

Provision Regulations

1 Purpose

These provisions govern the conditions for forming and dissolving technical provisions and reserves at the Foundation level.

2 Technical provisions

The following technical provisions are formed:

- a) Provision Art. 17 of the Swiss Federal Law on Vested Benefits (FZG): This provision helps to fund any statutory minimum vested benefits in excess of the available pension assets. The provision is only formed if a minimum termination benefit is required by law. Adjustments may be made by the Foundation board at any time, depending on the capital market situation, legal changes, etc.
- b) Excess claims fund: The excess claims fund represents the Foundation's share in claims resulting from the risks of death and disability.

3 Funding the technical provisions

- 3.1 The technical provisions are funded through a surcharge on the risk premiums calculated by the reinsurance company as well as any surpluses from the reinsurance agreements.
- 3.2 In addition, the Foundation may charge a fee on the total annual contributions by the affiliated companies in order to form the technical provisions.

4 Priority ranking

The following priority ranking applies for the formation of provisions and reserves:

- a) Provisions under Art. 17 FZG
- b) Excess claims fund.

5 Formation obligation and target value

The formation of provisions is based on the annual decisions of the Foundation board, taking into account the recommendations of the occupational pension expert. The provisions under Art. 17 FZG should be formed until they reach a target value of around 2% of the pension capital of all insured persons. The target value of the excess claims fund is equal to one year's worth of annual premiums.

6 Utilisation

The Foundation board decides on the utilisation of the provisions each year.

7 Amendments to the regulations and entry into force

- 7.1 The foundation board may amend these regulations within the framework of the statutory provisions and the purpose of the Foundation at any time.
- 7.2 These regulations come into force on 01/01/2016. If there are deviations between different language versions of these regulations, the German version shall take precedence.

Lucerne, 10 December 2015

Foundation board of finpension 1e Collective Foundation