

# Regulations on investments January 2023

Pension Fund of Credit Suisse Group (Switzerland)

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



# Objectives and principles

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# 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 regulations on ALM. The requirements of the Board of Trustees 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 ensure the security of financial obligations toward beneficiaries in the long term. This ensures the largest possible contribution to the preservation of the value of promised (pension) benefits in the long term.

When managing assets, the following principles apply:

- Assets are invested within the framework of the statutory requirements (Art. 50(1) and (2) BVV 2) and the requirements adopted by the Board of Trustees. These requirements result in part from the ALM process as outlined in the regulations on ALM.
- 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.
- 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).



# Investment organization

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## 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

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

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 BVV 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 Management and implementation of investments

On the basis of the requirements of the Board of Trustees and the principles described in these regulations, the Investment Committee supports the Board of Trustees in monitoring the investments and prepares investment-specific analyses for the Board of Trustees.

The Chief Investment Officer is responsible for implementing the requirements of the Board of Trustees, including investment tactics.

Internal and/or external portfolio managers may be instructed to implement investment decisions. Important investment processes (e.g. manager selection/deselection) are overseen by the Investment Committee.

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

#### 2.2.2 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. 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, the external strategic investment controller.

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 strict 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 duties 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. It may delegate competency for implementing the requirements within the scope of the principles, objectives, and guidelines to the Chief Investment Officer, 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).
- 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, taking sustainability aspects into consideration.
- e) Requirements of the Board of Trustees: The Board of Trustees monitors the correct implementation of the requirements periodically and if required by extraordinary events. It ensures the ongoing monitoring of investments.
- f) Global custodian: The Board of Trustees decides who to select as global custodian.
- g) Real estate: The Board of Trustees defines the delineation of powers of authorization for direct Swiss real estate.
- h) Risks: It is responsible for the risks associated with the investment of assets – including investment risks, operational risks, tax risks, legal risks, and reputational risks – and ensures that these risks are monitored effectively.
- i) Shareholder rights: The Board of Trustees governs the exercise and protection of Pension Fund shareholder rights (Art. 49a(2)(b) BVV 2 and Art. 71a BVG).
- j) Securities lending and repurchase agreements: The Board of Trustees decides on the admissibility of securities lending and repurchase agreements.
- k) 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 reporting 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.
  - 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.

## 2.3.2 Investment Committee

### Duties and competencies

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

- a) Control and monitoring:
  - Supporting the Board of Trustees in monitoring the requirements and the investment process.
  - Supporting the Board of Trustees in monitoring investment activity (market conformity of investment results).
  - Supporting the Board of Trustees in monitoring compliance with the sustainability requirements and objectives of the Board of Trustees.
- b) Investment tactics (tactical asset allocation): The Investment Committee and the strategic investment controller monitor the tactics process. The Chief Investment Officer implements the tactics within the framework of the requirements of the Board of Trustees.
- c) Manager selection: The Investment Committee monitors the manager selection process (selection/deselection).
- d) Strategic investment controller: The Investment Committee appoints the strategic investment controller.
- e) Preparation of investment-related decisions:
  - The Investment Committee and the ALM Committee coordinate requests to change investment-related requirements.
  - The Investment Committee prepares investment-related decisions (including sustainability requirements and objectives) of the Board of Trustees.
- f) Compliance monitoring:
  - Supporting the Board of Trustees in monitoring compliance with the regulatory provisions (in particular investment guidelines) and legal provisions during performance of the investment activities.
  - Monitoring compliance with contractual mandate requirements.
  - Compliance monitoring is carried out independently of the Chief Investment Officer by the global custodian, but operational support is provided by the CIO area.
- g) Reporting: The Investment Committee ensures that the Board of Trustees is informed periodically about the performance of the assets.

The chair of the Investment Committee ensures that the Investment Committee meetings are effective by preparing appropriately for meetings, following up after meetings as necessary, and keeping minutes.

## 2.3.3 Chief Investment Officer (CIO)

### Mandate

The CIO implements the requirements of the Board of Trustees and is responsible for investment tactics and manager selection, among other things.

### Duties and competencies

- a) The CIO prepares bases for decision-making for the Board of Trustees and the Investment Committee.
- b) The CIO is responsible for the investment tactics and develops the necessary processes.
- c) The CIO makes decisions about manager selection and continuously monitors the selected managers (manager monitoring).
- d) The CIO is responsible for implementing the sustainability requirements and objectives (exercise of voting rights, memberships, exclusions, and engagement).
- e) The CIO brings their perspective and expertise to the ALM process.
- f) 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.
- g) The CIO reports relevant metrics to the corresponding units.
- h) The CIO ensures transparency regarding the asset management costs.

### 2.3.4 ALM Committee

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

### 2.3.5 Financial services providers/portfolio managers

#### Requirements

Only financial services providers/portfolio managers or internal persons that 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:

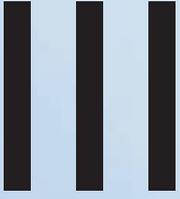
- a) Are responsible for managing the assets transferred to them by the Pension Fund.
- b) Make investments based on investment objectives, investment guidelines, and other requirements that have been agreed in writing.
- c) Report periodically to the Chief Investment Officer on the performance of investments.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

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### III – Monitoring and reporting

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>Topic/content</b>   | <b>Addressee</b>   | <b>Reporting party</b>  | <b>Frequency</b> |
| Assessment of investment activities<br>Assessment of investment performance<br>Recommendations for action                  | Board of Trustees  | Investment Committee (supported by strategic investment controller) | Annually         |
| Investment activity and investment performance   | Investment Committee   | Chief Investment Officer  | Quarterly        |
| Report on investment activities  | Chief Investment Officer   | Portfolio Manager   | Ongoing          |
| Investment reports<br>– Performance (at all levels)<br>– Asset structure<br>– Structural analyses<br>Compliance monitoring | Investment Committee<br>Chief Executive Officer<br>Chief Investment Officer<br>Chief Financial Officer | Global Custodian  | Monthly          |

# 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 December 12, 2022, these regulations enter into force on December 31, 2022, and replace the regulations of September 14, 2022.

### 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 defined in the regulations on investments shall be governed by the Board of Trustees by applying the regulations on investments *mutatis mutandis*.

PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)

Joachim Oechslin

Daniel Egli

Chair of the Board of Trustees

Vice-Chair of the Board of Trustees

# Appendix I – Strategic asset structure

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# Appendix I – Strategic asset structure

## A1.1 Strategic requirements

The following investment bandwidths and benchmarks apply:

| <b>Investment bandwidths and benchmarks</b> |                                   |             |             |                        |   |
|---|-----------------------------------|-------------|-------------|------------------------|---|
| Category                                    | Subcategory                       | SAA         | Min.        | Max.                   | Benchmark   |
| <b>Nominal assets</b>                       |                                   |             |             |                        |   |
|   | Liquidity                         | 5.5         | 1           | 15.5                   | FTSE 1-M CHF Eurodeposit  |
| <b>Total liquidity</b>                      |                                   | <b>5.5</b>  |             |                        |   |
|   | Listed rates CHF                  | 12.0        | 9           | 15                     | SBI AAA-AA TR   |
|   | Listed rates non-CHF              | 18.0        | 14          | 22                     | Bloomberg Agg. Treasuries Dev. Markets Ex-CHF   |
| <b>Total rates</b>                          |                                   | <b>30.0</b> |             |                        |   |
|   | Listed credit CHF                 | 4.0         | 2           | 10                     | SBI A-BBB TR  |
|   | Listed credit non-CHF             | 10.0        | 0           | 18                     | Bloomberg Global Agg. Corporate Ex CHF TR   |
|   | Private credit                    | 1.5         | 0           | 2.5                    | Credit Suisse Leveraged Loan TR   |
| <b>Total credit</b>                         |                                   | <b>15.5</b> | <b>10</b>   | <b>18</b>              |   |
| <b>Total nominal assets</b>                 |                                   | <b>51.0</b> |             |                        |   |
| <b>Real assets</b>                          |                                   |             |             |                        |   |
|   | Listed equity CH                  | 2.5         | 0           | 8                      | Swiss Performance Index   |
|   | Listed equity non-CH              | 12.0        | 7           | 22                     | 15% MSCI Europe ex Switzerland IMI Net TR<br>74% MSCI North America IMI Net TR<br>11% MSCI Pacific IMI Net TR           |
|   | Listed equities EM                | 2.5         | 0           | 4                      | 72% MSCI Emerging Markets ex China Net TR<br>28% MSCI China Net TR  |
|   | Private equity                    | 8.0         | 4           | 10                     | MSCI World Net TR + 1.5% p.a.   |
| <b>Total equity</b>                         |                                   | <b>25.0</b> | <b>16.5</b> | <b>29.5</b>            |   |
|   | Infrastructure                    | 3.5         | 2           | 8                      | MSCI World Core Infrastructure + 1% p.a.  |
| <b>Total infrastructure</b>                 |                                   | <b>3.5</b>  | <b>2</b>    | <b>8</b>               |   |
|   | Listed and private real estate CH | 17.0        | 12          | 23.5                   | 21% SXI Real Estate Funds<br>16% SXI Real Estate Shares<br>4% FTSE 1-M CHF Eurodeposit<br>59% KGAST Immo-Index Gemischt |
|   | Private real estate non-CH        | 2.5         | 1           | 6                      | MSCI Global Property Fund Index   |
| <b>Total real estate</b>                    |                                   | <b>19.5</b> | <b>13</b>   | <b>29.5</b>            |   |
|   | Opportunistic                     | 0.0         | 0           | 15 <sup>1)</sup>       |   |
|   | Risk mitigation                   | 0.0         | 0           | 15 <sup>1)</sup>       |   |
| <b>Total commodity</b>                      |                                   | <b>0.0</b>  | <b>0</b>    | <b>20<sup>1)</sup></b> |   |
| <b>Total real assets</b>                    |                                   | <b>48.0</b> |             |                        |   |
| <b>Active strategies</b>                    |                                   |             |             |                        |   |
|   | Opportunistic                     | 0.0         | 0           | 15 <sup>1)</sup>       |   |
|   | Risk mitigation                   | 0.0         | 0           | 15 <sup>1)</sup>       |   |
| <b>Total active strategies</b>              |                                   | <b>0.0</b>  | <b>0</b>    | <b>20<sup>1)</sup></b> |   |
| <b>Transition</b>                           |                                   |             |             |                        |   |
|   | Transition                        | 1.0         | 0           | 2                      | Category performance  |
| <b>Total transition</b>                     |                                   | <b>1.0</b>  | <b>0</b>    | <b>2</b>               |   |
| <b>Foreign currencies</b>                   |                                   |             |             |                        |   |
|   | Foreign currencies                | 2.5         | 0           | 10                     | 1-month forward points (month end)<br>WMR fixing London 16:00   |
| <b>Total foreign currencies</b>             |                                   | <b>2.5</b>  | <b>0</b>    | <b>10</b>              |   |

<sup>1)</sup> These are consolidated bandwidths for opportunistic and risk mitigation investments. Opportunistic and risk mitigation investments are possible in the categories of commodity and active strategies, as well as in the categories of rates, credit, and equity (see also the table below, "Consolidated investment bandwidths").

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## Aggregate investment bandwidths

|   | SAA  | Min. | Max. |
|---|------|------|------|
| Listed rates EM and listed credit non-CHF HY <sup>1</sup> | 0.0  | 0    | 4    |
| Higher-risk illiquid assets <sup>2</sup>                  | 12.5 | 5.5  | 19.5 |
| Lower-risk illiquid assets <sup>2</sup>                   | 19.0 | 9.8  | 27.5 |

<sup>1)</sup> The sub-categories are not detailed in the investment bandwidths and benchmarks table because there are no strategic weightings.

<sup>2)</sup> In accordance with the ALM study 2022.

Compliance with the bandwidths is checked at least weekly. If the bandwidths are found to have been breached, appropriate redistributions must be made to return the asset structure to the bandwidths. The corrections must be made within three months if possible. Proper account must be taken of the specific liquidity characteristics of individual asset categories.

## 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

|                         |   |
|-------------------------|---|
| Alternative investments | The 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 and is expressed as a percentage of the obligations. Provisions are made for the conditional loss for a confidence level of 98% over one year.

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

The nominal value of the fluctuation reserve is 18%. This nominal value is shown in the notes to the annual financial statements.

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

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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          |             |
| – over CHF 50 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 50 million   | Decision   | Information                            |                                     |                      |             |
| – up to CHF 200,000  | Request  | Decision                               | Information                         |                      |             |
| – up to CHF 500,000  |  | Request                                | Decision                            | Information          |             |
| 2.3 Approval of regular annual budget for renovation work  |  |  |                                     |                      |             |
| – up to CHF 30 million   |  | Request                                | Decision                            |                      |             |
| – up to CHF 50 million   |  |  | Request                             | Decision             |             |
| – over CHF 50 million  |  |  | Request                             | Decision             | Information |
| 2.4 Approval of loan applications for regular renovation work  |  |  |                                     |                      |             |
| – 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 5 million  | Request  | Decision                               |                                     |                      |             |
| – up to CHF 10 million   |  | Request                                | Decision                            |                      |             |
| – over CHF 10 million  |  |  | Request                             | Decision             | Information |

#### 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

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- 20 Debt financing
- 20 Investments with an obligation to provide additional coverage, guaranteed obligations, or guarantee commitments
- 20 Derivative instruments
- 21 Securities lending and repo transactions
- 21 Alternative investments
- 21 Further guidelines for the individual asset categories (see Appendix I – Strategic asset structure)

## Appendix III – Investment guidelines

### A3.1 Principles

- Appropriate diversification must be ensured when investing the assets.
- The financial instruments and investments must not contain any leverage, except for the cases set out in Art. 53(5) BVV 2.
- The limitations in accordance with Art. 54 BVV 2 (individual borrowers), Art. 54a BVV 2 (individual companies), and Art. 54b BVV 2 (individual properties and their loan-to-value) must be observed.
- Investments may be made directly in financial instruments or indirectly by means of shares in collective investment schemes (“collective investments”) and by means of derivatives. The form of investment can be restricted within an asset category.
- Collective investments must fulfill the requirements of Art. 56 BVV 2.
- As part of the manager selection process, the Chief Investment Officer decides on the appropriate investment vehicle. The Investment Committee oversees the selection, creation, and liquidation of the investment vehicles used.
- 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 this principle in individual cases.

### A3.2 Debt financing

The Pension Fund does not take on long-term external funding when investing in assets. Short-term and temporary external funding for direct real estate investments is permitted within the scope of the law.

Lending against securities by means of a lombard loan and the establishment of leverage (implicit borrowing) using derivative instruments are not permitted.

### A3.3 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.

### A3.4 Derivative instruments

The use of derivatives is permitted under observance of the provisions of Art. 56a BVV 2 and the provisions of the Financial Market Infrastructure Act (FMIA) and the Financial Market Infrastructure Ordinance (FMIO) in all asset categories in accordance with A3.7 “Further guidelines for the individual asset categories.”

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.

### A3.5 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 are permitted. The provisions of the Federal Act on Collective Investment Schemes and its implementing orders must be observed.

### A3.6 Alternative investments

"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>per</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).

Appropriate due diligence analysis must be completed before investing in alternative investments. It is important to ensure adequate diversification.

In the case of indirect investment instruments, compliance with the investment guidelines must, where possible, 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.

### A3.7 Further guidelines for the individual asset categories (see Appendix I – Strategic asset structure)

Within the bandwidths stipulated by the Board of Trustees, the following additional guidelines apply:

#### **Liquidity**

Account, fixed-term deposit, and money market investments in Swiss francs or foreign currencies are permitted. Investments in money market funds or similar mandates are also permitted.

#### **Rates**

Investments in listed and unlisted receivables in Swiss francs and foreign currencies are permitted.

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

### **Credits**

Investments in listed and unlisted receivables in Swiss francs and foreign currencies are permitted. The provisions set out in A3.6 “Alternative investments” apply to investments of an alternative nature.

Within the bandwidths stipulated by the Board of Trustees for the asset category of credits, investments in investment grade listed receivables as well as high yield investments are permitted. It is important to ensure adequate diversification.

### **Equity**

Equity is defined as direct or indirect investments in the equity capital of listed or unlisted companies. The provisions set out in A3.6 “Alternative investments” apply to investments of an alternative nature. It is important to ensure adequate diversification.

### **Infrastructure**

This category includes infrastructure investments with or without leverage. The statements listed under A3.6 “Alternative investments” apply to investments with leverage.

### **Real estate**

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.

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

- 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.
- 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 transportation 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.

### **Commodity**

Investments in diversified collective investments, diversified certificates, diversified structured products, or diversified derivative financial instruments are permitted.

### **Active strategies**

Investments in the “Active strategies” category are investments in traditional or alternative investments. Depending on the circumstances, investments have the purpose of reducing risk or increasing yield.

### **Transition**

Investments that are in liquidation or for which liquidation is planned. Typically, these are investments that cannot be liquidated in a short period of time.

The Board of Trustees decides on the reclassification of an investment/portfolio into this asset category.

## 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:

**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

**Pension Fund**

Pension Fund of Credit Suisse Group (Switzerland)

**SCC**

Swiss Civil Code

**SCO**

Swiss Code of Obligations



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