

Regulations on ALM January 2023

Pension Fund of Credit Suisse Group (Switzerland)

1 General provisions

1.1 Introduction

The Pension Fund of Credit Suisse Group (Switzerland), hereinafter referred to as the “Pension Fund,” uses Asset Liability Management, hereinafter referred to as “ALM,” as an approach for strategic long-term corporate management, in which the assets and liabilities are aligned on a business-focused basis.

The aim of ALM is to develop and coordinate the investment and performance strategy of the Pension Fund and to continuously monitor the appropriateness of these strategies and objectives. The structural and financial risk ability, as well as the market and business environment of the Pension Fund, are key influencing factors in this regard.

1.2 Goals and purpose

These regulations define the framework for the implementation of ALM. They define the goals and principles for the structure, processes, and the duties and competencies pertaining to ALM.

1.3 Legal basis

ALM is implemented within the framework of the statutory requirements (Federal Act on Occupational Retirement, Survivors’ and Disability Pension Plans, hereinafter referred to as “BVG,” and the associated ordinances).

1.4 Definition of terms

Basic terms applicable to these regulations:

Strategic objectives

Strategic objectives are those set by the Board of Trustees that provide the Pension Fund with both a framework and a direction. With regard to ALM, these are risk, performance, and contribution objectives in particular.

Strategic requirements

Strategic requirements are orders to the executive bodies and functions of the Pension Fund derived from the strategic objectives.

ALM analysis

An ALM analysis is intended to develop, review, and/or change the strategic objectives and/or strategic requirements by reconciling assets and liabilities. This includes comprehensive ALM analyses, but also smaller analyses that are carried out regularly, or when required.

Continuous strategic monitoring

Continuous strategic monitoring covers all activities that aim to continuously ensure the appropriateness of the strategic objectives and strategic requirements. This includes, in particular, monitoring internal and external circumstances and influencing factors as well as the appropriateness of the parameters, methodology, and assumptions used.

Continuous operational control

Continuous operational control refers to those activities that are required to ensure that the strategic requirements are implemented correctly and appropriately.

2 Duties and competencies

2.1 Board of Trustees

The Board of Trustees is the highest governing body of the Pension Fund. In particular, it has the following duties and competencies:

- Issues the strategic requirements and strategic objectives.
- Monitors the appropriateness of the strategic requirements and strategic objectives and, if necessary, initiates ALM analyses (strategic level).
- Issues the regulations on ALM.
- Monitors compliance with the regulations on ALM and adequate operational implementation.

The Board of Trustees may delegate its monitoring activities, but remains responsible for them.

2.2 ALM Committee

The ALM Committee supports the Board of Trustees as an expert committee on the subject of ALM. In particular, it has the following duties and competencies:

- Delivers recommendations on strategic requirements and strategic objectives for submission to the Board of Trustees.
- Reviews and approves key aspects of the assumptions, parameters, and methodology used in the ALM process.
- Monitors the appropriateness of the strategic requirements and strategic objectives and, if necessary, initiates ALM analyses (expert committee).
- Determines the ALM officer.

2.3 Chief Financial Officer

The Chief Financial Officer is responsible for ALM as a member of the Executive Board. In particular, they have the following duties and competencies:

- Prepares recommendations on the strategic requirements and strategic objectives for submission to the ALM Committee.
- Responsible for implementing the ALM process, i.e. in particular all ALM analyses, continuous strategic monitoring, and corresponding reporting to the ALM Committee and the Board of Trustees.
- Monitors the appropriateness of the strategic requirements and strategic objectives and, if necessary, initiates ALM analyses (executive level).
- Ensures continuous operational control and corresponding reporting to the ALM Committee and the Board of Trustees.
- Initial and further training of employee and employer representatives in ALM.

The Chief Financial Officer may appoint working groups or specialist functions for these activities, but remains responsible for them.

2.4 ALM Office

The ALM Office is the competence center for all topics around ALM. It provides operational and strategic support to the Chief Financial Officer. The ALM Office consists of the Pension Fund's risk management function as the internal specialist for ALM and an independent, external ALM officer specializing in ALM.

In particular, the ALM Office has the following duties and competencies:

- Develops and updates the assumptions, methodology, and parameters used in the ALM analyses.
- Provides operational and strategic advice and support for the Chief Financial Officer throughout the ALM process.

3 ALM principles

This section sets out the principles of ALM.

Monitoring regulations

The Board of Trustees is responsible for approving these regulations and monitoring their implementation. The Board of Trustees may delegate its monitoring activities, but remains responsible for them.

Scope and definition

ALM is defined by the following dimensions:

- **Strategy:** ALM sets out a framework that ensures the fulfillment of the strategic objectives. This means that the granularity and materiality of all activities within the framework of ALM must be designed appropriately for this strategic level. ALM must also be separated from operational and tactical management and implementation. In particular, this means that ALM must be designed to avoid redundant and overlapping activities within functions and bodies.
- **Financial management:** ALM deals with the planning, management, and monitoring of income statement and balance sheet items, in particular with the alignment and structuring of the asset and liabilities side of the balance sheet.

Strategic requirements

The strategic objectives of the Board of Trustees are translated into appropriate strategic requirements. Strategic requirements are appropriate if they meet the following criteria:

- They take into account the financial, structural, and strategic situation as well as the risk profile of the Pension Fund and the risk carriers.
- They were developed on the basis of relevant specialist expertise and knowledge.
- They are formulated in a way that is specific, measurable, realistic, and have binding deadlines.

A function must be defined for each strategic requirement that is responsible for implementing the strategic requirement.

Continuous operational control: Control activities must be implemented for each strategic requirement that monitor the correct and appropriate implementation of the strategic requirements. The Chief Financial Officer ensures the continuous operational control. In the event of a violation of a strategic requirement, the procedure for resolving the breach by the function responsible for implementation must be coordinated with the Chief Financial Officer. If possible, violations must be rectified within three months. The ALM Committee and the Board of Trustees must be informed in a timely and appropriate manner.

Derivation

The recommendations regarding strategic requirements and/or strategic objectives must be drawn up in a sound, transparent, comprehensive, and coherent manner.

Expertise

The internal and external roles and functions involved in ALM must have functional expertise.

The Chief Financial Officer ensures the initial and further training of employee and employer representatives on the Board of Trustees.

Documentation

All activities within the scope of ALM must be documented in a manner that is audit-proof and comprehensible.

4 ALM process

The Pension Fund's ALM process consists of conducting ALM analyses and continuous strategic monitoring. The ALM Committee reviews and approves key aspects of the assumptions, parameters, and methodology used in the ALM process. The Chief Financial Officer is responsible for developing and implementing the ALM process.

In addition, the following requirements apply to the process:

- The process must be set up so that it can be carried out in an emergency. The Pension Fund should have the capacity to act even in crisis situations.
- The process must be designed in such a way that the Board of Trustees and the ALM Committee are kept informed on a regular basis or as required in an appropriate manner.

4.1 ALM analyses

The development or modification of strategic requirements and strategic objectives always requires an ALM analysis. The scope of the ALM analysis must be designed appropriately for the purpose.

ALM analyses can be carried out on a regular basis or when required. The Board of Trustees, the ALM Committee, and the Chief Financial Officer can initiate ALM analyses.

- The Chief Financial Officer is responsible for conducting ALM analyses. They are responsible for preparing recommendations on strategic requirements and strategic objectives.
- The ALM Committee forwards the recommendations (following review) for submission to the Board of Trustees.
- The Board of Trustees reviews and approves the strategic requirements and strategic objectives.

4.2 Continuous strategic monitoring

The aim of continuous strategic monitoring is to continuously monitor the appropriateness of the strategic objectives and strategic requirements as well as the parameters, assumptions, and modeling used to derive them.

The Board of Trustees, the ALM Committee, and the Chief Financial Officer are responsible for the continuous, level-appropriate assessment of the suitability of the strategic objectives and strategic requirements and, if necessary, for initiating an ALM analysis.

The Chief Financial Officer is responsible for the appropriate design and implementation of the continuous strategic monitoring.

Should a shortfall pursuant to Art. 44 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans occur or become apparent during the continuous strategic monitoring, the Chief Financial Officer shall initiate an ALM analysis.

5 Final provisions

5.1 Amendment proviso

The Board of Trustees is authorized to amend these regulations at any time.

5.2 Entry into force

Following the resolution of the Board of Trustees of December 12, 2022, these regulations enter into force on January 1, 2023, and replace the regulations of October 29, 2020.

5.3 Prevailing text

These regulations have been drafted in German and may be translated into other languages. In the event of any discrepancy between the German text and a translation into another language, the German text shall prevail.

PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)

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