

# Regulations on investments January 2022



# Contents

<b>I – Objectives and principles</b>	<b>3</b>		
1.1	Scope and purpose of the regulations	4	
1.2	Objectives and principles of investment activities	4	
<b>II – Investment organization</b>	<b>5</b>		
2.1	Organizational structure	6	
2.2	Investment process	6	
2.3	Duties and competencies	7	
<b>III – Monitoring and reporting</b>	<b>11</b>		
3.1	Compliance monitoring	12	
<b>IV – Final provisions</b>	<b>13</b>		
<b>Appendix I – Strategic asset structure</b>	<b>15</b>		
A1.1	Strategic requirements	16	
A1.2	Expansion of investments	17	
A1.3	Fluctuation reserve	17	
<b>Appendix II – Delineation of powers of authorization for direct Swiss real estate</b>	<b>18</b>		
<b>Appendix III – Investment guidelines</b>	<b>20</b>		
A3.1	Diversification	21	
A3.2	Debt financing	21	
A3.3	Consideration of tax consequences	21	
A3.4	Investment vehicles	21	
A3.5	Investments with an obligation to		
	provide additional coverage, guaranteed obligations, or guarantee commitments		21
A3.6	Derivative instruments		22
A3.7	Collateral management when using derivative instruments		22
A3.8	Securities lending and repo transactions		22
A3.9	Investment guidelines		23
<b>Appendix IV – Valuation principles</b>	<b>24</b>		
<b>Appendix V – Investments in an employer’s enterprise</b>	<b>26</b>		
<b>Appendix VI – Abbreviations</b>	<b>28</b>		

**Note:** The masculine form used in these regulations always refer equally to all genders.



# Objectives and principles

- 4 Scope and purpose of the regulations
- 4 Objectives and principles of investment activities

# I – Objectives and principles

## 1.1 Scope and purpose of the regulations

The Board of Trustees issues the regulations on investments based on the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2), the policies of the supervisory authority, the deed of foundation, and the organizational regulations of the Pension Fund of Credit Suisse Group (Switzerland).

Within the scope of the legal regulations (Art. 51a BVG, Art. 49a BVV 2), the regulations on investments set out the objectives, principles, and competencies that must be observed in the management of assets of the Pension Fund of Credit Suisse Group (Switzerland), hereinafter referred to as the "Pension Fund."

For asset and liability management (ALM), reference should be made to the ALM regulations. The strategic requirements for the investment of assets are based on the results of the ALM processes defined in the relevant regulations.

## 1.2 Objectives and principles of investment activities

The Pension Fund's top priority is to maintain pension security, specifically to ensure the security of financial obligations toward beneficiaries in the long term. The focus in asset management is always and exclusively on the interests of the beneficiaries.

The overarching aim of asset management is to generate the target return. This ensures the largest possible contribution to the preservation of the value of promised pension benefits in the long term. The Pension Fund selects, manages, and monitors its investments with care.

When managing assets, the following principles apply:

- Assets are invested in accordance with the risk appetite defined by the Board of Trustees, which is based on the financial and structural risk ability available. The risk ability of the Pension Fund encompasses the financial situation, the structure of the Pension Fund, and any changes to these. The evaluation of financial security gives particular consideration to the total assets and liabilities on the balance sheet, as well as the structure and expected performance of the portfolio of insured (Art. 50(1) and (2) BVV 2).
- The assets must be managed in such a way that the promised benefits can be paid out on time at any time.
- When managing the assets, adequate risk diversification is maintained and cluster risk is avoided as far as possible. The assets are spread across different asset categories and subcategories in accordance with the ALM process, markets, currencies, industries, sectors, and portfolio managers, and are made in investments that generate market-compliant total returns. Adequate saleability of the assets is ensured.
- Consideration is also given to sustainability aspects (ESG: environmental, social, and governance) when making investment decisions. The Pension Fund's sustainability strategy is defined by the ESG Committee. The mandate, duties, and competencies of the ESG Committee are described in Section 2.3.5.
- Transparency, measurability, and traceability must be ensured at every decision-making level in the investment process (see Part III).
- All persons entrusted with management and asset management responsibilities are required to comply with integrity and loyalty requirements (Art. 48f and Art. 48h–I BVV 2).
- In the event of underfunding, the Board of Trustees, in cooperation with the pensions actuary and the ALM Committee (in accordance with the ALM regulations), shall consider measures within the meaning of Art. 65d BVG for restoring financial equilibrium.



# Investment organization

- 6 Organizational structure
- 6 Investment process
- 7 Duties and competencies

## II – Investment organization

### 2.1 Organizational structure

The organizational structure in relation to the management of assets is as follows:

- Board of Trustees
- Investment Committee (IC)
- Chief Investment Officer (CIO)
- ALM Committee
- ESG Committee
- Investment Controlling

The competencies of the ALM Committee are governed separately in the ALM regulations.

Only members of the bodies and employees of the Pension Fund who have an employment contract are considered to be “internal;” all other appointed natural persons and legal entities are deemed to be “external” (including employees or companies in Credit Suisse Group).

### 2.2 Investment process

The relevant legal provisions, in particular the investment regulations of the BVG and BVW 2, the policies and recommendations of the competent authorities and case law, and any other applicable regulations (e.g. from the FMIA/FMIO, Swiss Civil Code, and Swiss Code of Obligations) must be observed at all times.

#### 2.2.1 ALM process

In accordance with the legal provisions and based on the ALM process, the Board of Trustees defines strategic requirements that are tailored to the financial and structural risk ability of the Pension Fund, reflect the derived risk appetite of the Board of Trustees, and take into account the long-term return and risk characteristics of the different asset categories. The Board of Trustees is supported by the ALM Committee in this matter.

The ALM Committee also involves the Investment Committee in defining the strategic requirements for the investment process. The recommendations and proposals of the ALM Committee are submitted to the Board of Trustees together with the comments from the Investment Committee. The decision is made by the Board of Trustees.

#### 2.2.2 Management and implementation of investments

On the basis of the strategic requirements and the principles described in these regulations, the Investment Committee manages the investments within the ranges and requirements stipulated by the Board of Trustees.

The requirements of the Investment Committee are implemented by the CIO. Internal and/or external portfolio managers may be instructed to implement investment decisions. The Investment Committee is involved in all important decisions concerning manager selection/deselection.

The investment process can, if necessary, be substantiated by means of further guidelines and policies.

#### 2.2.3 Risk management, monitoring, and reporting

The Pension Fund ensures compliance with the external and internal requirements for asset management and that the requirements applicable in keeping with the principle of “best governance” are met

by means of Investment Controlling. Best governance means that advice, decisions, and monitoring are kept separate at all times to avoid conflicts of interest. Investment decisions must be documented in a transparent manner. The principle of dual control is implemented effectively and persons managing the Pension Fund assets must uphold high professional standards, be trusting and loyal, and have integrity.

The individual subprocesses in the investment process are monitored on a regular basis both by the Pension Fund and by external parties. Important external parties include the custodian bank, which prepares daily and monthly reports, the independent auditors, and, where applicable, Investment Controlling.

Ongoing monitoring and regular reporting ensures transparency for the individual decision-making bodies (see Part III).

In the interest of the beneficiaries, the costs associated with the investment activities are subject to cost control.

## 2.3 Duties and competencies

### 2.3.1 Board of Trustees

The composition of the Board of Trustees is defined in the organizational regulations of the Pension Fund.

#### Duties and competencies

- a) *Overall responsibility:* In accordance with Art. 51a BVG, the Board of Trustees bears overall responsibility for the investment of assets and performs the tasks that cannot be transferred or delegated in accordance with Art. 51a(2) BVG.
- b) *Regulations on investments:* The Board of Trustees issues the regulations on investments and can modify them at any time as necessary. It monitors compliance with the regulations on investments and with legal requirements.
- c) *Investment bodies:* It determines the investment bodies and their competencies. It appoints the members of the Investment Committee and its chair, the CIO. It may delegate competency for implementing the strategic requirements within the scope of the principles, objectives, and guidelines to the Investment Committee, as well as to internal and external portfolio managers, and defines the requirements for these persons and institutions (Art. 48f and 49a(2)(d) BVV 2). Furthermore, it may delegate competencies for Investment Controlling to external partners either in part or in full.
- d) *Objectives of asset management:* The Board of Trustees defines the principles and objectives of asset management in accordance with the provisions of Art. 51a(2)(m) BVG and Art. 50, 51, and 52 BVV 2.
- e) *Strategic requirements:* In accordance with Art. 50–52 BVV 2, the Board of Trustees approves the strategic requirements that result from the ALM process and are defined in Section 2.2. It monitors the correct implementation of these requirements periodically and if required by extraordinary events.
- f) *Resources:* The Board of Trustees makes decisions regarding resources. This includes resources connected with internal asset management.
- g) *Global custodian:* The Board of Trustees decides who to select as global custodian.
- h) *Real estate:* The Board of Trustees defines the delineation of powers of authorization for direct Swiss real estate.
- i) *Risks:* It is responsible for the risks associated with the investment of assets – including investment risks, operational risks, tax risks, and legal risks – and ensures that these risks are monitored effectively.
- j) *Shareholder rights:* The Board of Trustees governs the exercise and protection of Pension Fund shareholder rights (Art. 49a(2)(b) BVV 2 and Art. 22 OAEC). It provides the insured with information on this matter at least once a year.
- k) *Securities lending/borrowing and repurchase transactions:* The Board of Trustees decides on the admissibility of securities lending and borrowing and repurchase transactions.

- l) *Other competencies:* The Board of Trustees
- Ensures that transparent regulation is agreed upon with the portfolio managers with regard to benefits from third parties (retrocessions, discounts, benefits, non-monetary benefits, etc.).
  - Is responsible for the reporting of any investment expansions in the annual financial statements in accordance with Art. 50(4) BVV 2.
  - Monitors compliance with the requirements concerning conflicts of interest (Art. 48h BVV 2) and the handling and surrender of pecuniary benefits (Art. 48k BVV 2).
  - Monitors the implementation of the duty of disclosure (Art. 48l BVV 2).
  - Complies with the applicable rules and obligations in these regulations on investments when fulfilling its obligations that arise from Art. 113(1) FMIO in connection with the use of derivatives that are subject to FMIA/FMIO.
  - In principle, makes decisions about the requirements regarding investments in an employer's enterprise.
  - May delegate tasks to units in the organizational structure with appropriate expertise in the relevant area.
  - Ensures the ongoing monitoring of investments (see Section 2.3.6).

## 2.3.2 Investment Committee

### Duties and competencies

The Investment Committee is the specialized body of the Board of Trustees responsible for the investment of assets and has the following duties and competencies:

- a) *AA Investment Committee:* The Investment Committee, under the leadership of the CIO, defines the AA Investment Committee in line with the strategic requirements of the Board of Trustees.
- b) *Proposals, decisions, and delegation:*
  - The Investment Committee may propose changes to the strategic requirements (including SAA) to the Board of Trustees.
  - The Investment Committee prepares investment-related decisions for the Board of Trustees and implements such decisions once adopted.
  - The minutes of the Investment Committee meeting contain clear documentation of decisions.
- c) *Selection of managers:* The Investment Committee is responsible for the key decisions relating to the selection/deselection of managers in accordance with predefined criteria, approves the award of discretionary mandates, and ensures compliance with the regulatory requirements.
- d) *Reporting:* The Investment Committee ensures that the Board of Trustees is informed periodically about the performance of the assets.

The CIO chairs the Investment Committee and ensures that the Investment Committee meetings are effective by preparing appropriately for meetings and following up after meetings as necessary.

## 2.3.3 Chief Investment Officer (CIO)

### Mandate

The CIO implements the requirements of the Board of Trustees and the Investment Committee.

### Duties and competencies

- a) The CIO assumes the role of Chair of the Investment Committee.
- b) The CIO prepares invitations for the meetings, defines agenda items, and chairs the meetings.
- c) The CIO prepares bases for decision-making for the Board of Trustees and the Investment Committee.
- d) The CIO prepares a proposal for the composition of the Investment Committee.
- e) The CIO prepares a proposal for the AA Investment Committee.
- f) The CIO prepares investment-related decisions by the Investment Committee.

- g) The CIO brings the perspective and expertise of the Investment Committee to the ALM Committee.
- h) The CIO ensures investment administration in line with needs and is responsible for the internal investment organization and the operational implementation of the investment process.
- i) The CIO ensures the transparency of the asset management costs and monitors portfolio managers for compliance with the integrity and loyalty requirements (Art. 48f–48l BVV 2).

### 2.3.4 ALM Committee

The duties of the ALM Committee are governed in the ALM regulations.

### 2.3.5 ESG Committee

The composition of the ESG Committee is regulated in the organizational regulations.

#### Mandate

While maintaining a market-compliant return in accordance with Art. 51 BVV 2, the Pension Fund of Credit Suisse Group (Switzerland) also factors in sustainability considerations as part of the investment process. The ESG Committee (ESG: environmental, social, and governance) is responsible for drawing up the sustainability strategy of the investments of the Pension Fund of Credit Suisse Group (Switzerland). This includes devising, implementing, and maintaining the strategy. The recommendations made by the ESG Committee regarding the sustainability strategy are incorporated in the strategic requirements for the investment of assets by the Board of Trustees. The ESG Committee also involves the Investment Committee in defining the sustainability considerations for the investment process. The recommendations and proposals of the ESG Committee are submitted to the Board of Trustees together with the comments from the Investment Committee. The decision is made by the Board of Trustees.

#### Duties and competencies

##### Exercise of voting rights

- Drawing up of requirements for the exercise of rights as member and owner in the interest of the insured (voting rights guidelines) and submission to the Board of Trustees.
- Exercise of voting rights within the framework of the defined requirements.
- Organization and monitoring of operational implementation.

##### Membership of associations and initiatives

- Recommendations regarding the Pension Fund's membership of working groups, associations, and initiatives in the area of sustainable investment.

##### Exclusion list

- Recommendations regarding investments to be excluded from the investment universe.
- Monitoring of implementation.

##### Engagement

- Recommendations regarding the specification of the engagement strategy (dialogue with the companies).
- Monitoring of implementation of the engagement strategy.

##### Information and reporting

- Drawing up proposals providing information at an appropriate level to the Board of Trustees and to the insured about all sustainability considerations.

## 2.3.6 Investment Controlling

Investment Controlling includes all monitoring activities within the scope of the investment.

### Duties

- a) Supporting the Board of Trustees and the Investment Committee in the monitoring of the strategic requirements and the investment process.
- b) Supporting the Board of Trustees in the monitoring of compliance with the regulatory and legal provisions during performance of the investment activities.
- c) Supporting the Investment Committee in the organization and monitoring of the investment activities of internal and external portfolio managers.
- d) Creating an Investment Controlling plan for the investment activities of the individual internal and external portfolio managers.
- e) Periodically reviewing the appropriateness of the mandate and investment guidelines.

The Board of Trustees decides which duties are performed by which departments.

## 2.3.7 Financial services providers/portfolio managers

### Requirements

Only financial services providers/portfolio managers or internal persons who meet the requirements set out in Art. 51b BVG and Art. 48f BVV 2 are entrusted with the management of pension assets.

The rights and obligations plus the assessment criteria for reviewing activity are defined in writing in a contract for financial services providers and in a task specification or in policies for internal portfolio managers. The interests of the Pension Fund must be considered and taken into account in the contract. It must be ensured that the benefits and compensation are in line with the market.

### Asset management duties (internal, external)

Financial services providers/portfolio managers:

- a) Are responsible for managing the assets transferred to them by the Pension Fund.
- b) Make investments based on investment targets, investment guidelines, and other requirements that have been agreed in writing.
- c) Report periodically to the CIO on the performance of investments.
- d) Report to the CIO on their dependency on individual investors in accordance with the requirements set out in Appendix Section A3.1 "Diversification" on a regular basis.

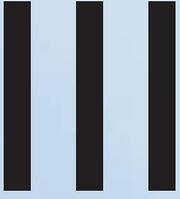
### Duties of the global custodian

The global custodian is responsible for the secure and fiduciary storage and the administrative management of the assets transferred to it by the Pension Fund. Among its duties is the requirement to ensure the proper, legally compliant custody, posting, and settlement of securities trading. The global custodian must have an operational organization that is appropriate to the performance of its duties as well as suitably qualified personnel to carry out the duties.

When selecting the global custodian, attention should be paid to creditworthiness and to liquidity, solvency, and counterparty risks, which the Pension Fund will monitor throughout the business relationship.

The services to be provided by the global custodian generally include the following duties:

- a) Investment reporting
- b) Compliance monitoring



# Monitoring and reporting

12 Compliance monitoring

## III – Monitoring and reporting

### 3.1 Compliance monitoring

The investments and their management must be monitored on a continuous basis.

Using the various monitoring criteria, a report must be created periodically such that the Board of Trustees and the Investment Committee can fulfill the responsibilities assigned to them on the basis of meaningful and verifiable information.

Reporting is based on the concept outlined below:

<b>Reporting</b>		
<b>Reporting party</b>	<b>Addressee</b>	<b>Topic/content</b>
Investment Committee	Board of Trustees	Investment activity and investment success
Investment Controlling	Board of Trustees Investment Committee	Assessment of investment activities Recommendations for action
Portfolio Manager	Chief Investment Officer	Report on investment activities
Global Custodian	Investment Committee Chief Executive Officer Chief Investment Officer Chief Financial Officer	Investment reports - Performance (at all levels) - Asset structure - Structural analyses Compliance report

# IV

Final provisions

## IV – Final provisions

### Amendment proviso

The Board of Trustees is authorized to amend these regulations at any time. All future amendments must be submitted to the supervisory authority.

### Entry into force

Following the resolution of the Board of Trustees of October 25, 2021, these regulations enter into force on December 31, 2021, and replace the regulations of October 29, 2020.

### 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.

### Matters not governed in the regulations on investments

Matters not governed in the regulations on investments shall be handled by the Board of Trustees by applying the regulations on investments *mutatis mutandis*.

PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)

Philip Hess  
Chairman of the Board of Trustees

Daniel Egli  
Vice-Chairman of the Board of Trustees

# Appendix I – Strategic asset structure

- 16 Strategic requirements
- 17 Expansion of investments
- 17 Fluctuation reserve

# Appendix I – Strategic asset structure

## A1.1 Strategic requirements

The following investment bandwidths and benchmarks apply:

Investment bandwidths and benchmarks					
Category	Subcategory	SAA	Min.	Max.	Benchmark
<b>Nominal assets</b>					
	Liquidity	7.5	0	30	FTSE 3-M CHF Eurodeposit
<b>Total liquidity</b>		<b>7.5</b>	<b>0</b>	<b>30</b>	
	Rates CHF	4.5	1	10	SBI 1-5 AAA-AA TR
	Rates non-CHF	8.0	2	15	Bloomberg Global Agg. Treasuries Ex CHF Ex CNY
<b>Total rates</b>		<b>12.5</b>	<b>3</b>	<b>25</b>	
	Listed credit CHF	4.0	0	8	SBI A-BBB TR
	Listed credit non-CHF	13.0	5	20	89% Bloomberg Global Agg. Corporate Ex CHF TR 11% J.P. Morgan GBI-EM Global Diversified TR
	Private credit	3.5	1	5	70% CS Leveraged Loan Index 30% CS Lev. Loan Western Europe Index + 100Bp.
<b>Total credit</b>		<b>20.5</b>	<b>6</b>	<b>33</b>	
<b>Total nominal assets</b>		<b>40.5</b>	<b>9</b>	<b>88</b>	
<b>Real assets</b>					
	Listed equities DM	22.0	10	30	77% MSCI World ex Switzerland IMI Net TR 23% Swiss Performance Index
	Listed equities EM	3.0	0	7	MSCI Emerging Markets Net TR
	Private equity	8.0	5	15	LPX NAV Composite
<b>Total equity</b>		<b>33.0</b>	<b>15</b>	<b>40</b>	
	Infrastructure	2.5	2	5	25% FTSE 3-M USD Eurodeposit + 400Bp. 25% FTSE 3-M EUR Eurodeposit + 400Bp. 50% NMX Infrastructure Composite TR
<b>Total infrastructure</b>		<b>2.5</b>	<b>2</b>	<b>5</b>	
	Listed real estate CH	7.0	0	15	SXI Real Estate Broad TR
	Private real estate CH	9.0	5	15	KGAST Immo-Index Gemischt
	Private real estate non-CH	2.0	0	10	MSCI Global Property Fund Index
<b>Total real estate</b>		<b>18.0</b>	<b>5</b>	<b>30</b>	
	Commodities ex. gold	0.0	0	5	UBS Bloomberg CMCI Composite TR
<b>Total commodity</b>		<b>0.0</b>	<b>0</b>	<b>5</b>	
<b>Total real assets</b>		<b>53.5</b>	<b>22</b>	<b>75</b>	
<b>Diversifiers</b>					
	Uncorrelated strategies	0.0	0	3	FTSE 3-M CHF Eurodeposit + 500 Bp.
	Risk mitigation strategies	4.0	0	7	50% Bloomberg US Long Treasury TR 50% UBS Bloomberg CMCI Components Gold TR
<b>Total diversifiers</b>		<b>4.0</b>	<b>0</b>	<b>10</b>	
<b>Transition</b>					
	Transition	2.0	0	3	n/a
<b>Total transition</b>		<b>2.0</b>	<b>0</b>	<b>3</b>	
<b>Foreign currencies</b>					
	USD	6.0	0	8	Benchmark for FX overlay:
	EUR	5.0	0	8	– 1 Month Forward Points (month end)
	GBP	2.0	0	4	– WMR fixing London 16:00
	JPY	0.0	0	2	
	Other	10.0	0	15	
<b>Total foreign currencies</b>		<b>23.0</b>	<b>0</b>	<b>30</b>	

Exposure to illiquid assets must not exceed 35%. The Board of Trustees defines which assets are considered illiquid.

Compliance with the bandwidths is checked at least weekly. If the bandwidths are found to have been breached, appropriate redistributions must be made within three months to return the asset structure to the bandwidths.

## A1.2 Expansion of investments

The Board of Trustees may approve the expansion of investment options pursuant to Art. 50(4) BVV 2. The expansion of investment options shall be reported in the notes to the annual financial statements.

The following apply with regard to the expansion of investment options:

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### Expansion of investments

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Alternative investments	Maximum investment bandwidth is 25%
Alternative investments	Investments in unlisted companies or other directly held investments are permitted if they are diversified at the lowest level.
Alternative investments	Investments in physical gold are permitted.

## A1.3 Fluctuation reserve

The nominal value of the fluctuation reserve is calculated according to the value-at-risk approach as part of the ALM process and is expressed as a percentage of the obligations.

The nominal value is reviewed periodically and in response to extraordinary events and adjusted accordingly.

The nominal value of the fluctuation reserves is shown in the notes to the annual financial statements. Any changes in the bases must be explained in the notes to the annual financial statements in accordance with the provisions of Swiss GAAP FER 26.

The Board of Trustees has decided to work toward the target value (target) of 20% as follows:

17% by the end of 2021

18% by the end of 2022

19% by the end of 2023

20% by the end of 2024

The target value (target) and/or the interim stages are shown in the notes to the annual financial statements.

## Appendix II – Delineation of powers of authorization for direct Swiss real estate

19 Delineation of powers of authorization for direct  
Swiss real estate

## Appendix II – Delineation of powers of authorization for direct Swiss real estate

### A2.1 Delineation of powers of authorization for direct Swiss real estate

#### Delineation of powers of authorization for purchasing and managing direct Swiss real estate

Position/Duties	Direct Real Estate Switzerland Portfolio Manager	Head of Direct Real Estate Switzerland	Head of Real Estate Investments CIO	Investment Committee	
<b>1 Sale of real estate and purchase of existing properties/new-build projects</b>					
1.1 Instructions to sell, and purchases (existing properties, publicly funded infrastructure projects, construction-ready projects or projects with planning permission, building land suitable for development) as well as contracts related to new builds, project planning, development, etc. Properties/instructions					
– up to CHF 20 million	Request	Decision	Information		
– up to CHF 50 million		Request	Decision	Information	
– up to CHF 100 million			Request	Decision	
– over CHF 100 million			Request	Decision	Information
1.2 Conclusion of purchases and sales, incl. legal and contractual formalities		Execution	Information		
<b>2 Real estate management</b>					
2.1 Conclusion of limited rights in rem and contracts (rental agreements and service agreements)	Request	Decision			
2.2 Other real estate management (all transactions)					
– up to CHF 10,000	Decision	Information			
– up to CHF 100,000	Request	Decision	Information		
– up to CHF 200,000		Request	Decision	Information	
2.3 Approval of regular annual budget for renovation work					
– up to CHF 20 million		Request	Decision		
– up to CHF 30 million			Request	Decision	
– over CHF 30 million				Request	Decision
2.4 Approval of loan applications for regular renovation work					
– up to CHF 5 million	Request	Decision			
– up to CHF 10 million		Request	Decision		
– over CHF 10 million			Request	Decision	
2.5 Approval of loan applications for renovation work outside the scope of the annual budget					
– up to CHF 2 million	Request	Decision			
– up to CHF 5 million		Request	Decision		
– up to CHF 10 million			Request	Decision	
– over CHF 10 million				Request	Decision

#### Explanatory notes on competencies

Term	Description	With responsibility for	Associated rights and obligations
Request	Request filed with the decision-making body	Technical and financial accuracy of details	Decision must be communicated to the requesting party
Decision	Final decision	Proper assessment of decision basis	Right to supervise execution, obligation to consult co-decision makers
Information	Executing or decision-making body provides information on the decision	–	–
Execution	Implementation of the decision by issuing corresponding instructions or own work	Proper professional execution within framework of decisions made	Right to issue instructions to and supervise subordinates, obligation to provide information to ordering party

## Appendix III – Investment guidelines

- 21 Diversification
- 21 Debt financing
- 21 Consideration of tax consequences
- 21 Investment vehicles
- 21 Investments with an obligation to provide additional coverage, guaranteed obligations, or guarantee commitments
- 22 Derivative instruments
- 22 Collateral management when using derivative instruments
- 22 Securities lending and repo transactions
- 23 Investment guidelines

## Appendix III – Investment guidelines

### A3.1 Diversification

The assets are to be diversified in order to avoid cluster risks.

The principle of diversification comprises (taking account of a look-through view for indirect investment instruments):

- Limitation of an investment in an individual investment instrument to a maximum of 5% of the assets.
- Limitation of investments in nominal value investments of a single issuer to a maximum of 5% of the assets.
- Limitation of investments in real assets of a single issuer to a maximum of 5% of the assets.

Investments with the Swiss Confederation and receivables from Swiss mortgage bond institutions are exempt from the requirements outlined above.

Appendix V, "Investments in an employer's enterprise," applies to investments in an employer's enterprise.

The income that an external portfolio manager achieves with the Pension Fund must not exceed 25% of the portfolio manager's total income.

The Board of Trustees may approve a deviation from the principle of diversification in individual cases.

### A3.2 Debt financing

The Pension Fund does not take on external funding when investing in assets.

Lending against securities by means of a lombard loan or other loans, as well as the establishment of leverage (implicit borrowing) using derivative instruments are not permitted.

The Board of Trustees may in individual cases and within the scope of the law approve debt financing.

### A3.3 Consideration of tax consequences

The tax consequences of the individual investment decisions are taken into account in the investment process, with the aim of achieving tax-optimized investment performance.

### A3.4 Investment vehicles

The Investment Committee decides when to create new investment vehicles and approves their creation and any subsequent liquidation.

### A3.5 Investments with an obligation to provide additional coverage, guaranteed obligations, or guarantee commitments

Investments are not permissible if this gives rise to an obligation to provide additional coverage, guaranteed obligations, or guarantee commitments.

Derivative instruments such as futures, forwards, options, and swaps are not regarded as investments that give rise to an obligation to provide additional coverage, guaranteed obligations, or guarantee commitments.

A pre-defined maximum payment obligation with a known time frame ("commitment") is not considered to be an obligation to provide additional coverage. The corresponding funds of an unused commitment must be duly kept available in the form of cash or cash equivalents.

The requirements for the investment of assets must be met on the basis of the actual investment value, i.e. open commitments are not taken into account.

### **A3.6 Derivative instruments**

The use of derivatives is permitted under observance of the provisions of Art. 56a BVV 2 and the provisions of the FMIA and FMIO.

The Pension Fund is classified as a "small financial counterparty" under the FMIA.

The requirements regarding the investment of assets must be observed, taking into account the financial exposure of the derivative instruments.

### **A3.7 Collateral management when using derivative instruments**

Collateral management may be applied where appropriate in the use of exchange-traded derivatives. Collateral management is mandatory with regard to the use of non-exchange-traded derivatives.

Collateral management requires a custodian bank, which must have a short-term rating from a recognized rating agency of at least A-1 (Standard & Poor's) or P-1 (Moody's) or equivalent.

The Board of Trustees may in individual cases approve a deviation from the minimum rating.

### **A3.8 Securities lending and repo transactions**

Securities lending is only permissible if it does not prevent the exercising of rights as member and owner and provided that the provisions of the Federal Act on Collective Investment Schemes and its implementing orders are met.

Securities lending requires corresponding collateral to be held by the custodian bank, which must have a short-term rating from a recognized rating agency of at least A-1 (Standard & Poor's) or P-1 (Moody's) or equivalent. The value of the collateral must at all times equal at least 105% of the market value of the securities lent. Equities and bonds of Credit Suisse Group AG and of Group companies of Credit Suisse AG are not permitted as collateral.

The Board of Trustees may in individual cases approve a deviation from the minimum rating of the custodian bank.

Repo transactions (borrowing and repurchase transactions) in which the Pension Fund acts directly as the pension provider are not permitted. Reverse repo transactions as well as repo transactions within collective investment schemes classified as alternative investments in accordance with Art. 53(1)(e) BVV 2 (e.g. hedge funds) are permitted. The provisions of the Federal Act on Collective Investment Schemes and its implementing orders must be observed.

## A3.9 Investment guidelines

The following applies:

Receivables within the meaning of Art. 53(1)(b)(3)–(9) BVV 2 must meet the following rating requirements:

- Individual investments have a long-term credit rating from a recognized rating agency or, in the case of Swiss issuers, from Credit Suisse, UBS, Bank Vontobel, and Zürcher Kantonalbank of at least BB- (Standard & Poor's) or Ba3 (Moody's) or equivalent. If there are various ratings, the lowest rating must be used. In the case of collective investment instruments, this relates to the average long-term rating at the end of the month. The Investment Committee can approve exceptions.
- Total investments have an average long-term rating from recognized rating agencies or, in the case of Swiss issuers, from Credit Suisse, UBS, Bank Vontobel, and Zürcher Kantonalbank of at least BBB- (Standard & Poor's) or Baa3 (Moody's) or equivalent. In the case of collective investment instruments, the respective average long-term rating at the end of the month is used.
- The proportion of investments without a credit rating from a recognized rating agency is limited to a maximum of 30% of the total receivables of the Pension Fund.

Loans may be granted to public-sector bodies (e.g. the federal government, cantons, and municipalities) and private individuals. In the case of public-sector counterparties, there must be a minimum rating of A or equivalent.

Real estate investments can be made directly or indirectly in real estate in Switzerland and abroad. There are no restrictions with regard to the type of use.

Real estate investments are permitted in construction projects that have been approved and are ready for building, as well as in building land suitable for development.

Real estate investments can have the following forms of ownership: sole ownership, joint ownership, and condominiums.

In the case of direct real estate investments, the following aspects must be taken into consideration:

- Preference is to be given to real estate in major conurbations. The assessment of the location must take into account the regional economic factors (employment prospects); demographic trends; residential property market conditions; and quality of life (including public transport connections and the proximity of schools and stores).
- Independence in terms of management and disposal options must be aimed for. Joint ownership and communal ownership of buildings or parts of buildings are only secondary options.

Indirect real estate investments are held via listed and unlisted collective investment vehicles and similar structures.

“Alternative investments” include the following: investments in hedge funds, private equity, insurance-linked securities, and commodities (Art. 53(1)(e) BVV 2) as well as all investments that cannot be classified into an asset category in accordance with Art. 53(1)(a)–(d)<sup>bis</sup> BVV 2; for example, the investments listed in Art. 53(3) BVV 2.

Alternative investments may only be made by means of diversified collective investment schemes, diversified certificates, or diversified structured products (Art. 53(4) BVV 2).

In the case of indirect investment instruments, compliance with the investment guidelines must be ensured in consideration of a look-through view, rather than on the basis of the legal structures.

Alternative investments are only permitted if they do not give rise to an obligation to provide additional coverage, guaranteed obligations, or guarantee commitments on the part of the Pension Fund. A pre-defined maximum payment obligation (“commitment”) with a known time frame is not considered to be an obligation to provide additional coverage. The corresponding funds for such commitments must be duly kept available in the form of cash or cash equivalents.

## Appendix IV – Valuation principles

## Appendix IV – Valuation principles

Assets are to be valued at market value on the balance sheet date in accordance with the provisions of Swiss GAAP FER 26 in the version applicable pursuant to Art. 47 BVV 2. If market values are not available, the valuation must be carried out using transparent and recognized methods.

Direct real estate holdings are valued and reported in the balance sheet at market value or fair value. The basis for determining the market value is the sum of the discounted net cash flow at the time of the valuation (DCF method). The market value of the real estate is reviewed annually, and 20% of the real estate holdings are inspected at the time of review. All real estate must be inspected within a period of five years.

Otherwise, the provisions of Art. 48 BVV 2 and Swiss GAAP FER 26 No. 3 apply.

Appendix V –  
Investments in an  
employer's enterprise

## Appendix V – Investments in an employer’s enterprise

All investments with Credit Suisse Group AG and its subsidiaries or investments with other affiliated companies are regarded as investments in an employer’s enterprise, except for monies that are in the nature of business transactions rather than investments (liquidity required for operations). In this context, monies invested in liquid form for a specified period of time with a view to proposed investment or reinvestment also constitute business transactions.

## Appendix VI – Abbreviations

## Appendix VI – Abbreviations

The following abbreviations are used in these regulations on investments:

**AA**

Asset allocation

**ALM**

Asset and liability management

**BVG**

Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans

**BVV 2**

Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans

**CIO**

Chief Investment Officer

**ESG**

Environmental, social, and governance

**FMIA**

Financial Market Infrastructure Act

**FMIO**

Financial Market Infrastructure Ordinance

**CO**

Swiss Code of Obligations

**Pension Fund**

Pension Fund of Credit Suisse Group (Switzerland)

**PM**

Portfolio management

**SAA**

Strategic asset allocation

**SCC**

Swiss Civil Code



**PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)**

P.O. Box

8070 Zurich

[credit-suisse.com/pensionfund](https://credit-suisse.com/pensionfund)

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