



Swiss Life Collective Occupational Pension Foundation
(the Foundation)

Regulations on the formation of provisions and reserves at Vorsorgewerk level

Entry into force: 31 December 2023

Art. 1 Introduction

The present regulations set out the principles and guidelines for the establishment of technical provisions and reserves at the Vorsorgewerk (employee benefits unit) level of the Swiss Life Collective Occupational Pension Foundation (foundation).

Art. 2 Principles and objectives

Pursuant to Art. 48e BVV2, the Board of Trustees is to determine the Foundation's reserving policy. The present regulations govern the formation of reserves and provisions at employee benefits unit level, taking into account the principle of consistency.

The pension actuary shall report periodically, but at least once every three years, on the status of provisions and reserves. Based on the pension actuary's recommendations, the Board of Trustees shall review these regulations and the calculation parameters periodically and, if necessary, adapt them to any new circumstances.

Art. 3 Organisation of the foundation

The Foundation maintains a separate Vorsorgewerk for each affiliated company. The Foundation concludes insurance contracts with Swiss Life to cover the insurance risks of death and disability.

The Foundation's employee benefits units are organised in the form of savings and risk systems. A retirement account is maintained for each insured person, to which savings contributions and interest are credited, among other things. The underwriting risks (death, disability) are insured by

Swiss Life. The cost of living adjustment risk in accordance with Art. 36, cl. 1 of the BVG is borne by the Foundation.

The retirement pensions thus arising are purchased by the employee benefits unit from Swiss Life, for which purpose the savings capital available to the insured person is transferred to Swiss Life. In such cases the employee benefits units bear any underwriting risk within the scope of the funding gap arising from the conversion of all or part of the retirement savings into a retirement pension as a result of the conversion rate differences between the pension fund regulations and the group life insurance premium rates of Swiss Life.

The employee benefits units bear the investment risk alone, along with responsibility for defining the investment concept and selecting the asset manager in the context of the investment of fund assets.

Art. 4 Provisions and reserves at Vorsorgewerk level

1 - Provision for conversion rate differences

The provision for any conversion rate differences is set up for each employee benefits unit depending on the regulatory conversion rate, irrespective of whether a uniform or split conversion rate is applied.

In the event of a uniform regulatory conversion rate, the reserve to ensure the minimum retirement pension under the BVG or to fund the higher regulatory conversion rate compared to the purchasing conditions under the relevant Swiss Life group life insurance premium rate is used. The target amount of the required provision is calculated according to the following formula:

$$Target\ amount = (1 - PLS) \times \sum_{x,y>55} p_x \frac{\max(RS_{mand} \times CR_{BVG}, RS_{tot} \times Reg.CR_{RA}) - RS_{tot} \times GRCR_{RA}}{GRCR_{RA}}$$

in the case of a split conversion rate, the target amount of the provision is calculated according to the following formula:

$$Target\ amount = (1 - PLS) \times \sum_{x,y>55} p_x \frac{(RS_{mand} \times CR_{BVG} + RS_{suppl} \times Reg.CR_{suppl}) - RS_{tot} \times GRCR_{RA}}{GRCR_{RA}}$$

x,y	Age of insured person (man/woman) on the key date
PLS	Proportion of insured persons with lump-sum payment
RS_{mand}	Mandatory portion of the retirement savings
RS_{suppl}	Supplementary portion of the retirement savings
RS_{tot}	Total retirement savings (mandatory and supplementary)
CR_{BVG}	Conversion rate in accordance with BVG at the reference age stipulated in the regulations
$Reg.CR_{suppl}$	Conversion rate for the supplementary portion of the retirement savings at the reference age stipulated in the regulations
$Reg.CR_{RA}$	Regulatory conversion rate at the reference age stipulated in the regulations
$GRCR_{RA}$	Conversion rate according to applicable group life insurance premium rate at the reference age stipulated in the regulations
p_x	Retirement rates at the corresponding age (see annex)

The provision corresponds at least to the retirement losses expected in the following year assuming a 100% pension option. In addition, the Vorsorgewerk has the possibility of accumulating additional provisions for known or imminent events, which may lead to early retirement. A 100% pension option and a 100% retirement rate for all ages apply to the accumulation thereof. The formation of additional provisions requires a decision by the employee benefits unit's Administrative Board, of which the Foundation is to be informed.

The amount of the provision and the amount of tied assets required are periodically reviewed by the pension actuary, adjusted to the current situation and notified to the employee benefits unit annually.

2 - Value fluctuation reserve

Various investment categories, such as equities, are subject to considerable value fluctuation risk. A separate value fluctuation reserve will be set up to offset expected fluctuations. The value fluctuation reserve is used to compensate for losses of investment income so that their impact on the Vorsorgewerk's annual results is limited.

This measure is designed to ensure the fulfilment of the future provisions objective (under Art. 50 BVV2). To achieve this, the employee benefits institution and/or employee benefits unit must carefully adapt the investment of the assets to the risk capacity. This refers to the ability to compensate for expected market-related fluctuations in assets and to have sufficient liquid or cashable funds at its disposal to meet current and future liabilities on time.

In accordance with Art. 48e BVV2, the value fluctuation reserve should be set up in a comprehensible manner. The factors determining the value fluctuation reserve are the risk and return characteristics of the current or desired strategic investment of fund asset structure (strategic asset allocation) as well as the bandwidths for the implementation of the investment strategy (within the tactical asset allocation framework). An overview of the target amount of the value fluctuation reserve for each standard investment strategy is provided in the investment regulations.

The target amount of the value fluctuation reserve of the individual employee benefits unit is recorded in the decision of the Administrative Board on the investment of fund assets for the employee benefits unit in question.

3 - Sequence of accumulation of provisions and reserves

The employee benefits unit amasses the requisite provisions and reserves in the following sequence:

- Provision for conversion rate differences
- Value fluctuation reserves up to target amount under investment regulations

4 - Use of free funds

In the event that the provision for conversion rate differences and the value fluctuation reserve have been amassed with the amount of tied assets required, free funds are disclosed.

The Administrative Board decides how to dispose of the free funds. In reaching its decision the Board has to take into consideration the Vorsorgewerk's financial resources and the principle of equal treatment of beneficiaries.

Art. 5 Effective date

These regulations enter into force on 31 December 2023 and replace the previous version.

The Board of Trustees may change the regulations at any time in accordance with the law and the Foundation Charter.

Annex

Retirement rates in accordance with Art. 4, cl. 1

Age	Retirement rates
55	10%
56	20%
57	30%
58	40%
59	50%
60	60%
61	70%
62	80%
63	90%
64	100%
from age 65	100%

* * *