

Regulations on partial liquidation April 2020



Art. 1

General provisions

- 1) A foundation as defined by Art. 80 et seq. of the Swiss Civil Code and Art. 331 of the Swiss Code of Obligations (SCO) has been established with its registered office in Zurich under the name Pension Fund 2 of Credit Suisse Group (Switzerland) [hereinafter referred to as "Pension Fund 2"].
- 2) The Board of Trustees is issuing these regulations on partial liquidation of Pension Fund 2 on the basis of Arts. 53(b) and 53(d) BVG, Art. 18(a) FZG and Arts. 27(g) and 27(h) BVV2.
- 3) The following terms are used in these regulations:

BVG

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

BVV 2

Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans

FZG

Federal Act on Vesting in Pension Plans

Insured

Employees insured by Pension Fund 2

Pension recipients

Persons who receive a survivors' pension, a divorced spouse's pension or a disability pension from Pension Fund 2

Beneficiaries

Insured, pension recipients and other possible entitled parties under the deed of foundation

Employer

The plan sponsor and additional affiliated companies

- 4) Unless expressly stated otherwise, references to persons always apply to both genders.

Art. 2

Conditions for partial liquidation

- 1) The conditions for partial liquidation are fulfilled in the following cases:
 - a) If there is a reduction in the number of employees and at least 10% of the insured leave Pension Fund 2.
 - b) If a company undergoes restructuring and at least 5% of the insured leave Pension Fund 2.
 - c) If the affiliation agreement is terminated.
- 2) Restructuring will be deemed to be taking place if existing areas of activity of the employer are merged, discontinued, sold, outsourced or undergo other changes.
- 3) Insured who leave Pension Fund 2 voluntarily are not regarded as insured affected by partial liquidation. Insured who retire are not considered to have left Pension Fund 2.
A withdrawal will be deemed involuntary in the following cases:
 - a) If the insured's employment relationship is terminated by the employer and the insured is not offered an equivalent post.
 - b) If the insured terminates the employment relationship in anticipation of foreseeable termination by the employer.
- 4) Pension recipients belonging to the part of the company due to be hived off or allocated to the affiliation will also be affected by a partial liquidation under Art. 2(1)(b) and (c) above (restructuring of the affiliation or termination of the affiliation agreement), and will leave Pension Fund 2. Arrangements will be based on the relevant affiliation agreement. This is without prejudice to any other contractual arrangements with Pension Fund 2.

- 5) The employer is obliged to inform Pension Fund 2 without delay of any matters which might meet the conditions for partial liquidation and must provide it with all information required to carry out partial liquidation.

Art. 3

Reference date for partial liquidation

- 1) The reference date for partial liquidation is determined by the end of the reduction in staff numbers or by the date of termination of the affiliation agreement (end of notice period). The Board of Trustees determines the relevant date or time frame for defining the group of employees affected, depending on the event and on the withdrawal of the insured. The start of the significant reduction or restructuring is determined on the basis of the employer's staff reduction plan. If there is no staff reduction plan in place, the point in time when the reduction actually begins or the point in time when the employer decides on corresponding HR measures will be the determining factor.
- 2) If the reference date for partial liquidation is not the same as the balance sheet date, the balance sheet date will correspond to December 31 prior to the reference date for partial liquidation.

Art. 4

Calculating disposable assets, provisions, as well as any shortfall

- 1) As of the reference date for partial liquidation, Pension Fund 2 will draw up a partial liquidation balance sheet. The disposable assets and collective entitlement to actuarial provisions, as well as any possible shortfall, will be calculated on the basis of the actuarial balance sheet prepared by the accredited pensions actuary and the commercial balance sheet prepared and audited according to Swiss GAAP FER 26, subject to Art. 4(2) below.
- 2) Provisions may be formed to ensure the survival of Pension Fund 2. In the event of partial liquidation, the nature and extent of these provisions will be determined by the accredited pensions actuary.
- 3) If there is a change of more than 5% in the assets or liabilities of Pension Fund 2 between the reference date for partial liquidation and the transfer of the assets, then the provisions and disposable assets to be transferred will be adjusted accordingly.

Art. 5

Entitlement to disposable assets

- 1) With regard to the share of the disposable assets the insured receive, 80% is calculated on the basis of their retirement capital and 20% on the basis of their number of contribution years. For pension recipients, 20% of the share of disposable assets is calculated on the basis of the number of persons involved and 80% according to the amount of retirement capital. For the purposes of calculating the share of disposable assets, the retirement capital corresponds to the individual retirement capital.
- 2) Vested benefits transferred, single premiums, purchases or additional credits, repayments of advance withdrawals under the promotion of home ownership scheme, as well as shares of termination benefits received from a divorced spouse which have been paid in within 12 months prior to the reference date for partial liquidation will not be taken into account for the purposes of calculating the share of the disposable assets. Advance withdrawals under the promotion of home ownership scheme and payments in the event of a divorce which have taken place in the last 12 months prior to the reference date for partial liquidation will be taken into account in calculating the share of disposable assets.
- 3) In principle, the entitlement to the disposable assets will be paid out individually. However, in the event of a collective transfer, the Board of Trustees may specify that the disposable assets should be collectively transferred to the new pension fund either in full or in part.
- 4) If Pension Fund 2 has to provide pension benefits for individual beneficiaries after it has paid out the disposable assets, the pro-rata disposable assets must be refunded to it in addition to the vested benefits paid out.

Art. 6**Entitlement to provisions**

- 1) In the event of a collective withdrawal, there will be a collective pro-rata entitlement to the actuarial provisions. However, the entitlement to provisions will exist only if and to the extent that actuarial risks are also transferred.
- 2) The contribution made by the departing group to the formation of the provisions will be taken into account appropriately.
- 3) There will be no entitlement to technical provisions if the partial liquidation was caused by the group which is leaving collectively.
- 4) If Pension Fund 2 has to provide pension benefits after it has paid out the technical provisions, it must also be refunded the technical provisions in addition to the vested benefits paid out.

Art. 7**Taking account of a shortfall**

- 1) If Pension Fund 2 is in shortfall on the reference date for partial liquidation, the termination benefits of the insured and the retirement capital of the pension recipients will be reduced in line with the funding ratio in accordance with Art. 44 BVV 2. The reduction will be based on the retirement capital of the pension recipients and/or the termination benefits pursuant to Art. 5(2).
- 2) If the full termination benefits and retirement capital have already been transferred, the excess amount transferred must be refunded.
- 3) Pension Fund 2 may provisionally reduce the individual termination benefits if it has become clear that partial liquidation will take place and Pension Fund 2 can be presumed to be in shortfall. The provisional reduction applies only to insured likely to be affected by partial liquidation. It must be explicitly described as such. On completion of the partial liquidation procedure, Pension Fund 2 will draw up a final statement and will pay out any difference plus interest. The insured person must repay excess termination benefits paid out, including interest granted.

Art. 8**Collective and individual withdrawal**

- 1) A collective withdrawal in the event of a reduction in the number of employees or restructuring measures assumes the transfer of an area of activity, with at least ten insured jointly transferring to the same new pension fund. Termination of an affiliation agreement always constitutes a collective withdrawal, provided at least one insured person leaves the Pension Fund. All other cases constitute individual withdrawal.
- 2) In the event of collective withdrawal, termination benefits, any disposable assets and a pro-rata entitlement to actuarial provisions will be transferred to the new pension fund in cash or in securities. Where possible, the collective withdrawal will be covered by a transfer agreement.

Art. 9**Procedure**

- 1) Pension Fund 2 informs the beneficiaries of the partial liquidation in good time and provides them with an opportunity to inspect the relevant commercial and actuarial balance sheet and the distribution plan. Within 30 days of receiving the information, the beneficiaries have the right to raise written objections with the Board of Trustees, setting out reasons. The Board of Trustees will issue a decision on any objections received within a reasonable period of time.
- 2) Within 30 days of receiving the Board of Trustees' decision on the objections, the beneficiaries have the right to have the competent supervisory authority review the conditions, procedure and distribution plan and issue a ruling.
- 3) Partial liquidation may be carried out if:
 - a) No objection is lodged with the Board of Trustees within the 30-day period
 - b) Written confirmation has been received from the supervisory authority to the effect that within 30 days of the publication of the decision on the objection there has been no request to review said decision

- c) A legally binding decision (ruling) by the relevant supervisory authority is in place, or
 - d) Any appeal against the ruling of the supervisory authority is not given suspensive effect
- 4) During the partial liquidation procedure, no interest is paid on any entitlement to collectively or individually assigned disposable assets or on provisions. Once the procedure has been completed in a legally binding manner, Pension Fund 2 will be under an obligation to pay default interest after a period of 30 days. The default interest is calculated on the basis of Art. 26(2) FZG.
 - 5) Once payment is due, interest will be due on the departing beneficiaries' termination benefits and retirement capital at the rate defined by the FZG. If partial liquidation in conjunction with a shortfall appears likely, the termination benefits and retirement capital of the affected beneficiaries may be reduced appropriately. Once the partial liquidation has become legally binding, any backpayment will be paid plus interest from the due date onward, calculated at the rate defined by the FZG.
 - 6) The Pension Fund 2 auditors will confirm the proper execution of the partial liquidation in the context of the ordinary annual report. The confirmation will be published in the notes to the annual financial statements.

Art. 10

Final provisions

- 1) The present regulations were adopted by the Board of Trustees on April 9, 2020, and enter into force with the approval of the relevant supervisory authority.

The supervisory authority approved the regulations on partial liquidation in a decree dated August 6, 2020. The regulations on partial liquidation thus entered into force with effect from April 9, 2020

- 2) They replace the previous regulations on partial liquidation dated October 31, 2019.
- 3) 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 will prevail.
- 4) The regulations may be amended by the Board of Trustees at any time subject to the approval of the supervisory authority.

Zurich, April 9, 2020

PENSION FUND 2 OF CREDIT SUISSE GROUP (SWITZERLAND)

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