

Organisation Regulations

of the Baloise Collective Foundation for Compulsory Occupational Welfare Provision

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3 Organisation Regulations of the Baloise Collective Foundation for Compulsory Occupational Welfare Provision

1. Subject matter

These regulations govern the organisation and duties of the Board of Foundation, the Fund's Boards of Trustees and the person entrusted with the administration (Manager).

2. Board of Foundation

2.1 Composition

The Board of Foundation has eight members. It consists of equal numbers of employee and employer representatives.

2.2 Appointment

The appointment of the Board of Foundation and departure from the Board of Foundation are governed by the Election Regulations.

2.3 Term of office

The term of office is four years. Re-election is possible.

2.4 Constitution

The Board of Foundation appoints a Chairman and a Vice-Chairman from among its members, each for a term of two years. Entitlement to the chairmanship and vice-chairmanship alternates between the employer's representatives and the employees' representatives.

2.5 Meetings

2.5.1 The annual general meeting of the Board of Foundation takes place after the annual accounts have been audited by the external auditor. Extraordinary meetings take place as and when required or if requested by at least half of the members of the Board of Foundation, with notification of the items on the agenda.

2.5.2 The meetings are convened by the Chairman or an authorised representative at least 10 days in advance by means of written notification of the items on the agenda to the members and to the Manager. The observance of these procedural rules may be waived with the unanimous consent of the members.

2.5.3 The Manager delegates a representative who participates in the meetings in an advisory capacity.

2.5.4 The Chairman presides over the meetings. If the Chairman is unable to attend, the Vice-Chairman takes the chair.

2.5.5 If a member of the Board is unable to attend the meeting, he/she may authorise another member to act as proxy with or without instructions at the meeting. The appointment of a proxy, together with any voting instructions given, must be submitted to the Chairman for inclusion in the minutes at the start of the meeting.

2.6 Passing of resolutions

2.6.1 The Board of Foundation constitutes a quorum if more than half of its members are present. Any member who participates at the meeting via telephone, video link or other equivalent means of telecommunication is also considered to be present.

2.6.2 Resolutions for which a qualified majority is not expressly required are passed by a simple majority of the members present. The Chairman is also entitled to vote. If the votes are tied, the Chairman has the casting vote.

2.6.3 Circular resolutions are permitted. However, the Manager and all the members of the Board of Foundation have the right to call a meeting to discuss the subject matter of the circular resolution. Circular resolutions are only valid if passed unanimously.

2.6.4 Resolutions passed by the Board of Foundation, including circular resolutions, must be recorded in the minutes of meetings.

2.7 Duties

2.7.1 The Board of Foundation is responsible for the overall management of the Foundation, for ensuring compliance with statutory obligations and for defining the Foundation's strategic goals and principles and the resources required to implement them. It determines the Foundation's organisational structure, ensures financial stability and supervises the management.

2.7.2 The Board of Foundation performs the following non-transferable and inalienable duties:

- a) Determining the system of financing
- b) Determining the performance goals and pension plans of the Foundation, taking into account the plan offered by the insurance company specified in Appendix I (hereinafter referred to as "the Insurance Company"), as well as the basic principles governing the use of the unallocated assets
- c) Issuing and amending regulations
- d) Preparing and approving the annual financial statements
- e) Setting the actuarial interest rate and specifying the application of other actuarial principles
- f) Determining the organisational framework
- g) Structuring the accounting processes
- h) Designating the insured group of persons and ensuring this group is kept adequately informed
- i) Ensuring the initial and further training of the employee and employer representatives
- j) Appointing and dismissing the persons entrusted with the management
- k) Choosing and dismissing the auditors and occupational pension experts
- l) Deciding on the full or partial reinsurance of the Foundation and, if applicable, the reinsurer
- m) Specifying the goals and principles of asset management as well as implementing and monitoring the investment process
- n) Regularly checking that the investments are in accord with the obligations over the medium-term and long-term.
- o) Specifying the qualifying conditions for the surrender of benefits

2.7.3 The Board of Foundation must also perform, in particular, the following duties:

- a) Representing the Foundation to external parties and designating the Foundation's authorised signatories and the nature of such authorisation
- b) Annual reporting to the supervisory authority
- c) Concluding of collective life insurance contracts and service agreements
- d) Monitoring the benefits from the collective life insurance contracts and taking receipt of a clear and detailed statement of participation in surpluses
- e) Monitoring and checking the management of the collective life insurance contracts and the supplementary services provided by the Manager
- f) Ensuring the provision of pension fund information in accordance with statutory transparency requirements
- g) Monitoring compliance with the integrity and loyalty requirements and supervising the Trustees of the Fund
- h) Deciding on the appropriate compensation of its members
- i) Exercising the rights and duties of the Fund's Board of Trustees if the Board of Trustees does not fulfil its obligations, or if no Board of Trustees is appointed under clause 3.2 and a decision of the pension fund based on equal representation is required

2.7.4 The Board of Foundation exercises all the responsibilities that are not expressly assigned to other bodies.

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2.7.5 The Board of Foundation may delegate individual duties and areas of authority to special committees or commissions. It ensures adequate reporting to its members.

2.7.6 Duties that are legally transferable may be delegated to other people. Such delegation may be revoked at any time.

3. Board of Trustees of the Fund

3.1 Composition

The Fund's Board of Trustees consists of an equal number of representatives of the employer and of the insured employees. The respective number of members is specified in the Fund Regulations.

3.2 Appointment

3.2.1 The employer representatives are appointed by the employer.

3.2.2 The employees elect their representative(s) from the group of insured persons. The election is decided on the basis of a simple majority of the votes cast. The Board of Foundation must be notified of the result of the election in an appropriate way.

3.3 Term of office

The term of office of the members of the Fund's Board of Trustees is four years. Re-election is possible. Termination of the employment relationship with the employer results in the member leaving the Fund's Board of Trustees. A replacement is then elected for the remaining term of office, in accordance with clause 3.2.

3.4 Constitution

The Fund's Board of Trustees elects a Chairman and a Vice-Chairman from among its members, each for a term of two years. Entitlement to the chairmanship or vice-chairmanship alternates between the employer's representatives and the employees' representatives.

3.5 Meetings

3.5.1 The Fund's Board of Trustees meets as required or when requested by at least half of the members of the board, who must provide notification of the items on the agenda.

3.5.2 The meetings are convened by the Chairman, at least 10 days in advance, with simultaneous notification of the items on the agenda. The observance of these procedural rules may be waived with the unanimous consent of the members.

3.5.3 The Chairman presides over the meetings. If the Chairman is unable to attend the meeting, another member takes the chair.

3.6 Passing of resolutions

3.6.1 The resolutions are passed by a simple majority of the members present. The Chairman is also entitled to vote. If the votes are tied, the Chairman has the casting vote.

3.6.2 Resolutions may also be passed by the circulation procedure. However, each member has the right to call a meeting to discuss the subject of a circular resolution. Circular resolutions are only valid if passed unanimously.

3.6.3 Minutes are to be kept of the meetings and the circular resolutions passed.

3.7 Duties

3.7.1 The Fund's Board of Trustees manages the pension fund in compliance with the statutory provisions, the Articles of Association of the Foundation, the regulations issued by the Board of Foundation and the directives of the supervisory authority. It is responsible for:

- a) Issuing and amending the Fund Regulations, within the scope of the pension plans defined by the Board of Foundation
- b) Monitoring of the measures required for the implementation of the employee pension provision, such as:
 - registering the new persons to be insured;
 - deregistering the insured persons who leave the company;
 - declaring changes in salary;
 - obtaining the necessary documents for assertion of claims;
 - executing any partial liquidations of the pension fund;
 - implementing the dissolution of the pension fund; and
 - ensuring the provision of other necessary information for implementing the employee pension provision.
- c) Monitoring to check whether the necessary payments have been transferred to the Foundation by the due date; notifying the insured persons regarding any contributions that are in arrears to the extent required by law
- d) Taking receipt of information on the financial situation of the pension fund
- e) Deciding on the use of the pension fund's unallocated assets in the event of a distribution of the assets in accordance with the distribution criteria specified in the regulations governing the partial liquidation of pension funds
- f) Fulfilling the disclosure and information requirements, in particular
 - informing and advising the insured persons and beneficiaries about the organisation, benefits and assets of the pension fund; and
 - informing the insured persons on an annual basis regarding the composition of the Board of Foundation and the Fund's Board of Trustees.
- g) Complying with all other legal and regulatory obligations

3.7.2 The Manager performs the duties of the Fund's Board of Trustees if the composition and appointment of the Board of Trustees pursuant to clauses 3.1 and 3.2 is not possible (for example, in the case of pensioners' funds).

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4. Manager

4.1 Appointment

The administrative duties are assigned to the Manager specified in Appendix I.

4.2 Duties

4.2.1 The Manager manages the business activities of the Foundation in accordance with the statutory provisions, the Articles of Association and regulations of the Foundation, and the instructions and supervisory advice issued by the Board of Foundation. It has the following responsibilities in particular:

- Accounting (including additional duties defined in pension law, such as the management of retirement accounts), preparation of the accounts and the financial statements
- Preparation and implementation of the resolutions passed by the Board of Foundation
- Definition of underwriting guidelines
- Negotiation, conclusion and termination of contracts of affiliation
- Carrying out of the associated correspondence, with the authorities, among others
- Management of the Foundation's secretariat
- Marketing and sales activities
- Ensuring compliance with the Foundation's legal information requirements, unless other bodies are assigned this duty
- Management of the pension fund
- Dunning and collection measures
- Management of contracts and regulations
- Issuing of insurance certificates
- Assessment and settlement of pension benefit claims
- Communication with the supervisory and tax authorities
- Management of internal control procedures that are suitable for the size and complexity of the Foundation

4.2.2 A service agreement between the Foundation and the Manager governs the duties, areas of authority and remuneration payable to the Manager.

5. Authority to sign

Members of the Board of Foundation sign collectively in pairs. The requirement to sign collectively in pairs also applies to any other authorised signatories designated by the Board of Foundation.

6. Integrity and loyalty of the responsible parties

The legal regulations and the rules of conduct defined in Appendix II apply to the integrity and loyalty of the responsible parties. These form an integral part of these regulations.

7. Accountability and duty of secrecy

7.1 Accountability

All persons entrusted with the administration of occupational pension provision or the monitoring and auditing of the Foundation or the pension fund are liable for any damages they inflict on the Foundation or pension fund intentionally or as a result of negligence.

7.2 Duty of secrecy

All persons entrusted or involved with the implementation or auditing of the occupational pension provision are subject to a duty of secrecy with regard to the personal and financial circumstances of the insured persons and the employer. The above provisions remain subject to Art. 86a BVG regarding the disclosure of information. The duty of secrecy continues to apply even if such people no longer work for the Foundation.

8. Reservation of right of amendment

The Board of Foundation may amend these regulations at any time as provided for by law and by the Foundation's Articles of Association. The supervisory authority must be notified of any amendments.

9. Entry into force

These Regulations replace all previous Organisation Regulations of the Foundation and enter into force on 1 January 2019.

Appendix I

The Insurance Company with which a collective life insurance contract has been concluded to reinsure the risks of old age, disability and death: Baloise Life Ltd
Manager: Baloise Life Ltd

Appendix II

CODE OF CONDUCT REGARDING MAINTENANCE OF INTEGRITY AND LOYALTY

I. Principles

1. This code of conduct applies to all persons with a role of responsibility at the Foundation (in particular members of the Board of Foundation, and persons with business or asset management duties).
2. Those in charge of the Foundation act in such a way as to protect the interests of the Foundation, the insured persons and the pension recipients.
3. All persons entrusted with the Foundation's management, administration or asset management must have a good reputation and guarantee the proper conduct of business operations. They are subject to a fiduciary duty of care and must safeguard the interests of the persons insured by the Foundation when performing their duties. To this end, they ensure that no conflicts of interest occur due to their personal or business relations.
4. Persons exercising management duties at the Foundation must demonstrate in-depth practical and theoretical knowledge in the field of occupational pensions.
5. Individuals and institutions that are entrusted with the asset management must be qualified to do so and must offer assurance that they meet the requirements, in particular, of Art. 51b (1) BVG and that they adhere to Art. 48g to 48l.
6. Staff changes in the Board of Foundation and in the management, administration and asset management units must be reported without delay to the competent supervisory authority.
7. It must be ensured that it is possible to terminate asset management contracts, insurance contracts and management contracts that the institution concludes in order to carry out the provision of occupational pensions at the latest five years after signing, without detriment to the Foundation.

II. Proprietary transactions

Individuals and institutions that are entrusted with the asset management must act in the interests of the Foundation. The following, in particular, are not permitted, even if such actions result in financial advantages:

- a) the exploitation of price-relevant advance information in order to obtain a financial advantage;
- b) the trading of a security or investment whilst the Foundation is trading this security or investment and if the Foundation can be disadvantaged as a result of this; involvement in such transactions in any other form is considered to be the same as trading in this respect;
- c) the regrouping of deposit accounts of the Foundation without a reason that is in the interest of the Foundation;
- d) the making of investments based on inside knowledge of the planned or proposed transactions of the Foundation ("front running", "parallel running", "after running"); a period of 48 hours applies to "front running" and "after running".

III. Disclosure of mutual interest links

Individuals and institutions that are entrusted with the management or investment management of the Foundation must disclose any mutual interest links to the Board of Foundation on an annual basis. This includes, in particular, beneficial ownership relating to companies that have a business relationship with the Foundation. Beneficial owners are considered to be persons whose direct or indirect interest in the share capital of a company is at least 5%. The Board of Foundation makes such disclosures to the auditors.

IV. Avoiding conflicts of interest

1. External persons entrusted with the management or asset management or beneficial owners of companies responsible for these areas may not be represented on the Board of Foundation.
2. Legal transactions concluded by the Foundation must conform to generally accepted market conditions and must comply with the requirements specified in Art. 48i BVV2.

V. Legal transactions with related parties

1. Legal transactions conducted by the Foundation with the following must be disclosed to the auditors during the annual audit: members of the Board of Foundation, affiliated employers or natural/legal persons entrusted with the business management or asset management, and natural persons or legal entities related to the aforementioned persons.
Related parties are considered, in particular, to be spouses, registered partners or life partners, and relatives up to once removed, as well as legal entities to which there is a beneficial owner relationship.
2. With regard to significant transactions with related parties, competitive offers must be requested. In this context, there must be complete transparency with regard to contract awards.
Such transactions include, in particular, the establishment of a Global Custody Agreement, the conclusion of agreements in the fields of asset management or property management as well as investment advice and the purchase or sale of directly held properties.

VI. Personal financial advantages

1. Individuals and institutions that are entrusted with the management, administration or portfolio management of the Foundation must have the type, nature and size of their remuneration defined unambiguously in a written agreement.
2. Personal financial advantages for such responsible parties that go beyond the scope of the proper remuneration defined in writing and which would not be granted without their position in the Foundation are not permitted.
3. Corresponding monetary benefits, particularly in the form of cash, kickbacks, retrocessions and similar payments are to be rejected or returned. In obvious cases of wrongdoing, the affected person must inform the Board of Foundation.
4. Exceptions to this rule include customary business-related invitations and occasional gifts, provided that the following limits are not exceeded:
 - CHF 100 per individual case
 - CHF 1000 per business partner
 - CHF 2000 as a total annual limitSuch customary invitations and occasional gifts, however, are to be disclosed to the Board of Foundation.
5. If external persons and institutions are entrusted with the brokering of pension business, they must inform customers during the initial contact about the nature and origin of all the remuneration they receive for their procurement activity. The type and nature of the remuneration must be regulated in a written agreement, which must be disclosed to the Foundation and to the employer. The payment and receipt of additional volume-related, growth-related or claim-related remuneration is prohibited.
6. The Board of Foundation shall take appropriate organisational measures to implement these provisions:
 - Individuals and institutions that are entrusted with the investment and management of pension assets must submit an annual written declaration regarding whether and what personal financial advantages they have received in connection with the performance of their duties for the Foundation.
 - The asset management agreements shall stipulate that any retrocession fees must be credited to the Foundation.

VII. Sanctions

The Foundation will decide on appropriate sanctions in the event of violations of the integrity and loyalty rules. The criminal law provision under Art. 76 BVG also applies.

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