

Partial Liquidation Regulations

1 Purpose

1.1 These partial liquidation regulations define the conditions and procedures in the event of partial liquidation of the Foundation and the affiliated pension scheme. Circumstances and situations that are not expressly covered by these regulations shall be decided by the Foundation board pursuant to these regulations as well as the applicable statutory provisions.

2 Condition for partial liquidation

2.1 A partial liquidation shall be carried out at Foundation level if the Foundation's free funds exceed 5% of the pension assets and one or more member companies with assets equal to at least 10% of the total assets leave the Foundation within a calendar year.

2.2 The conditions for a partial liquidation at the pension fund level have been met

- a) if there is a considerable reduction in the number of actively insured persons in the relevant pension fund,
- b) if the restructuring of an affiliated company involves a considerable reduction in the number of actively insured persons in the relevant pension fund,
- c) if the affiliation agreement with an affiliated company is terminated.

A reduction in the number of actively insured persons is considerable if there is a reduction as a result of departures of at least 10% of the pension fund's assets and, at the same time, at least

- 3 people leave if there are fewer than 10 actively insured persons.
- 5 people leave if there are fewer than 20 actively insured persons.
- 10 people leave if there are fewer than 100 actively insured persons.
- a decrease of 10% of staff for more than 100 actively insured persons.

A restructuring pursuant to these regulations shall be carried out if, as a result of organisational measures at an affiliated employer, there is a reduction in actively insured persons as a result of involuntary departures of at least 5% of the pension fund's assets and, at the same time, at least

- 2 people leave if there are fewer than 10 actively insured persons.
- 3 people leave if there are fewer than 20 actively insured persons.
- 5 people leave if there are fewer than 100 actively insured persons.
- a decrease of 5% of staff for more than 100 actively insured persons.

If staff are replaced, the staff departures shall be decisive. However, an increase in staff as a result of a takeover or a merger shall not lead to a partial liquidation.

2.3 If there is a partial liquidation as a result of a reduction of staff following a restructuring for economic reasons or dismissals by the employer and previous departures of actively insured persons are closely related to the restructuring or dismissals as regards the material reason or timing of said restructuring or dismissals, these actively insured persons shall also be recorded as departures.

2.4 The Foundation board may decide to carry out a partial liquidation in extraordinary cases.

3 Date of the partial liquidation

3.1 The effective date of the partial liquidation is 31 December of the year of departure. The year of departure is the year in which the departing insured persons affected by the partial liquidation leave the Foundation.

4 Procedure

4.1 The Foundation board must determine whether there is cause for a partial liquidation and pass a resolution on the implementation of the partial liquidation. In particular, it must specify the event that led to the partial liquidation and the applicable time period pursuant to Art. 2.3.

4.2 In the framework of the statutory provisions and these regulations, the Foundation board defines

- the free funds or the shortfall
- the actuarial provisions
- the distribution schedule

It must inform the supervisory authorities, the auditor and the occupational pension expert of these matters.

4.3 The Foundation informs the insured persons pursuant to Art. 10.

4.4 The Foundation grants the beneficiaries a period of 30 days to view the documents pursuant to Art. 10 para. 1 and to lodge an objection. Following the end of this period, the beneficiaries are informed of the objections that have been lodged as well as how the objections were handled. As part of this process, they are granted a period of 30 days during which they can lodge a complaint with the supervisory authorities.

5 Principles of the partial liquidation

5.1 The basis for determining the free funds or any shortfall is the commercial balance sheet in accordance with Swiss GAAP FER 26. Any additional provisions necessary for the continued existence of the Foundation are based on an actuarial report prepared by the occupational pension expert.

5.2 If the Foundation's assets or liabilities change by more than 5% between the effective date of the partial liquidation and the transfer of the funds, the funds to be transferred shall be modified accordingly.

6 Entitlement to free funds and provisions

6.1 If the conditions for a partial liquidation have been met, there shall be an individual entitlement to a portion of the free funds both in the event of an individual departure as well as in the event of a collective departure. The entitlement to free funds corresponds to the proportion of individual risk contributions over the past three years as a share of the total amount of risk contributions.

6.2 A departure is a collective departure if a group of at least ten actively insured persons transfer to another pension scheme together.

6.3 If the individual entitlement of a departing person to the free funds amounts to less than CHF 200, this person shall not receive a payment.

6.4 The free funds of persons who are not leaving the Foundation remain with the Foundation. The entitlement of the remaining insured persons is always collective.

6.5 If there is a collective departure, in addition to the entitlement to the free funds, there shall also be also a proportionate collective entitlement to provisions, provided they exist. However, the entitlement to actuarial provisions shall only exist if the actuarial risks were also borne by the group that is departing collectively. If there is an entitlement, it shall only correspond to the proportion of individual risk contributions over the past three years as a share of the total amount of risk contributions. The aforementioned shall not apply to technical reserves pursuant to Art. 2 list a) of the provision regulations for the fulfilment of Art. 17 of the Swiss Federal Law on Vested Benefits (FZG).

6.6 There shall be no collective entitlement to actuarial provisions if the partial liquidation is caused by the group that is departing collectively.

6.7 The proportionate entitlement to the actuarial provisions is based on the values recognised in the applicable commercial balance sheet. It is to be increased or decreased in proportion to the amount that the departing insured persons contributed to the increase in the corresponding provisions more or less than the remaining insured persons. The entitlement to the actuarial provisions may also be reduced if the partial liquidation has a substantial impact on the structure of the pension scheme.

7 Shortfall

7.1 If the balance sheet reveals a shortfall, the available assets for each insured person will be paid out. If there is a shortfall at the level of the pension scheme or insured person, the available assets will be paid out per insured person.

8 Transfer

8.1 The assets will be transferred as a cash payment (in CHF).

9 Interest

9.1 The entitlements to free funds will not accrue interest during the partial liquidation procedure.

10 Information provided to insured persons

10.1 The Foundation shall inform the member companies affected by the partial liquidation in writing about

- a) the procedure for a partial liquidation and the reasons for it,
- b) the date (reporting date) of the partial liquidation,
- c) the total of the free funds or the shortfall,
- d) the departures and the distribution formula,
- e) where applicable, the amount allocated to or deducted from the relevant persons in CHF,
- f) the form of the transfer
- g) and the option to lodge an objection with the foundation board and the right to submit a complaint to the supervisory authorities.

10.2 The member company is obliged to provide the information specified in para. 1 to all affected insured persons within three days.

10.3 Upon request, the insured persons may view the relevant documents, provided there are no data protection-related reasons that prevent them from doing so.

10.4 If a partial liquidation has been requested but rejected following a review of the situation, the Foundation shall inform the requesting party about the rejection and its rights pursuant to para. 1 g.

11 Amendments and additional provisions

11.1 The foundation board may amend these regulations within the framework of the statutory provisions and the purpose of the Foundation at any time. Amendments must be submitted to the supervisory authorities for approval. The provisions of the finpension 1e Collective Foundation pension regulations also apply.

11.2 These partial liquidation regulations come into force as at 1 January 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