The independent pension platform

Regulations on provisions

Liberty BVG Collective Foundation

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Regulations on provisions

Relying on Article 9 of the foundation charter of Liberty BVG Collective Foundation (hereafter «Foundation»), the Board of Trustees adopts the following regulations on provisions (hereafter «Regulations»):

Art. 1 Overview and principles

1 The Foundation is organized as a semi-autonomous collective foundation. The structure of the pension fund consists of the following levels: Foundation, pool and affiliated pension funds in accordance with the organisational regulations. Each pool is considered a separate accounting group with its own coverage ratio. The accounting group (pool) is defined in more detail in the organisational regulations.

2 The actuarial liabilities reported in the balance sheet consist of:
- pension capital for active members;
- pension capital for pensioners;
- actuarial reserves;
- non-actuarial reserves, if any;
- investment fluctuation reserves;
- non-committed assets.

3 Actuarial provisions and investment fluctuation reserves shall be created and released through the operating account.

4 All changes to accounting principles shall be disclosed in the notes to the annual financial statements.

5 The assets shall first be applied to cover the pension capital and necessary actuarial provisions, then to cover any non-actuarial provisions. Any remaining assets shall be used to build up the investment fluctuation reserves to the defined target value. Non-committed assets will then be constituted.

Art. 2 Actuarial tables

1 Based on the recommendation of the accredited pension actuary, the Board of Trustees shall determine the applicable actuarial tables and discount rate (see annex I). The actuarial tables and discount rate used for the take-over of pensioners and for any insured events occurring during the insurance term shall be specified in an annex to the affiliation contract.

2 The discount rate shall be decided in the light of the return on investment strategy, which shall be in line with the Foundation's capacity for risk, taking into account an appropriate security margin.

3 The discount rate shall in any event be determined in a long-term perspective.

Art. 3 Provisions at Foundation level

The following provisions can be accumulated at Foundation level:

1 **Non-technical provisions**
Non-technical provisions are those provisions that are not directly related to the fulfilment of pension obligations, for example fulfilment of pension obligations, such as provisions for litigation risks. If necessary, the Board of Trustees creates provisions to the best of its knowledge for possible obligations, the amount and timing of which are not yet definitively known at the close of the financial year.

2 Furthermore, no further provisions are recognized at Foundation level.

Art. 4 Provisions at pool level

The following provisions can be recognized at pool level:

1 **Pension capital of active members and pensioners**
The pension capital of active members corresponds to the regulatory vested termination benefit.

2 The pension capital for pensioners shall be calculated each year based on regulatory provisions and taking into account the Foundation's actuarial tables. The pension capital for pensioners corresponds to the mathematical reserves required to cover benefits.

3 **Actuarial provisions**
The level of the necessary actuarial provisions shall be determined in consultation with the accredited pension actuary. The necessary actuarial provisions for the Foundation are:
- provision for losses on retirement;
- provision for changes in age structure;
- provisions for mortality risks;
- provision for reduction in discount rate;
- provision for premium guarantee.

4 Further actuarial provisions shall be created as necessary.

5 **Provisions for losses on retirement**
Provisions shall be set aside for the expected losses at retirement based on the conversion rates for the Foundation's individual benefits schemes and the Foundation conversion rate at age 58.

6 **Provisions for changes in age structure**
In the event of a significant deterioration in age structure, provisions shall be set aside to compensate the reduced stability and related deterioration in the Foundation's funding situation.

7 **Provisions for mortality risks**
Actual future pension flows will certainly deviate from expected pension flows. The relative variance can be quite significant, especially with a smaller pensioner headcount.

8 Given the uncertainty with regard to future pension liabilities, a provision for mortality risks shall be created at pool level. The amount of the provision shall correspond to the difference between the value-at-risk and the expected present value of all pensions in payment and reversionary pensions of the pool. The level of certainty is determined by the Board of Trustees and is shown in the annex.

9 For pensions in payment covered by the Foundation's reinsurer, no provisions or enhancements shall be constituted.

10 The Board of Trustees may, in the interests of ensuring effective capital transfers for the purpose of implementing the mortality equalization if the balance sheet volume of individual investment pools is reduced more than average and/or persistently.

11 **Provision for reduction in discount rate**
The Board of Trustees may decide to reduce the discount rate even if the Foundation does not have the necessary means. For this purpose, it may first decide to constitute a provision for the reduction in discount rate. The reduction in discount rate will be implemented when this provision reaches its target value. The Board of Trustees shall determine the time frame for reaching the target value and shall secure the necessary funding.

12 The accredited pension actuary shall calculate the annual difference between the pension liabilities calculated based on the current and the reduced discount rate, and determine the amount missing until the target value is reached.

13 **Provision for premium guarantee**
The premiums paid to reinsurers may be subject to annual fluctuations. The provision for premium guarantee is formed to cover insufficiently financed insurance premiums.

14 Risk surpluses from insurance contracts are allocated to the provision for premium guarantee until they reach the amount of 30% of an annual premium.

15 The Board of Trustees decides on the utilization of this provision and uses its funds to finance insurance premiums.

16 **Non-actuarial provisions**
Non-actuarial provisions are provisions that are not directly related to the fulfilment of pension liabilities, such as provisions for legal proceedings. The Board of Trustees shall set aside provisions to the best of its knowledge for contingencies the amount and timing of which are not definitively known at the close of the financial year.

Art. 5 Investment fluctuation reserves

1 The investment fluctuation reserves are designed to balance out fluctuations in capital investments.

2 The target value of the investment fluctuation reserves shall be determined depending on the asset allocation on the balance sheet date of the Foundation, investment pool or affiliated pension funds, applying financial and economic principles.

3 The target value of the investment fluctuation reserve shall be determined based on the return and risk characteristics of the individual investment categories in the investment strategy, the weighting of the investment strategy, the performance target and a one-year time horizon. The security level is set by the Board of Trustees taking into account the membership structure and is shown in annex I.

Art. 6 Non-committed assets

Once planned reserves have been set aside, any remaining assets of the Foundation, investment pool or affiliated pension funds shall be reported as non-committed or free assets at the level of the Foundation, investment pool or affiliated pension funds, and may be used as such within the limits of the law and their intended purpose. The Board of Trustees shall decide on the allocation of the non-committed assets of the Foundation and investment pool; the pension fund commission shall decide on the allocation of the non-committed assets of an affiliated pension fund.

Art. 7 Employer contribution reserve

Employer contribution reserves shall be maintained for each affiliated pension fund.

Art. 8 Omissions in the Regulations

If any provision has been omitted from these Regulations on any specific point, the Board of Trustees shall adopt an appropriate rule in accordance with the object of the Foundation.

Art. 9 Amendments to the Regulations

The Board of Trustees may decide to amend these Regulations at any time. The currently valid version is available at www.liberty.ch or may be obtained from the Foundation. These Regulations and any subsequent amendments shall be submitted to the Regulatory Authority.

Art. 10 Annexes

ll annexes constitute integral parts of these Regulations.

Art. 11 Binding language and equality

All Regulations shall be construed and interpreted in the German-language version. Words in the male form shall apply equally to men and women.

Art. 12 Place of jurisdiction and governing law

These Regulations are governed by Swiss Law. Disputes between members, other entitled parties and the Foundation shall be subject to the jurisdiction of the courts in accordance with Article 73 BVG. For the rest, the place of jurisdiction for all types of proceedings shall be Schwyz, as shall the place of performance and debt collection for members and contractual partners not resident or domiciled in Switzerland.

Art. 13 Coming into force

These Regulations shall come into force on 31 December 2024; they cancel and supersede the prior Regulations of 2 December 2022.

Schwyz, 6 December 2024

Board of Trustees of Liberty BVG Collective Foundation

Annex I

to the regulations on provisions of Liberty BVG Collective Foundation
(valid from 31.12.2024)

Technical annex

Actuarial tables
Liberty BVG Collective Foundation calculates actuarial capital using the BVG 2020 (generation tables GT), actuarial tables and a discount rate of 2.0%.

Security level
The Board of Trustees shall determine the security level for calculating the provision for mortality risks and target value of the investment fluctuation reserve taking into account the membership structure. The security level shall be 97.5%.