giving 6 months' notice in advance. During the term of the affiliation agreement, a change in the custodian bank is permitted giving 6 months' notice in advance to the end of a month respectively. This excludes as at 31 October, 30 November and 31 December. A transfer of securities in the event of a change in custodian bank is not possible in every case. Any costs will be borne by the pension fund.
- 6.5 There is no entitlement to a minimum rate of interest. In the event of underfunding, following consultation with the Foundation the pension fund is obligated to take measures to rectify the situation (see Pension Fund Regulations).

7. Timing of the investment, change of strategy for investment solutions and reinvestment of distributions

- 7.1 Ordinary savings contributions and voluntary purchases which are received at the Foundation by the end of October will normally be invested within 30 working days within the framework of the selected collective investments (investment foundation or investment fund offered).
- 7.2 Ordinary savings contributions and voluntary purchases which are received at the Foundation from 1 November to mid-December will be invested within 60 working days within the framework of the selected collective investments (investment foundation or investment fund offered). Subsequent payments received will normally not be invested until the following January.
- 7.3 A change within the collective investment instruments (investment foundation or investment fund offered) is basically permitted at any time. In this context, the corresponding risk capacity and risk tolerance must be taken into consideration. The requested adjustment will normally be carried out by the Foundation within 30 days after receipt of the corresponding notification.
- 7.4 Any change in strategy in accordance with Art. 7.3 must be notified to the Foundation in writing.
- 7.5 In the absence of any instructions in writing to the contrary from the Pension Fund Commission, all distributions from investment solutions (investment foundations or investment funds offered) will be automatically reinvested.
- 7.6 The Employer Commission will be sent an overall evaluation or a custody account statement at least on an annual basis. This Employer Commission is obligated to check this document and inform the Pension Fund Commission accordingly and, in the event of any discrepancies, the employer must notify the Foundation in writing within 30 days after receipt of the overall evaluation. On expiry of this period of notice the document shall be deemed to have been approved.

8. Collective fluctuation reserves

- 8.1 On the basis of the selected investment strategy (maximum proportion of equities) the pension fund must accumulate the following collective fluctuation reserves:

Risk category	Maximum percentage equities	Target level collective fluctuation reserves as a percentage of the accumulated leaving benefit	Period for the accumulation of the fluctuation reserve (years)
0	0 %	0 %	-
1	0 %	5 %	3
2	15 %	10 %	3
3	25 %	15 %	4
4	45 %	25 %	4
5	65 %	30 %	5
6	85 %	35 %	5

- 8.2 No collective fluctuation reserves are to be set aside by the employer for bank credit balances, money market investments and Swiss mortgage securities (maximum average term 12 months, creditworthiness at least A- or respectively A3 without foreign exchange risk) in accordance with risk category 0.
- 8.3 The target level for the collective fluctuation reserves can be deposited on commencement of the contract or accumulated gradually.
- 8.4 The collective fluctuation reserves are accumulated through positive performance by the investments, deposits by the employer and any risk surpluses. The availability of collective fluctuation reserves of at least 10 % on the date of the decision to invest is a prerequisite for the selection of risk category 5 and 6. Employer contribution reserves may also be taken into account.
- 8.5 For pension funds with only one insured person (virtual collectivity) for risk category 2 a maximum of 50 % and for risk categories 3 to 6 a maximum of 35 % of the necessary collective fluctuation reserves may be created through employer deposits. In such cases employer deposits may not be made to build up collective fluctuation reserves during the three calendar years prior to the receipt of benefits as a lump sum.
- These restrictions do not apply to deposits by the employer to finance any underfunding for the pension fund.
- 8.6 Where for fluctuation reserves have not been accumulated in full, in accordance with Art. 46 Para. 1 a and b BVV 2, after reaching 75 % of the target level, benefit enhancements or interest rate subsidy payments are permitted, utilising a maximum 50 % of the annual surplus income achieved. Once the target level for the fluctuation reserve has been reached, the pension fund may use the entire surplus for the purpose of benefit enhancement.
- 8.7 The level of interest is determined by the Pension Fund Commission within the framework of the requirements of the Board of Trustees and the Investment Regulations. The interest is paid at the end of the calendar year based on the level of the retirement assets at the start of the same year. No interest is paid on the retirement credits for the current year. Interest on the deposits received and withdrawals made during the calendar year is paid with effect from and up to their date. Benefit enhancements are credited separately to the respective retirement assets.

9. Basic accounting principles

9.1 The assets are recorded as follows:

liquid assets, fixed deposits, receivables

- | | |
|-----------------------|---------------|
| – in CHF | nominal value |
| – in foreign currency | nominal value |

bonds

- | | |
|-----------------------|--------------|
| – in CHF | market value |
| – in foreign currency | market value |

mortgage-backed loans	nominal value
collective investments	market value
option loans	market value
equities and other shareholdings	market value
direct investments in property capitalised	earnings value
alternative investments	market value
investments in infrastructure	market value
investments in non-listed receivables and shareholdings in non-listed companies	market value

9.2 Assets and liabilities are valued in accordance with the technical recommendations on accounting under Swiss GAAP FER 26.

10. Binding language

If several language versions of these regulations have been published and there are discrepancies between them, the German text shall prevail.

11. Relationship with the Pension Fund Regulations and effective date

These Investment Regulations apply as an integral part of the Pension Fund Regulations and come into force on 1 January 2024.

Lucerne, 6 December 2023

Board of Trustees of the
PensUnit Collective Foundation