

Organisational Regulations

(In accordance with the decision of the Board of Trustees of 08.02.2016)

Version 01.2016

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A. Organisational structure

1. Pension fund

The purpose of Allianz Pension Invest – Semi-Autonomous Collective Occupational Pension Foundation (the Foundation) is to provide occupational pension cover against the economic consequences of retirement, death and disability in accordance with the BVG and its implementing provisions for employees and employers pursuant to Article 4 and Article 44 (1) BVG as well as for their family members and survivors.

As a minimum, the Foundation's benefits meet the requirements of the BVG. The Foundation is entitled to provide cover that exceeds the statutory minimum benefits.

The Foundation shall have itself entered in the Occupational Pensions Register pursuant to Article 48 BVG and is subject to supervision by the Supervisory Authority for Occupational Pension Plans and Foundations of the Canton of Zurich (BVS).

2. Enrolment with the Foundation

When an employer enrolls with the Foundation, a pension scheme that constitutes a separate organisational and accounting entity is set up for the employer's employees, in accordance with all legal and contractual requirements.

Enrolment with the Foundation is carried out by the conclusion of an enrolment contract between the Foundation and the employer.

3. Structure of the pension cover

The Foundation manages a pension scheme on the basis of the enrolment contract for each employer enrolled with it.

As a result of the enrolment, an enrolment relationship is established between the Foundation and the employer and a pension relationship between the Foundation and the insured persons employed by the employer. These relationships are governed by the terms of the relevant contracts and by regulatory provisions adopted by the Board of Trustees. These contracts and regulations mainly comprise:

- a) The enrolment relationship arising from the enrolment contract
- b) The pension relationship arising from the pension scheme based on the Special Rules (SR) and the General Terms and Conditions (GTC).

The General Terms and Conditions can be made available in digital format or another medium to employers and insured persons.

The Foundation concludes all the necessary insurance policies in order to provide cover for the risks of death and disability with insurance companies designated by the Board of Trustees and subject to federal supervision. The Foundation is both the policyholder and beneficiary in these contracts. The beneficiaries have claims exclusively in relation to the Foundation.

The Organisational Regulations govern the organisation of the Foundation and the pension scheme. They define the requisite governing bodies and their duties and powers.

4. Funds of the pension scheme

The funds held by the pension schemes consist of free funds and employer contribution reserves (with and without a waiver on their use). There is no solidarity between the pension schemes.

5. Investment and funding ratio

A uniform investment strategy is defined at the level of the Foundation for all pension schemes. The Foundation accounts for all pension schemes together and calculates the funding ratio at the level of the Foundation.

The notes to the annual financial statements show the funding ratios of the pension schemes, grouped into those which are underfunded and those with surplus cover.

Detailed regulations are set out in the Investment Regulations and the Restructuring Regulations on the Measures to be Taken in the Event of Underfunding.

6. Provisions and reserves

To offset actuarial and financial fluctuations, provisions and reserves are set aside for all pension schemes at the level of the Foundation. Detailed regulations are set out in the Regulations for Defining the Policy on Provisions.

B. The Board of Trustees

7. Composition

The Board of Trustees is the highest body of the Foundation. It comprises at least four and at most eight members, and is made up of an equal number of employer and employee representatives.

8. Term of office

The term of office for the Board of Trustees is four years. Re-election is permitted.

9. Eligibility requirements

Any employees insured by the Foundation are eligible for election as employee representatives on the Board of Trustees, provided that they are not under notice, have a permanent contract with the enrolled employer and work in Switzerland. Employees who are employer representatives on the Pension Commission or are classified as the employer by virtue of their role are not eligible for election.

Self-employed persons insured with the Foundation are eligible for election as employer representatives on the Board of Trustees, as are employees insured by the Foundation, provided that they have a managerial role, a permanent contract and work in Switzerland for the enrolled employer, and are not under notice. Self-employed persons and employees who sit on the Pension Commission as an employer representative are also eligible for election.

Good knowledge of occupational pensions is an essential prerequisite for standing as a candidate. The serving Board of Trustees may reject candidates who do not meet the requirements.

If a member of the Board of Trustees steps down before the end of the term of office, a by-election is held to elect a replacement for the remaining term.

10. Standard election procedure

The standard procedure for Board of Trustees elections is set out below:

- a) The employer representatives on the Pension Commissions may nominate a maximum of one person per pension scheme for election as an employer representative on the Board of Trustees. The employee representatives on the Pension Commissions may nominate a maximum of one person per pension scheme for election as an employee representative on the Board of Trustees.
- b) Serving Board members may stand for re-election and do not have to be nominated by a Pension Commission. If at least half of the members of the Board of Trustees stand for re-election, the simplified election procedure applies.
- c) A list of all the candidates standing as employer representatives and of the candidates standing as employee representatives (including members standing for re-election) is published.
- d) If the number of candidates for election matches the number of vacant employer and employee representative seats on the Board of Trustees, the candidates are deemed to have been elected.
- e) The lists of candidates are sent to all Pension Commissions for them to vote.
- f) When the lists are sent out, the employer representatives on the Pension Commissions are invited to elect sufficient employer candidates to fill the vacant seats.
- g) When the lists are sent out, the employee representatives on the Pension Commissions are invited to elect sufficient employee candidates to fill the vacant seats.
- h) The candidates with the most votes are elected. If two candidates receive an equal number of votes, then the seat goes to the candidate from the employer with the longest unbroken enrolment contract with the Foundation. Candidates who are not elected are shortlisted for any subsequent by-election.
- i) The valid votes are counted by the head office. A list of candidates is invalid if more candidates are listed than there are vacant seats to be filled, if names of persons are listed who are not standing for election or if the completed list of candidates does not reach the head office by the applicable deadline. The election result is recorded in minutes and signed and announced by the head office.

11. Simplified election procedure

If at least half of the members of the Board of Trustees stand for re-election, they are deemed to have been elected.

The remaining vacant seats are filled in accordance with the by-election procedure.

If 10 percent of all Pension Commissions or 20 Pension Commissions request the termination of the mandate of a Board of Trustees elected by simplified procedure up to one year early, then the subsequent election must be carried out in accordance with the standard procedure.

12. Termination of the mandate

Employee representatives are automatically removed from the Board of Trustees if they cease working for the enrolled employer.

Employer representatives are automatically removed from the Board of Trustees if the enrolment and insurance are terminated.

If the enrolment contract is terminated, all employer and employee representatives covered by the enrolment contract must resign from the Board of Trustees from the date of termination.

Members of the Board of Trustees may resign at any time by giving notice in writing, which takes effect at the end of the subsequent month. Resignations cannot be accepted at inopportune moments.

13. By-election procedure

If a vacancy arises during the term of office, the Board of Trustees elects a replacement, taking the candidate who received the next-highest number of votes in the last election.

If there is a vacancy for an employee or employer representative and there are no outstanding candidates from the previous election, the head office shall present nominations for election to the Board of Trustees.

The nominated candidates are elected in accordance with the provisions of the standard procedure.

The Board of Trustees may refrain from filling the vacancies if it has at least four members and equal numbers of employer and employee representatives.

14. Appointment and constitution

The Board of Trustees is self-constituting. It elects its own Chairman and Vice-Chairman. The post of Chairman is held alternately by representatives of the employees and employers. The Board of Trustees may adopt a resolution to depart from this order. The election is carried by a simple majority.

15. Meetings

A meeting of the Board of Trustees is convened by the Chairman as necessary, but at least once a year. Any member may convene a meeting by sending a written request to the Chairman.

Meetings are convened by the Chairman at least ten days in advance by written invitation and with details of the agenda. A different procedure may be followed provided that all members of the Board agree to it.

Meetings are presided over by the Chairman or, in his or her absence, by the Vice-Chairman.

A representative of the head office attends the meetings in an advisory capacity. Additional function holders may be invited to attend in an advisory capacity.

The Foundation pays the members appropriate compensation for each meeting they attend.

The Board of Trustees is quorate if the majority of the current members are present. Resolutions on changes to the Organisational Regulations are adopted by a two-thirds majority and other resolutions, subject to the provisions of paragraphs 7 and 8, by a simple majority of the members present. In the event of a tied vote, the Chairman's vote is counted twice; in his/her absence, the Vice-Chairman's vote is counted twice.

Resolutions may also be adopted by circular letter, provided that no member of the Board of Trustees calls for a meeting to be convened and there are no abstentions. Resolutions by circular letter do not have to be adopted unanimously and are included in the subsequent minutes. The Board's deliberations and resolutions must be recorded in the minutes.

Decisions to adopt or change the Foundation Deed, on the appointment of the insurance company with which the Foundation concludes insurance contracts to fulfil its purpose for all or individual risks and on the merger or dissolution of the Foundation must be approved by at least two-thirds of the current Board of Trustees members.

16. Duties

The Board of Trustees manages the Foundation in accordance with the law and ordinances, the provisions of the Foundation Deed and the regulations, and the requirements of the supervisory authority.

It takes decisions on all matters that do not fall under the authority of any other person, group of persons or body, such as a commission or a committee, the Pension Commission, the insurer, the head office, the administration, the auditor or the occupational pensions actuary, as defined in law, the Foundation Deed, the Organisational Regulations or any other agreement.

The Board of Trustees may delegate all tasks to third parties, but remains responsible for the non-transferable and irrevocable tasks listed below.

Non-transferable and irrevocable duties:

- a) Defining the financing system
- b) Defining performance targets, pension plans and the principles governing the use of the free funds
- c) Adopting and amending regulations
- d) Preparing and approving the annual financial statements
- e) Setting the technical interest rate and defining other actuarial principles
- f) Establishing the organisational structure
- g) Organising accounting systems
- h) Designating the group of insured persons and ensuring that they are provided with the required information
- i) Ensuring the initial and continuing training of employee and employer representatives
- j) Appointing and dismissing persons entrusted with management
- k) Electing and dismissing the occupational pensions actuary and the auditor
- l) Decisions on obtaining full or partial reinsurance for the pension provider and on the identity of any reinsurer used
- m) Defining the goals and principles of asset management and the performance and monitoring of the investment process
- n) Conducting periodic reviews of the medium and long-term conformity between asset investments and liabilities
- o) Defining the requirements for repurchasing benefits

The Board of Trustees takes decisions pertaining in particular to:

- a) Changes to the Foundation Deed
- b) The Organisational Regulations, particularly those governing the organisation and administration of the Foundation, the election procedure, governing bodies, rights, duties and the delegation thereof
- c) The Investment Regulations defining in particular the goals, principles, guidelines, duties and authorities which must be observed in the management of the Foundation's assets
- d) The investment strategy and the tactical bandwidths on the basis of risk capacity as per the investment policy
- e) The Partial Liquidation Regulations, which define in particular the requirements and procedure for partially liquidating the Foundation and enrolled pension schemes
- f) The Restructuring Regulations on the Measures to be Taken in the Event of Underfunding
- g) The Regulations for Defining the Policy on Provisions
- h) The Cost Schedule
- i) The Rules of Conduct for the Responsible Persons
- j) The Pension Rules and the principles governing the enrolment and pension relationships in accordance with the options and pension schemes defined in conjunction with the insurer

In addition to its legal duties listed above, the Board of Trustees is also responsible for:

- a) Setting the interest rate for the insured persons' individual retirement assets on the basis of the Foundation's financial situation. The Foundation sets the interest rate at the start of the year for departures and retirements which occur during the year. The interest rate for retirement assets accumulated by the end of the year is set retroactively. This interest rate may differ from that set at the beginning of the year.
- b) Choosing the insurer and concluding the insurance contract for reinsurance cover
- c) Defining a general percentage share of the surpluses for all groups of insured persons which is used to fund the Foundation's technical provisions and reserves
- d) Appointing committees and commissions in order to delegate the preparation and implementation of its decisions, the monitoring of transactions or other duties to them in accordance with a set of regulations or a special decision
- e) Designating the persons with signatory powers and the nature of these powers, subject to the condition that only joint signing by two signatories is permissible
- f) Defining a suitable flat-rate fee for attending meetings of the Board of Trustees and of committees and commissions, up to a maximum of CHF 500 per day
- g) Adopting resolutions on the merger or dissolution of the Foundation and applications to the competent authority
- h) Appointing the head office, the administration, the asset managers, the occupational pensions actuary and the auditor
- i) Granting the annual discharge to the head office and the administration
- j) Making annual decisions on any adjustment of retirement, survivors' and disability pensions in line with price developments

The head office and specialist third parties may also be represented on the committees and commissions. The committees and commissions adopt decisions pertaining to the delegated duties by a simple majority vote. Reports are provided to the Board of Trustees meetings on the decisions taken and the implementation of the delegated duties.

The Board of Trustees monitors and reviews:

- a) Compliance with the object of the Foundation
- b) Compliance with the provisions of law and the Pension Rules
- c) Investment activities (by obtaining periodic reports)
- d) The administration and the supplementary services provided to the Foundation by the head office.

C. Pension Commissions

17. Purpose

The Pension Commission is the governing body responsible for all matters pertaining to the employer's pension scheme. It protects the interests of the pension scheme's insured persons vis-à-vis the Foundation and the employer.

18. Composition

The Pension Commission is made up of at least one employer representative and an equal number of employee representatives.

19. Appointment

The employer representatives are appointed by the employer.

The employees elect their own representatives by secret ballot; successful candidates must achieve a simple majority. The candidates with the most votes in the first round of voting are elected. If two candidates receive the same number of votes, the candidate with the longest period of service is elected. Any candidate who is elected has the right to refuse the position.

Unless otherwise agreed by the Pension Commission, the term of office is open-ended. The term of office ends upon termination of the employee representative's contract of employment with the employer or at his/her own request. In such cases, a by-election must be organised for the vacant seat.

Changes to the composition of the Pension Commission must be reported immediately.

20. Constitution

The Pension Commission is self-constituting. Each member has one vote. The post of Chairman is held alternately by representatives of the employees and employers. The Pension Commission may adopt a resolution to depart from this order. The election is carried by a simple majority.

21. Meetings

The Pension Commission holds meetings at the request of half of its members or as required.

22. Duties

- a) Informing the insured employees that the enrolment contract has been terminated.
- b) Noting the regulatory principles governing the pension relationship and selecting a pension plan for the pension scheme from the range of options defined by the Foundation. Any changes to the pension plan must not be contrary to the law, the Foundation Deed, the enrolment contract or the Foundation's organisational structure, and must be approved by the head office.
- c) Monitoring the contributions (employer and employee) paid by the employer to the Foundation. The Pension Commission will be notified of any outstanding regulatory contributions that have not been transferred within three months of the agreed due date.
- d) Receiving, dealing with and if necessary forwarding all questions, applications, proposals and suggestions received from the employer and the insured persons in relation to the pension scheme.
- e) Deciding how to use the share of the surplus for the pension scheme which is not used to fund the technical provisions and reserves if the surplus share is not to be credited to the savings of the insured persons.
- f) Noting the key pension scheme figures and information provided and forwarding them to the insured persons.
- g) Designating authorised signatories to act as the pension scheme's legal representatives in dealings with the Board of Trustees and the head office.
- h) Electing the members of the Board of Trustees.
- i) Determining that the pension scheme is expected to meet the conditions for partial or total liquidation and informing the head office without delay.
- j) Performing all other duties and meeting all other obligations set out in the regulations and provisions valid for the pension and enrolment relationship.

In the event of a voluntary distribution of collective funds from the pension scheme, the Pension Commission is additionally responsible for the following tasks:

- a) Determining the deadline for calculating the amount of funds to be distributed and notifying the head office accordingly.
- b) Determining the total funds or share of the funds to be distributed and notifying the head office accordingly.
- c) Instructing the head office to draw up a distribution plan.
- d) Instructing the head office to draw up a distribution plan that does not comply with the GTC.
- e) Approving a distribution plan that does not comply with the GTC.
- f) Informing the insured persons and pensioners of the reason for the distribution, the beneficiaries, the criteria for distribution and their individual share in the total funds for distribution.

In the event of a mandatory distribution of collective funds from the pension scheme owing to partial liquidation, the Pension Commission is additionally responsible for performing the duties defined in the Partial Liquidation Regulations.

23. Resolutions

The Pension Commission is quorate if more than half of its members are present.

The Pension Commission passes its resolutions by a simple majority of the votes of the members present. In the event of a tied vote, the Chairman's vote counts twice. Minutes are kept of the Pension Commission meetings. They must be sent to the head office and can be viewed by the Board of Trustees.

Resolutions may also be adopted by circular letter, provided that no member calls for a meeting to be convened and there are no abstentions. Resolutions by circular letter do not have to be adopted unanimously and are included in the subsequent minutes. The Board's deliberations and resolutions must be recorded in the minutes.

Resolutions which obligate the employer to pay higher contributions can only be adopted with its agreement.

Pension Commission resolutions can be reviewed by the Board of Trustees and the head office to ensure that they comply with the law and the Foundation's regulations.

24. Inspection rights

The Pension Commission has the right to inspect all of the Foundation's documents which relate to its own pension scheme and are required for the fulfilment of its responsibilities. The Pension Commission shall receive copies of the Foundation's annual report and the auditor's report. The Foundation is required to provide all the necessary information in this regard.

D. The employer

25. Duties

Each employer is required to establish a Pension Commission comprising equal numbers of employer and employee representatives for its pension scheme, in accordance with the Foundation Deed and the provisions of these Regulations.

It ensures that the Pension Commission is duly elected and notifies the head office of the employer and employee representatives elected.

The employer has a duty to inform the insured persons of their right to information.

It forwards personal statements to the insured persons in such a way that only the insured person and neither third parties nor the employer itself can gain knowledge of the statement's content. It holds all data relevant to the insurance relationship, which can be accessed on request.

It provides immediate notification if the requirements for a partial or full liquidation of the pension scheme have been fulfilled.

It performs all other tasks and meets all other obligations set out in the regulations and provisions valid for the pension and enrolment relationship.

E. Head office

26. Organisation and duties

The head office is appointed by the Board of Trustees. It is responsible for all aspects of the management of the Foundation. It fulfils all legal obligations, monitors and ensures compliance with regulatory requirements and other obligations, acts as the Foundation's external representative in relation to all duties delegated by the Board of Trustees and provides other services, which must be agreed in writing and include, for example, accounting, to the Foundation. All of the head office's activities comply with the contractual and statutory requirements, the Rules of Conduct for the Responsible Persons, actuarial recommendations and instructions from the Board of Trustees.

All communications to and from the head office are also considered to be communications to and from the Foundation.

If required by a special situation, the head office may give instructions to the Pension Commissions in order to prevent them from adopting resolutions that would contravene legal, statutory, regulatory and supervisory requirements or the pension scheme contracts.

F. Administration and asset management

27. Organisation and tasks of the administration

The administration is appointed by the Board of Trustees. It ensures that the pension scheme is fully implemented and carries out all day-to-day insurance transactions for the Foundation and the individual enrolled pension schemes. It fulfils all legal obligations, monitors and ensures compliance with regulatory requirements and other obligations, acts as the Foundation's external representative in relation to all duties delegated by the Board of Trustees and provides other services, which must be agreed in writing and include, for example, updating details in the systems, processing retirement, death and disability benefits and checking applications

from insured persons. All of the administration's activities comply with the contractual and statutory requirements, the actuarial recommendations and instructions from the Board of Trustees.

It is responsible for communications with the enrolled employers, insured persons and beneficiaries and is their point of contact for all matters.

All communications to and from the administration are also considered to be communications to and from the Foundation.

If required by a special situation, the administration may give instructions to the Pension Commissions in order to prevent them from adopting resolutions that would contravene legal, statutory, regulatory and supervisory requirements or the pension scheme contracts.

28. Organisation and duties of the asset managers

The asset managers are appointed by the Board of Trustees. Their duties and authorities are defined in the Investment Regulations.

All of the asset managers' activities comply with the contractual and statutory requirements, the Rules of Conduct for the Responsible Persons, actuarial recommendations and instructions from the Board of Trustees.

G. Auditor and occupational pensions actuary

29. Auditor

The Board of Trustees appoints the auditor for a four-year period. The auditor's organisation, staff and finances must be independent of the Foundation, the members of the Board of Trustees and the head office. The auditor carries out an annual review of the occupational pension scheme, the organisation and accounts of the Foundation and the pension scheme for compliance with the Foundation Deed, contracts, regulations, actuary's recommendations and legislation. The auditor produces a written report setting out the findings of the review which is submitted to the Board of Trustees.

30. Occupational pensions actuary

The Board of Trustees appoints the occupational pensions actuary for a four-year period. The actuary must be independent, and the actuarial report and recommendations must be objective. The actuary must be visibly and effectively independent. He or she carries out regular statutory checks and produces the necessary expert confirmations, periodic actuarial reports and any other reports that are required.

H. Costs

31. Costs

The Foundation charges costs to the employer in accordance with the Cost Schedule and, if provided for in the Cost Schedule, to the insured persons.

I. Responsibility, integrity and loyalty of the responsible persons

32. Behavioural standards

The provisions of these Organisational Regulations are binding for the governing bodies and the persons acting on their behalf, as well as for the head office, the administration, the auditor, the occupational pensions actuary and the enrolled employers.

The Foundation's governing bodies and other individuals responsible for the occupational pension scheme and other tasks are required to maintain strict confidentiality in relation to all information obtained in the course of their duties, particularly personal and financial information pertaining to the insured persons, pensioners and their dependants. The duty of confidentiality continues to apply after the individuals have left their post or the mandate has been terminated. They must return or destroy all files in their possession.

The duties are defined in the Rules of Conduct for the Responsible Persons published by the Board of Trustees.

33. Responsibility

All persons entrusted with administering, managing and auditing the Collective Foundation pension scheme are responsible for any losses incurred by the Collective Foundation that are caused by their wilful actions or negligence.

J. Accounting

34. Principles

The Foundation keeps separate accounts for the Foundation and the individual pension schemes. The accounts are produced in accordance with the statutory requirements and are based on the expert recommendations for the presentation of accounts and the requirements of the supervisory authority.

K. Final provisions

35. First Board of Trustees

The first Board of Trustees shall consist of four members nominated by the Founder. The term of office of the first Board of Trustees ends when the result of the first election carried out in accordance with the standard procedure (see Section 10) is announced, but no later than one year after the supervisory authority issues the ruling on the assumption of supervision.

36. Scope

These regulations were adopted by the Board of Trustees on 08.02.2016 and shall take effect on 1 January 2016.

The Board of Trustees may amend these regulations at any time in accordance with the provisions of the law and the Foundation Deed. Amendments must be reported to the supervisory authority.