



Swiss Life Collective Foundation 2nd Pillar, Zurich
(the Foundation)

Investment regulations

Effective date: 1 January 2018

Art. 1 General

1 - Purpose

The investment regulations set out the investment principles, including the tasks and competencies relating to the foundation's investment activity. They include the collective investments pursuant to Art. 56 BVV 2 and/or the investment strategies available to insured persons.

2 - Accounting

The foundation maintains a separate account for each Vorsorgewerk (employee benefits unit) in compliance with the provisions of the law. The financial year corresponds to a calendar year and starts on 1 January and ends on 31 December.

Every year the foundation submits the Vorsorgewerk's final end-of-calendar-year accounts to the Vorsorgewerk's Administrative Board for the attention of the employer.

Investments are valued in accordance with the legal stipulations (Swiss GAAP FER 26) and commercial standards.

3 - Assets of the Vorsorgewerk

The assets of the Vorsorgewerk comprise the investments of the insured persons and collective current accounts.

An insured person's investments are based on the following payments:

- Single allocations and purchase sums
- Savings contributions
- Bonuses from insurance contracts
- Distributed free funds not resulting from investment earnings
- Repayments of home ownership prepayments
- Allocations arising from divorce

The collective current accounts at Vorsorgewerk level comprise assets in the "Freie Stiftungsmittel" (free foundation funds) account.

Art. 2 Investment of fund assets

1 - Insured persons' investments

The foundation offers insured persons a choice of investment strategies on which to base their investment decision. The insured person selects one or more than one collective investments featuring different risk/return profiles. At least one investment strategy with low-risk investments within the meaning of Art. 19a FZG in conjunction with Art. 53a BVV 2 is available for selection. The insured person's risk profile is to be considered for every investment decision made by the insured person.

The collective investment provider(s) selected by the Board of Trustees must be governed by the supervisory oversight commission for the occupational pension system (OAK BV) or FINMA. All eligible collective investments and/or investment strategies correspond to the investment regulations set out in BVV 2 (Art 49a BVV 2 et seq.). The principles of due care, security and diversification as per Art. 50 cl. 1 - 3 BVV 2 are particularly pertinent in this regard. The selected collective investment providers are responsible to the Board of Trustees for adhering to all legal provisions including provision of the requisite confirmations and submission of information as required for the Board to fulfil its legal supervisory function for the investment of the fund assets.

Investment opportunities may be expanded in accordance with Art. 50, cl. 4bis BVV 2. When extended investment opportunities are made use of, the necessary conclusive

documentation must be included in the notes to the financial statements.

Unhedged investments may not be made on behalf of affiliated employers with the exception of well-diversified collective investments.

Investments on behalf of insured persons are exclusively in the collective investments selected by the Board of Trustees. Insured persons may switch between collective investments at any time. Assets of less than CHF 500 are held in liquid form.

Insured persons may hold their entire assets in liquid form. The foundation shall deposit the funds with domestic banks, Swiss Post or the money market. Due consideration must be given to counterparty risk.

The insured person is informed at least once a year on the growth of his/her assets as well as the investment and administration costs through a custody account statement.

2 - Investment of collective current accounts

The assets held in the collective current accounts are held in liquid form or as a collective investment. The same framework conditions apply as in cl. 1. The Vorsorgewerk bears the risk of price losses in full.

3 - Employer contribution reserves

The employer may make voluntary payments to the foundation to build up employer contribution reserves from which contributions owed by the employer can be taken. These payments are credited to a separate account at the Vorsorgewerk.

The employer retains the right to decide on the application of this account within the framework of the foundation's purpose. However, these funds may not revert to the company.

The foundation offers the employer the opportunity to choose whether to keep the employer contribution reserves in the form of liquid funds or to invest them in a collective investment. The same framework conditions apply as in cl. 1. The employer bears the risk of price losses in full.

Art. 3 Tasks and competencies

1 - Board of Trustees

The Board of Trustees determines and monitors the collective investment provider(s) and the collective investments and/or investment strategies on offer. The providers submit a factsheet every quarter to the Board of Trustees for each collective investment with the following information: Composition of the assets and performance over various periods against the benchmark (specific months in the current year, since the start of the year and over one, three and five years). The Board of Trustees is entitled to switch the collective investment providers at any time or to alter the selection of collective investments. When excluding a provider or a collective investment, the Board shall inform the affected insured persons and employers immediately. Insured persons and employers are given a reasonable period of time in which to make a new investment decision. Should they fail to issue any instructions during this period, the assets shall be invested in liquid form.

2 - Investment Committee

The Board of Trustees can appoint an investment committee to provide advice on all investment matters. The Investment Committee comprises at least three members and can also include external specialists (with or without voting rights). The members are elected by the Board of Trustees. The Investment Committee is the professional body responsible for the foundation's asset management. It prepares investment-related resolutions on behalf of the Board of Trustees and is responsible for their execution. The Board of Trustees

determines the amount of compensation to be paid to members of the Investment Committee.

3 - Insured persons

The insured persons decide on the investment strategy under their own responsibility, based on their own risk capacity and appetite and within the scope of the collective investments available to them.

The choice of investment strategy is recorded in writing in the Declaration by the insured person form and the insured person is informed that there is no nominal value or interest rate guarantee for collective investments. The insured person is informed about the opportunities and risks of the investment strategy and the capital markets in this document. The insured person shall sign the Declaration by the insured person.

Art. 4 Governance

- 1 - The collective investment providers selected by the foundation and other people entrusted with the management of the assets must have a good reputation and provide assurance of proper business conduct. They are subject to the fiduciary duty of care and must safeguard the interests of the foundation's insured persons in the course of their work.
- 2 - Persons and institutions thus entrusted with the management of the assets, must be capable and provide assurance that they shall adhere to the provisions of BVV 2 on loyalty in asset management.
- 3 - External persons entrusted with the management of the assets or financial beneficiaries of companies entrusted with such tasks may not be represented on the Board of Trustees.
- 4 - Contracts with collective investment providers and other asset management contracts must be eligible for termination within a maximum of five years after conclusion with no adverse effect on the foundation.
- 5 - In the case of major legal transactions (in particular conclusion of a global custody agreement; conclusion of contracts in asset and real estate management as well as investment management; purchase or sale of directly owned real estate) between the foundation and related parties, offers must be obtained from competitors. The placing of contracts must be carried out with complete transparency.
- 6 - Securities lending to improve earnings is not permitted.
- 7 - Repurchase agreements are not permitted.
- 8 - Transactions for own account: Persons and institutions entrusted with asset management must act in the interests of the foundation. In particular they may not:
 - exploit knowledge of the foundation's mandates in order to execute previously, in parallel or immediately afterwards corresponding transactions for their own account ("front running", "parallel running", "after running");
 - deal in a security or an investment, where the foundation deals in this security or investment and the foundation might be disadvantaged; participation in such business in another form has the same status as trading;
 - reallocate the foundation's custody accounts if it is not in the economic interest of the foundation.
- 9 - Surrender of financial gain: Persons and institutions entrusted with the foundation's asset management must clearly record the type and method of compensation and its amount in a written agreement. They are obliged to hand over to the foundation all financial gain which they additionally receive in connection with the exercise of their duties for the foundation.

The guidelines on token gifts are defined in Appendix II.

10 - Disclosure

- Persons and institutions entrusted with asset management must disclose their interest ties to the Board of Trustees on an annual basis. This also includes in particular beneficial ownership of companies which are in a business relationship with the foundation. The Board of Trustees shall disclose this information to the statutory auditors.
- Persons and institutions entrusted with asset management for the foundation must supply a written declaration to the Board of Trustees every year that they have surrendered all financial gain in accordance with Art. 48k BVV 2.

11 - Only the following may be entrusted with the investment and management of the pension fund assets as external persons and institutions:

- Banks pursuant to the Federal Law on Banks and Savings Banks
- Securities dealers pursuant to the Federal Act on Stock Exchanges and Securities Trading
- Fund management companies, asset managers of collective investments pursuant to the Federal Law on Collective Capital Investments
- Insurance companies pursuant to the Federal Law on the Supervision of Insurance Companies
- Financial intermediaries operating abroad, who are subject to equivalent supervision by a recognised foreign supervisory authority.

12 - Exercise of shareholder rights

The Board of Trustees is responsible for ensuring that voting rights are exercised in the interest of insured persons and that voting behaviour is disclosed.

Voting rights for submitted proposals in respect of all shares of Swiss companies held directly by the Foundation listed within or outside Switzerland are to be exercised at least in relation to the following:

- Election of members of the Board of Directors
- Election of the Chairman of the Board of Directors
- Election of members of the Compensation Committee
- Election of the independent voting representative
- Articles of Association provisions in accordance with Art. 12 of the Ordinance against Excessive Compensation in Listed Stock Companies (VegüV)
- Voting on compensation for the Board of Directors, the Executive Board and the Board of Advisors (Art. 18 VegüV) and on inadmissible compensation within the Group (Art. 21, item 3 VegüV).

Voting rights are to be exercised in the interests of the insured persons within the foundation. The focus must be placed on the long-term prosperity of the foundation and its affiliated Vorsorgewerks. A share is deemed to serve the long-term prosperity of the foundation and its affiliated Vorsorgewerks if it performs above average on a long-term basis taking distributions into account. Voting behaviour must enable the company to sustainably guarantee above-average share performance.

The proposals of a company's Board of Directors to the General meeting of Shareholders are generally in its financial interests. The proposals of the Board of Directors are therefore to be followed when exercising voting rights except in the case of extraordinary events in the company, non-typical proposals of the Board of Directors or proposals for excessive compensation. In these cases the Board of Trustees decides its vote prior to the General Meeting of Shareholders without seeing the proposals of the Board of Directors. It can also decide to abstain from voting on a particular item on the agenda.

The Board of Trustees decides each vote by resolution.

The Board of Trustees can delegate responsibility for compiling the requisite voting documentation and information and for returning the completed forms to the individual companies to an internal foundation body or an external consultant on voting rights. It also has the right to be represented by the independent voting representative designated prior to each General Meeting of Shareholders to execute its obligation to vote.

The Board of Trustees includes a summary report on its voting in its annual report each year. A detailed disclosure of its voting is provided where it did not follow the proposals of the Board of Directors or it abstained from voting.

Art. 5 Effective date

These investment regulations enter into force on 1 January 2018, based on the resolution of the Board of Trustees of 8 November 2017 and replace the previous regulations. They can be modified by the Board of Trustees at any time in accordance with legal provisions and the foundation charter.

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Appendix I

Collective investments available

The Board of Trustees has decided to make the following collective investments/investment strategies from the collective investment provider listed below available to insured persons for their investments until further notice:

Provider	Product/strategy
Swiss Life Investment Foundation	Swiss Life BVG-Mix 15
	Swiss Life BVG-Mix 25
	Swiss Life BVG-Mix 35
	Swiss Life BVG-Mix 45
	Bonds Global Corporates Short Term (CHF hedged)
Swiss Life Collective Foundation Invest	Liquidity account/liquidity

The liquidity investment strategy is in line with the requirements of a low-risk investment as defined by law.

Until revoked, the “Bonds Global Corporate Short Term (CHF hedged)” strategy shall be considered the standard strategy. The items credited to the retirement savings shall be invested in the standard investment strategy if, since admittance to the employee benefits, the insured person has not expressed a wish regarding selection of a savings component or desired investment strategy within the period indicated in the basic provisions.

Detailed information on individual collective investments can be found on the homepage of the Swiss Life Investment Foundation. The information is mainly available in the relevant factsheets. The TER (Total Expense Ratio) and any costs for issuing and redeeming units in collective investments can be found in the relevant prospectuses of the Swiss Life Investment Foundation. The provider is responsible for the accuracy and scope of the information provided.

Appendix II

Token gifts

Token gifts and customary occasional gifts are not subject to a disclosure obligation, but the following arrangements apply:

- 1 - Token gifts and customary occasional gifts (including invitations) are deemed to comprise one-off gifts worth up to CHF 200 each and CHF 1 000 per year and business partner, up to a maximum, however, of CHF 2 500 per year. Token gifts and customary occasional gifts are permitted and do not have to be declared.
- 2 - Customary occasional gift status is also given to invitations to an event, in which the benefit to the foundation is paramount, such as expert seminars, provided they do not take place more than once a month. Admissible events are generally limited to one day, do not apply to an accompanying person and can be reached by car or public transport. The event may be followed by a social event at lunchtime or in the evening.
- 3 - Gifts and invitations which exceed the limits per case or per year under points 1 and 2 may be admissible if approved by the Board of Trustees. They must be declared.
- 4 - Financial gains in the form of cash benefits (vouchers, compensation) as well as kick-backs, retrocessions and similar payments which are not based on a written agreement with the Board of Directors, as well as private invitations with no apparent business purpose (e.g. to concerts, exhibitions, etc.) are to be handed over to the foundation.
- 5 - If financial gains are falsely retained, the foundation is obliged to reclaim these monetary assets immediately and is authorised to impose sanctions which in each individual case may go as far as termination of the employment relationship or cancellation of the mandate together with legal action for misappropriation of funds.

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