

Regulations on Partial Liquidation

of the Baloise Perspectiva Collective Foundation BVG

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of the Baloise Perspectiva Collective Foundation BVG

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Regulations on Partial Liquidation

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I. Subject matter

These Regulations on Partial Liquidation are based on Art. 53b and 53d BVG, and Art. 27g and 27h BVV2. The regulations govern the conditions and procedure for a partial liquidation of the Baloise Perspectiva Collective Foundation BVG (hereinafter “the Foundation”) and its pension funds.

II. Partial liquidation of a pension fund

1. Conditions

- 1.1 The conditions for a partial liquidation of the pension fund are considered fulfilled, if:
 - 1.1.1 a reduction in the staff of the affiliated employer that is justified on economic grounds gives rise to the involuntary withdrawal from the pension fund of a significant proportion of the group of actively insured persons; or
 - 1.1.2 the affiliated employer is restructured and this results in the involuntary withdrawal of a significant proportion of the actively insured persons; or
 - 1.1.3 the contract of affiliation is completely or partially (for active insured persons and/or pension recipients) terminated.
- 1.2 The term “significant” as used in clauses 1.1.1 and 1.1.2 refers to a reduction in the number of actively insured persons during the course of one year by:
 - at least two actively insured persons, if fewer than ten persons are actively insured before the start of the staff reduction;
 - at least four actively insured persons, if at least ten and fewer than 40 persons are insured before the start of the staff reduction;
 - at least 10% of the actively insured persons in pension funds in which at least 40 persons are insured.

If the employer’s plan stipulates a shorter or a longer time frame than one year for the staff reduction process, then this is taken as the applicable period.

2. Reference date

- 2.1 Reference date for the partial liquidation
 - 2.1.1 A case for a partial liquidation is considered to exist if the conditions for a partial liquidation are fulfilled. The reference date for the partial liquidation is:
 - the date on which the case for partial liquidation is decided by the competent governing bodies, e.g. the date of the relevant meeting of the Board of Directors, following a “significant” reduction in the workforce (clause 1.1.1) or restructuring (clause 1.1.2).
 - the effective date of the termination, if the contract of affiliation is terminated (clause 3.1.3).
 - 2.1.2 The reference date for the partial liquidation applies to the determining of the assessment basis.
- 2.2 Balance sheet date
 - 2.2.1 The balance sheet date for determining the unallocated assets or for determining the shortfall (an underfunding pursuant to Art. 44 BVV 2) is the reference date of the most recent annual financial statements prior to the partial liquidation, unless the reference date of the partial liquidation coincides with balance sheet date.
 - 2.2.2 The pension fund’s committee can postpone the balance sheet date on the basis of the appraisal of the occupational pensions expert in justified cases.
 - 2.2.3 If circumstances indicate that further events will occur within two years that will lead to, at least, a partial liquidation, the fund’s board of trustees may conduct a single review. In order to implement this review, the fund’s board of trustees may postpone the balance sheet date for an objectively justifiable reason in consultation with the Management Office and the occupational pensions expert by up to two years. However, the sums calculated on the basis of the distribution formula will be taken into account in the annual financial statements.

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3. Determination of the unallocated assets/shortfall

- 3.1 The unallocated assets or shortfall amounts applicable to the partial liquidation (partial liquidation assets) are determined in accordance with the procedure defined in the Appendix.
- 3.2 Any unallocated assets or shortfalls from a partial liquidation of the Foundation that are attributable to the pension fund are to be taken into account.
- 3.3 The costs of the partial liquidation will be deducted from the partial liquidation assets as a total amount prior to the distribution of unallocated assets or allocation of a shortfall, in accordance with the Schedule of Costs applicable on the reference date for the partial liquidation.
- 3.4 If there are changes in the assets and/or liabilities of at least 5% between the balance sheet date and the transfer of the assets, then a corresponding adjustment is made to the unallocated assets or to the shortfall that is to be deducted.

4. Distribution of the unallocated assets/allocation of the shortfall

- 4.1 Assessment basis
The distribution of unallocated assets or allocation of the shortfall is carried out based on the regular savings contributions (incl. interest) accumulated by the employer.
- 4.2 Group of persons taken into account
 - 4.2.1 If unallocated assets are available, the pension fund's pension recipients and active insured persons on the balance sheet date will be taken into account. If the balance sheet date is set after the reference date for the partial liquidation, then the persons who have withdrawn from the pension fund between the reference date of the partial liquidation and the balance sheet date must also be taken into account.
 - 4.2.2 If there is a shortfall, the following will be taken into account: the pension fund's active insured persons on the balance sheet date and persons who withdrew from the pension fund between the refer-

ence date for the partial liquidation and the balance sheet date.

- 4.2.3 Persons subject to compulsory insurance who have been employed by the employer for less than one year are not taken into account with regard to either unallocated assets or a shortfall.
- 4.3 Collective and individual entitlement
 - 4.3.1 If at least 50 beneficiaries move together as a group to another pension fund (collective withdrawal), the pension fund's committee determines whether there is an individual or a collective entitlement to its share of the unallocated assets. In all other cases, withdrawing beneficiaries have an individual entitlement to receive a proportion of the unallocated assets, provided that no purchase of unallocated assets, value fluctuation reserves or technical provisions are required at the new pension fund.
 - 4.3.2 In the case of a shortfall, the withdrawal benefits of the withdrawing beneficiaries will be reduced pro rata by the shortfall. The retirement assets under Art. 15 BVG may not be reduced by deducting any shortfall amount. If, in the case of a shortfall, the full or an insufficiently reduced portable benefit is transferred, the insured person must refund the amount overpaid.
 - 4.3.3 The share of the unallocated assets or shortfall allocated to persons remaining in the pension fund after the partial liquidation has been concluded remains in the pension fund without individual allocation. An individual entitlement only exists if only pension recipients remain in the pension fund.

5. Procedure

- 5.1 The employer is under obligation to immediately report all situations (e.g. a reduction in staff or the restructuring of the company) that could trigger the partial liquidation of a pension fund to the pension fund's committee and the Management Office and to submit all the information required for the carrying out of a partial liquidation.

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- 5.2 If the pension fund's committee determine that the conditions for a partial liquidation are given, it will decide on the implementation of the partial liquidation. It determines, within the framework of the statutory provisions and these regulations, the precise date, the group of persons to be taken into account, the unallocated assets and distribution plan or the shortfall and its allocation for the partial liquidation.
- 5.3 The Management Office shall inform all affected persons, via the pension fund's committee, of the resolution regarding the partial liquidation, with details of the size of the unallocated assets or the shortfall and the distribution plan or the allocation of the shortfall, the right to inspect the files and the right to lodge an objection.
- 5.4 The affected persons have the right to inspect the files at the registered office of the Foundation within 30 days after the information has been provided and to raise a written objection against the decision of the pension fund's committee within the same period. If objections are lodged, the Board of Foundation issues a ruling on the objections within an appropriate time period. The ruling, including justification for the ruling, is communicated in writing to the parties lodging the objections.
- 5.5 If an objection cannot be resolved by mutual agreement, the Management Office grants those lodging an objection a period of 30 days in which they can submit the conditions, procedure or distribution plan to be reviewed and ruled on by the supervisory authority.
- 5.6 If no objections are raised, or if these are resolved by mutual agreement or as a result of a legally binding ruling of the supervisory authority, the distribution plan enters into legal force and is executed. An appeal to the ruling of the supervisory authority can be submitted within a period of 30 days at the Federal Administrative Court pursuant to Art. 74 BVG. The appeal only has a suspensory effect if the chief magistrate of the competent section of the Federal Administrative Court or the judge conducting the proceedings grants this ex officio or on request of the appellant. If no suspensory effect is granted, then the ruling of the Federal Administrative Court applies only in favour or against the appellant.

- 5.7 The Foundation applies interest to the individual and collective shares from the date the distribution plan takes legal effect, but not before the 31st day after all the information required for the transfer has been provided, the amounts are known and have been communicated. The interest rate equates to the currently applicable BVG minimum interest rate.

III. Partial liquidation of the Foundation

6. Conditions

- 6.1 The conditions for a partial liquidation of the Foundation are fulfilled if a case for a partial liquidation exists at the level of the pension fund and at least 10% of the actively insured persons leave the Foundation, withdrawing at least 10% of the retirement assets.
- 6.2 The partial liquidation procedure is first carried out at the Foundation level and then at the level of the pension fund

7. Reference date

- 7.1 The reference date for the partial liquidation is the last balance sheet date prior to the beginning of the calendar year in which the conditions for the partial liquidation have been met.
- 7.2 This reference date also applies to the determination of the unallocated assets or the shortfall, the value fluctuation reserve and technical provisions.

8. Determination of the unallocated assets/shortfall

- 8.1 The basis for the determination of the unallocated assets or the shortfall is the commercial balance sheet compiled on the reference date in accordance with SWISS GAAP FER 26 and the actuarial report created for the same date by the occupational pensions expert, both checked by the external auditors.
- 8.2 The unallocated assets or shortfall amounts applicable to the partial liquidation (partial liquidation assets) of the pension funds are determined in accordance with the procedure defined in the Appendix.

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- 8.3 The value fluctuation reserves and the technical provisions are based on the Regulations on the Formation of Provisions and Reserves.
- 8.4 The costs of the partial liquidation will be deducted from the partial liquidation assets as a total amount prior to the distribution of unallocated assets or allocation of a shortfall, in accordance with the Schedule of Costs applicable on the reference date for the partial liquidation.
- 8.5 If there are changes in the assets and/or liabilities of at least 5% between the balance sheet date and the transfer of the assets, then a corresponding adjustment is made to the unallocated assets, value fluctuation reserves and/or technical provisions that are to be transferred, or to the shortfall that is to be deducted.

9. Distribution of the unallocated assets/allocation of the shortfall

- 9.1 Assessment basis

The distribution of unallocated assets or allocation of the shortfall is carried out in accordance with and proportionate to the pension assets of the active insured persons and of the pension investment pool available in the Foundation.
- 9.2 Group of persons taken into account
 - 9.2.1 If unallocated assets are available, the following will be taken into account: the Foundation's pension recipients and active insured persons of the pension schemes as at the balance sheet date, as well as persons that withdrew from the pension fund of the pension schemes between the reference date for the partial liquidation and the balance sheet date. In so doing, the amount that the active insured persons and the pension recipients have contributed to the formation of the unallocated assets is duly taken into account.
 - 9.2.2 If there is a shortfall, the following will be taken into account: the Foundation's active insured persons on the balance sheet date and persons of the pension schemes who withdrew from the Foundation between the reference date for the partial liquidation and the balance sheet date.

- 9.2.3 Persons subject to compulsory insurance who have been employed by the employer for less than one year are not taken into account with regard to either unallocated assets or a shortfall.

9.3 Collective entitlement

- 9.3.1 If the conditions for partial liquidation exist pursuant to clause 6.1, a collective entitlement to the unallocated assets arises for the beneficiaries who move together as a group to another pension fund (collective withdrawal).
- 9.3.2 In the case of a shortfall, the withdrawal benefits of the withdrawing beneficiaries will be reduced pro rata by the shortfall. The retirement assets under Art. 15 BVG may not be reduced by deducting any shortfall amount. If, in the case of a shortfall, the full or an insufficiently reduced portable benefit is transferred, the insured person must refund the amount overpaid.
- 9.3.3 The share of the unallocated assets or shortfall allocated to persons remaining in the Foundation after the partial liquidation has been concluded remains in the Foundation without individual allocation. An individual entitlement only exists if only pension recipients remain in the Foundation.

10. Collective entitlement to value fluctuation reserves and technical provisions

- 10.1 In the case of a collective withdrawal, there is a collective pro rata entitlement to the value fluctuation reserves, in addition to an individual or collective claim to the unallocated assets, and – if and insofar as the corresponding risks are also transferred – a pro rata entitlement to the technical provisions.
- 10.2 The pro rata entitlement to the value fluctuation reserves and the technical provisions is based on the findings of the certified occupational pensions expert. The entitlement of collectively withdrawing persons to the value fluctuation reserves is based on the amounts listed in the applicable commercial balance sheet and corresponds to these persons' pro rata entitlement to the pension capital of the active insured persons and the pension capital of the pension recipients.

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There is no, or only a reduced, entitlement to the value fluctuation reserves and the technical provisions if the withdrawing beneficiaries have not or have not completely bought into the technical provisions and value fluctuation reserves on admission.

- 10.3 There is no collective entitlement to technical provisions and value fluctuation reserves if the partial liquidation was caused by the group who voluntarily withdrew.
- 10.4 If the applicable assets and liabilities change between the date of the partial liquidation and the transfer of value fluctuation reserves and the technical provisions by more than 5%, a corresponding adjustment is made.
- 10.5 If the Foundation has to pay survivors' pensions or disability pensions after it has transferred technical provisions, value fluctuation reserves and unallocated assets, then these must be repaid to it on a pro rata basis in addition to the individual withdrawal benefits.
- 10.6 The type and extent of the associated risks and the reference date for the transfer (due date), as well as any changes pursuant to clause 10.4, shall be recorded in the transfer contract.

11. Procedure

- 11.1 If the Board of Foundation determines that the conditions for a partial liquidation are fulfilled, it will decide on the implementation of the partial liquidation. It determines, within the framework of the statutory provisions and these regulations, the precise date, the group of persons to be taken into account, the unallocated assets and distribution plan or the shortfall and its allocation for the partial liquidation.
- 11.2 The Management Office shall inform all affected persons, via the pension fund's committee, of the resolution regarding the partial liquidation and shall state the size of the unallocated assets or the shortfall, and provide details of the value fluctuation reserves, the technical provisions, the distribution plan or the allocation of the shortfall, the right to inspect the files and the right to lodge an objection. In addition to

providing the information directly to those concerned, the Board of Foundation can make the information public by publishing it in the Swiss Official Gazette of Commerce.

- 11.3 The affected persons have the right to inspect the files at the registered office of the Foundation within 30 days after the information has been provided and to raise a written objection against the decision of the Board of Foundation within the same period. If objections are lodged, the Board of Foundation issues a ruling on the objections within an appropriate time period. The ruling, including justification for the ruling, is communicated in writing to the parties lodging the objections.
- 11.4 If an objection cannot be resolved by mutual agreement, the Management Office grants those lodging an objection a period of 30 days in which they can submit the conditions, procedure or distribution plan to be reviewed and ruled on by the supervisory authority.
- 11.5 If no objections are raised, or if these are resolved by mutual agreement or as a result of a legally binding ruling of the supervisory authority, the distribution plan enters into legal force and is executed. An appeal to the ruling of the supervisory authority can be submitted within a period of 30 days at the Federal Administrative Court pursuant to Art. 74 BVG. The appeal only has a suspensory effect if the chief magistrate of the competent section of the Federal Administrative Court or the judge conducting the proceedings grants this ex officio or on request of the appellant. If no suspensory effect is granted, then the ruling of the Federal Administrative Court applies only in favour or against the appellant.
- 11.6 The Foundation applies interest to the individual and collective shares from the date the distribution plan takes legal effect, but not before the 31st day after all the information required for the transfer has been provided, the amounts are known and have been communicated. The interest rate corresponds to the currently applicable BVG minimum interest rate.

IV. Final provisions

12. Cases not explicitly regulated

Cases not explicitly governed by these regulations are dealt with by the Board of Foundation in the case of a partial liquidation of the Foundation and by the pension fund's committee in the case of a partial liquidation of the pension funds, in an analogous application of the provisions of these regulations.

13. Entry into force

These regulations enter into force on 1 January 2023 and replace the previous regulations.

Appendix: Determining the unallocated assets or shortfall amount

On the basis of an external auditors' report and an actuarial balance sheet, the applicable pension assets (PA) available for the partial liquidation, the actuarially required pension capital and the resulting unallocated assets or the shortfall amount on the balance sheet date are determined based on the Regulations on the Formation of Provisions and Reserves.

Position at the outset	Available assets of the pension fund valued according to Swiss GAAP FER 26, including the assets to be allotted by the pension fund to its pensioners in the case that, as part of the partial liquidation, e.g. following the termination of the contract of affiliation, pension recipients are transferred to the new pension fund.
less	the regulatory tied funds of the insured persons and, in the case of a transfer of pension recipients, the pension assets of the pension recipients (i.e. the retirement assets, the portable benefit balance or the pension capital of the pension recipients)
less	the technical provisions
less	the value fluctuation reserves
less	the allocated reserves and assets belonging to the employer according to the commercial balance sheet (with exception of the employers with stipulated waiver of use under Art. 44b (2) BVV2).
less	accruals and other payables and loan capital or debts
Partial liquidation assets	are the unallocated assets or shortfall applicable to the partial liquidation

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