



Swiss Life Collective BVG Foundation, Zurich
(the Foundation)

Investment regulations

Effective date: 1 January 2017

Art. 1 General

1 - Basis

In conformity with Art. 6, cl. 4 of the foundation charter, the Board of Trustees of the Swiss Life BVG Collective Foundation (Foundation) issues the following investment regulations.

2 - Investment assets of the Foundation/employee benefits units

1) Vested pension capital

The vested pension capital required to cover pension liabilities (savings and mathematical reserves) of the Foundation/its employee benefits units is managed and guaranteed as part of group life insurance contracts with Swiss Life Ltd. Swiss Life Ltd guarantees the professional investment of funds in conformity with investment regulations under insurance supervision law, in particular those governing the occupational provisions business.

The surrender values of these group life insurance contracts are assets of the Foundation/the individual employee benefits units within the meaning of Art. 49 and Art. 53, cl. 1 b 8 BVV 2.

- #### 2) Free funds and employer contribution reserves (AGBR)
- The employee benefits units' free funds and AGBR are managed at Swiss Life Ltd as account balances of the Foundation, and earn interest at market rates. With the agreement of the Board of Trustees and based on these investment regulations, the Administrative Board / employer may invest the free funds / AGBR, either partially or entirely, in an employee benefits unit.

3 - Object

Within the framework of the foundation charter, the BVG and the provisions of BVV 2, the investment regulations establish the principles of the investment policy, the responsibilities, the asset management (investment of fund assets and investment strategy) and the organisation, controlling and reporting to be observed for the management of the free funds and AGBR.

4 - Accounting

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

Art. 2 Investment principles for the management of the free funds and AGBR

1 - Investment objectives

The investment of fund assets ensures that the total return maintains and grows the free funds and AGBR of the Foundation/employee benefits units over the long term.

2 - Shares in Swiss Life Holding Ltd

With the conversion of Swiss Life Ltd from a mutual company to a public limited company, shares were allocated to the Foundation in its capacity as a member of the mutual company (today: shares in Swiss Life Holding Ltd). The Foundation assigned a certain number of shares to the employee benefits units for accounting purposes; these are disclosed as free funds. The shares are sold on the market as a rule when an employee benefits unit leaves the Foundation. The proceeds of sale are credited to the employee benefits unit's free funds.

3 - Investment strategy

The Board of Trustees determines the investment strategy with an eye to realising the goals of the investment policy.

To this end it selects one or more collective investments featuring different risk/return profiles.

The Board of Trustees offers the Administrative Boards and employers the opportunity to select from these various collective investments or investment strategies, and thus to make an investment decision.

4 - Foundation framework conditions

The Foundation manages each employee benefits unit separately. The investment of free funds/AGBR takes into account the entirety of the assets of each employee benefits unit in compliance with the legal provisions. Such investments are made subject to Art. 2.2 of these investment regulations, exclusively within the framework of the collective investments or investment strategies determined by the Board of Trustees.

5 - Collective investment provider

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.

6 - Investment of assets

When investing free funds, the Administrative Board of each individual employee benefits unit is responsible for the selection and management of a collective investment or investment strategy from among the range of offerings. The employer undertakes to perform such duties for the investment of the AGBR. The Administrative Board and employer may switch between the collective investments/investment strategies at any time. Their selection, and any such switch, is set out in a resolution.

The Board of Trustees is authorised to reject or defer the execution of investment decisions made by the Administrative Board or the employer for up to 6 months.

Art. 3 Duties and competencies in the management of the free funds and AGBR

1 - Board of Trustees

The Board of Trustees determines and monitors the collective investment provider(s) and the collective investments/investment strategies on offer. The providers submit to the Board of Trustees on a quarterly basis and for each collective investment/investment strategy a fact sheet with the following content: Composition of assets and performance over various periods relative to the benchmark (individual months of the current year, since the beginning of the year as well as for 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/investment strategies. When excluding a provider or a collective investment/investment strategy, the Board shall inform the affected employee benefits units and employers immediately.

Employee benefits units and employers are given a reasonable period of time in which to make a new investment decision. If, once the deadline has passed, neither the Administrative Board nor the employer has issued any instructions, the assets

are liquidated and proceeds of sale are credited to the account of the employee benefits unit.

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 - Administrative Board and employer

The Administrative Board/employer can decide on its own responsibility on how to invest the free funds/AGBR and whether to switch among the available collective investments/investment strategies. At least once a year, the Administrative Board and the employer receive a report on the development of the investments and may also inform themselves of the development of their fund asset investments using the factsheets issued by the providers of the collective investments. Based on these reports, the Administrative Board and employer periodically review their individual investment decisions and take the corresponding steps.

Furthermore, the Administrative Board and the employer will inform the Foundation immediately of operational developments and changes that might affect the investment decision or investment strategy (restructurings, mergers etc.).

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 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 2017, based on the resolution of the Board of Trustees of 14 November 2016. 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

Available collective investments/investment strategies

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
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)

Detailed information on individual collective investments / investment strategies can be found on the website of the Swiss Life Investment Foundation. The information is mainly available in the relevant factsheets. 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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