Pension Fund of F. Hoffmann-La Roche Ltd

Pension Rules

Effective from 1 January 2021

Translated from the original German, which is the sole legally binding version of these Rules.

Table of contents

1 General provisions

Art. 1 Purpose

1. The Pension Fund of F. Hoffmann-La Roche Ltd (referred to herein as the 'PF') is intended to protect the Employees of the sponsoring company and of companies which are closely affiliated with it either commercially or financially (collectively referred to herein as the 'Employer') against the financial consequences of a loss of earnings due to age, death or disability, as provided for under these Rules.

2. Consistent with its purpose, the PF guarantees the statutory minimum benefits prescribed by the Swiss Federal Occupational Old Age, Survivors' and Disability Pension Act (BVG) and provides pension benefits going beyond the statutory minimum.

3. The PF is entered in the Register of Occupational Pension Schemes of the Canton of Basel-Stadt.

Art. 2 Scope of these Rules

1. These Rules govern the rights and obligations of employees in respect of the PF and the relations between employees, the Employer and the PF. The organisation and administration of the PF is set forth in a separate set of Bylaws. Furthermore, there are separate rules defining the procedures for partial liquidation.

2. The PF provides its benefits on a defined contribution basis (personal retirement savings account plus supplementary death and disability benefits).

Art. 3 Pension plans

The PF operates various retirement plans for groups of employees defined by the Employer. These pension plans form an integral part of these Rules and take precedence over the Rules in case of inconsistencies.

Art. 4 Equality

1. All references to persons apply to both genders, even where a word or expression imports the masculine gender only.

2. The registered partner shall have the same status as a spouse.

Art. 5 Age

Age, insofar as it determines the start of compulsory insurance, the calculation of make-up payments, contribution levels and retirement credits, is calculated by subtracting the year of birth from the current calendar year (calendar year method).

Art. 6 Retirement age

Normal retirement age is attained on the first day of the first month after an employee reaches age 65. Employees between the ages of 60 and 70 may elect to claim retirement benefits.

Art. 7 Compulsory insurance

1. Every Employee shall be admitted to the PF on 1 January following his 17th birthday, provided the Employee is receiving an annual wage or salary from the Employer which is subject to compulsory contributions to the Swiss Federal Old Age and Survivors' Insurance Scheme *(AHV)* and his wage or salary exceeds $^{6}/_{8}$ths of the maximum *AHV* retirement pension.

2. Employees who have been admitted to the PF are referred to hereinafter as 'Insureds'.

Art. 8 Exceptions to compulsory insurance

1. The following persons shall not be admitted to the PF:

- Employees who, at the time of admission, have already reached or exceeded normal retirement age;

- Employees with an employment contract limited to a term of not more than three months. If the term of employment is extended beyond three months, admission to the PF shall become effective on the date the extension is agreed (where there are several consecutive periods of employment with the same employer or assignments for the same labour leasing agency lasting more than three months in total and without a break of more than three months: in such cases, the Employer shall be insured from the start of the fourth full month of work; if, however, it is agreed prior to taking up the first position that the term of employment or assignment shall exceed three months in total, the Employee shall be insured from the start of the employment relationship);

- Employees whose principal employment is with another employer and who are already enrolled in a compulsory insurance plan in respect of their principal employment or who are principally self-employed;

- Employees with at least a 70% disability as determined by the Swiss Federal Disability Insurance Scheme *(IV)* or who continue to be insured on a provisional basis in accordance with Article 26a *BVG*;

- Employees who are not, or will probably not, be permanently employed in Switzerland and who are adequately insured abroad, provided that they request an exemption from compulsory insurance from the PF in writing.

2. Under these Rules, Insureds who work for one or more other employers simultaneously will only be insured on the basis of the salary received from the Employer.

Art. 9 Start of cover

Cover shall commence on the day on which the contract of employment begins or when the entitlement to a salary first exists, and in any event no later than the time the Insured sets off for work.

Art. 10 End of cover

1. Cover shall end on the last day of the month in which the Employee leaves service, unless an Insured is entitled to retirement, death or disability benefits.

2. If an Insured's total PF-relevant earnings fall below the required minimum for compulsory insurance — e.g. as a result of a reduction in working hours — and the shortfall is likely to be permanent, and if no death or disability benefits become due, the Insured's cover shall end. The Insured shall be entitled to a portable benefit.

3. If an Insured's total PF-relevant earnings decrease but do not fall below the aforementioned minimum amount, his insured income shall be reduced accordingly. The retirement account balance will be continued in accordance with the pension plan and the Insured shall not be entitled to a portable benefit.

4. If an Insured's annual AHV-relevant earnings are temporarily reduced due to illness, injury, unemployment or maternity or for some similar reason, his insured income shall normally remain the same as long as the Employer is required to continue paying the Insured a salary or wages or until the end of the statutory period of maternity as defined by the Swiss Code of Obligations *(OR)*. However, the Insured may request a reduction.

5. In relation to disability and death risks, however, pension cover is maintained, without the Employee having to pay a contribution, until the Employee joins a new occupational pension plan, but for no longer than one month after the Employee leaves the PF. Portable benefits already paid out shall be offset against any subsequent obligation to pay benefits on the part of the PF.

Art. 11 Health exclusions

1. At the time of admission, Insureds must inform the PF of any health exclusions imposed by a previous pension plan.

2. If an Insured fails to disclose a pre-existing medical condition and/or health exclusion, or if he provides false information, the Board of Trustees can, within six months of discovering the Insured's breach of his duty of disclosure, elect to reduce the death and disability benefits payable to or in respect of the Insured to the minimum amounts required by law.

3. The PF shall only provide benefits if the incapacity which resulted in disability or death as defined in the *BVG* occurred after joining the PF. If, on joining the PF, an Insured is not fully able to work — even if this incapacity does not make him partially disabled within the definition of the Swiss Federal Disability Insurance Scheme *(IV)* — and if the cause of this incapacity leads to disability or death, the PF is only obliged to pay the statutory minimum benefits.

Art. 12 Duty of disclosure and notification

1. On admission to the PF, Insureds are required to submit a statement showing the portable benefit they received from their previous occupational pension plan (if any).

2. Persons receiving benefits from the PF are required to disclose any reckonable income (e.g. Swiss or foreign social security benefits, benefits from other occupational pension schemes and any continuing earned income). They are required to notify the PF without delay of any changes in these facts or marital status and of the commencement or cessation of support obligations. If an Insured fails or refuses to provide the aforementioned information, the Board of Trustees can, within six months of discovering the Insured's breach of his duty of disclosure, elect to reduce the death and disability benefits payable to or in respect of the Insured to the minimum amounts required by law.

3. If an Insured is enrolled in more than one benefit plan and the sum of his *AHV*-relevant earnings and income is more than 30 times the maximum *AHV* retirement pension, he must provide the PF with information about all the plans he is enrolled in and the earnings and other income insured under those plans. If an Insured fails or refuses to provide the aforementioned information, the Board of Trustees can, within six months of discovering the Insured's breach of his duty of disclosure, elect to reduce the death and disability benefits payable to or in respect of the Insured to the minimum amounts required by law.

4. At the time of admission and at such time as an Insured or, in the event of death, a surviving eligible dependant receives an increase in pay or submits a claim for death and disability benefits, he shall be required to release the treating physicians from their duty of confidentiality and allow the PF to inspect the *IV* and *UVG* records. If an Insured or surviving eligible dependant fails or refuses to provide the aforementioned information, the Board of Trustees can, within six months of discovering this breach of duty of disclosure, elect to reduce the death and disability benefits payable to or in respect of the Insured to the minimum amounts required by law.

5. Insureds and persons receiving benefits and the survivors of such Insureds and benefit recipients are required to provide the PF with truthful information regarding their situation with respect to the insurance and determination of the benefits and to notify the PF of changes to such facts without delay.

6. In the event of a breach of the duty of disclosure and notification, the PF is entitled to cease payment of the voluntary portion of the benefits or claim back benefits that were wrongfully obtained plus late-payment interest as defined by the BVG. It may also offset these claims against its benefits.

7. The PF is entitled to request official evidence and/or official or notarised documents.

Art. 13 Information provided to Insureds and retirees

1. The PF shall annually provide each Insured with an insurance certificate showing the Insured's retirement balance, the portable benefit and death and disability benefits he is entitled to and the amount of his contributions. The certificate shall additionally provide information in an appropriate form about the organisation and composition of the Board of Trustees and the Fund's funding levels, financial results and investment performance.

2. On request, the PF shall inform Insureds of the amount they are permitted to withdraw for the purpose of acquiring residential property and of the reduction in benefits that will result if they exercise this option.

3. If an Insured marries, the PF shall inform him at the time of the marriage of the amount of his portable benefit.

4. Subject to applicable oversight regulations, the PF shall furnish Insureds on request with further information about the status of their cover and the PF's operations.

5. Every Insured may request access to all personal data about himself in the PF's records and direct the PF to correct such data as necessary.

2 Terms relating to compensation

Art. 14 Total income

1. Total income comprises the annual base salary declared by the Employer, before supplements and bonus payments, with salaries determined for shorter time periods (months, weeks, days, hours) being converted to an annual salary.

2. Where there is a change in the employment rate or total income, the insured income shall be adjusted without delay.

3. Where an Insured reduces his total income by up to half between the ages of 60 and 65, the reduction in insured income can be disregarded at his request and the reduced salary component (voluntarily insured income) can continue to be insured until normal retirement age. A maximum of two reductions can be made. The insured income (including voluntarily insured income) then corresponds to the insured income applicable prior to the reduction in total income.

4. The affiliation agreements of affiliated employers may contain variant provisions if they employ payroll systems differing from that of F. Hoffmann-La Roche Ltd. The Insureds concerned are documented accordingly.

5. The present Rules apply to that portion of total income which does not exceed four times the maximum annual *AHV* retirement pension.

Art. 15 Insured income

Insured income is specified in the respective pension plan.

Art. 16 Special provisions

1. For Insureds who are partially disabled within the meaning of these Rules, the income threshold for compulsory insurance shall be determined on the basis of residual earning capacity.

Disability entitlement as a fraction of a full pension	Reduction in threshold amount
$\frac{1}{4}$	$\frac{1}{4}$
$\frac{1}{2}$	$\frac{1}{2}$
$\frac{3}{4}$	$\frac{3}{4}$

2. If an Insured so requests, income from other sources shall be included in calculating his insured income.

3 Funding

Art. 17 Obligation to pay contributions

1. The obligation to pay contributions shall commence for the Employer and an Insured when the Insured is admitted to the PF.

2. It shall end on the death of the Insured or, if any of these occurs earlier, when the Insured reaches retirement age or leaves service or his earnings fall below the threshold for compulsory insurance. The PF may elect to grant an exemption from paying contributions if an Insured becomes disabled.

3. Contributions are payable in full for the months in which an Insured joins and leaves the PF.

4. Contributions shall be deducted by the Employer from the Insured's earnings or earnings replacement benefits and transferred monthly to the PF together with the Employer's contributions.

5. The Employer shall pay its contributions from its own assets or from reserves which the Employer has created expressly for this purpose and which are reported separately in the PF's statement of accounts.

Art. 18 Amount of contributions

1. The annual contribution amounts for Insureds and the Employer shall be determined as set forth in the corresponding pension plan. These amounts are payable in 12 instalments.

2. Should the contributions specified in the pension plan be insufficient to fund the benefits payable, the contributions shall be reviewed and redefined by the Board of Trustees.

3. Contributions by Insureds and the Employer which are not required to fund retirement credits constitute expenditures for the purposes of funding liabilities for death and disability benefits, covering the costs of administering the PF, contributing to the Pension Guarantee Scheme *(Sicherheitsfonds)*, adjusting current pensions for inflation and providing minimum benefits for events occurring during the transition period. Insureds are not entitled to this portion of their and their Employer's contributions on termination of employment.

   The level of contributions not required to fund retirement credits shall be determined in line with the Pension Plan.

Art. 19 Portable benefits from previous pension schemes

1. On admission, Insureds must arrange for their portable benefit from previous pension schemes and retirement savings from portable benefit institutions to be transferred to the PF without being asked to do so.

   Portable benefits not paid in result in a corresponding reduction in benefits.

2. Where the Insured belongs to several pension schemes or pension plans, the PF specifies in a set of regulations the sequence and level at which any portable benefit is credited to the individual plans.

Art. 20 Voluntary make-up payments and repayment of early withdrawals or divorce settlements

1. Where, in accordance with the pension plan in question, there is scope for make-up payments and/or statutory repayment of early withdrawals or divorce settlements, the Insured may make such payments upon admission to the plan or at a later date provided he complies with the legal requirements and limitations applicable to make-up payments. The scope for make-up payments is recalculated on 1 January of each year or when the insured income is adjusted. Voluntary make-up payments may be funded by the Insured as well as the Employer.

2. Where early withdrawals have been made for the purpose of promoting home ownership, voluntary make-up payments may only be made where early withdrawals are repaid in full.

3. The limitations on make-up payments as provided for under tax legislation and restriction of withdrawal opportunities following transfer-in of voluntary make-up payments shall take precedence over the Rules.

4. The PF shall examine the level of entitlement to purchase benefits based on a self-declaration form to be completed by Insureds and shall provide information about the statutory possibilities and limitations. To ensure the statutory requirements are adhered to, the PF may make the purchase dependent on the provision of additional documents. If the prerequisites for a voluntary make-up payment are not met, or are not met in full, the PF shall notify Insureds of the remaining statutory options.

5. Where the Insured belongs to several pension schemes or pension plans, the PF specifies in a set of regulations the sequence and level at which any voluntary make-up payments and repayments of early withdrawals or divorce settlements are credited to the individual plans.

Art. 21 Retirement account balance

1. For each pension scheme, a personal retirement account to fund retirement benefits shall be maintained for each Insured.

2. The following items shall be credited to the personal retirement account:
   - annual retirement credits
   - any portable benefit transferred in from previous pension schemes
   - any voluntary make-up payments
   - any portable benefit (or capital transfer) transferred in as a result of a divorce judgement
   - the repayment of early withdrawals in the event of divorce
   - the repayment of early withdrawals under the provisions for promoting home ownership
   - allocations from the PF's free assets
   - interest.

The following items shall be deducted from the retirement account:

- any monies withdrawn under the provisions for home ownership promotion
- any portable benefit (or capital transfer) paid out under a divorce judgement.

Where the Insured belongs to several pension schemes or pension plans, the PF specifies in a set of regulations the sequence and level at which withdrawals under the provisions for promoting home ownership or due to a divorce settlement are debited to the individual plans.

3. The amount of an Insured's retirement credits shall be set forth in the pension plan.

4. Interest shall be credited at the end of each calendar year and shall be calculated on the balance in an Insured's retirement account at the end of the preceding year.

5. If a make-up payment or portable benefit is paid in/out, or an Insured withdraws or repays monies from/into his account under the provisions for home ownership promotion and/or divorce, the credit/charge shall attract interest on a pro-rata basis in the year in which it occurs.

6. If an insured event occurs or an Insured leaves service during the year, interest for that year, up to the date of the event or of the Insured's leaving, shall be calculated pro rata on the balance in the Insured's retirement account at the end of the preceding year.

   If an Insured becomes partially disabled, his retirement balance shall, where applicable, be divided as follows into two components, one corresponding to his disability entitlement and the other being the balance in his active retirement account:

Disability entitlement	On partial disability Disability component	Active account balance
Quarter pension	1/4	3/4
Half pension	1/2	1/2
Three-quarters pension	3/4	1/4

7. Taking into account the legal requirements, the Board of Trustees shall annually set a uniform interest rate for the current year (annual interest rate) and a uniform interest rate (working interest rate) for departures and retirements in the following year. The working interest rate for the current year is also credited for departures up to and including 30 November as well as early, normal and deferred retirement up to and including 1 December. The working interest rate may be higher or lower than the annual interest rate.

Art. 22 rescinded

4 Leaving service

Art. 23 Portable benefit: entitlement

1. Entitlement and extended cover

   If an Insured leaves service without having qualified to receive from the PF the retirement, death or disability benefits mentioned in these Rules, he shall be entitled to a portable benefit. Insureds may also be entitled to a portable benefit if they leave the PF between the minimum age for the drawing of retirement benefits as defined in the Rules and normal retirement age and they continue working or are registered as unemployed.

   Until he takes up a new job with a new employer, an Insured who leaves the PF will remain eligible for death and disability benefits, as defined in these Rules, for up to one month after his departure without having to pay a contribution.

   If make-up payments have been made, no cash payments may be withdrawn from the retirement fund as a lump sum for three years from the date of contribution.

2. Amount and due date of portable benefit

   The amount of the portable benefit shall equal the total available balance in the pension insurance scheme and, if applicable, the balance in the Capital Savings Plan and in the Voluntary Savings Scheme. Outstanding amounts of loans which were used to purchase PF or Supplementary Pensions Scheme retirement insurance benefits are deducted.

   In the case of a Leaver who was a member for fewer than ten years and for whom the Employer purchased benefits, an amount equal to 10% of the amount paid by the Employer shall be deducted for each full or partial year short of ten years of membership.

   However, any portable benefit calculated in this manner must not be less than the Insured's portable entitlement under Art. 15 *BVG* and Art. 17 *FZG* (Swiss Federal Act on the Portability of Occupational Pensions). The portable benefit shall be at least equal to the *BVG* retirement savings capital.

   The portable benefit shall become due when the Insured leaves the PF. From this point on, it will attract the *BVG* minimum interest rate. If payment is not transferred within 30 days after the PF has received the necessary information, interest on arrears shall accrue from the end of the 30-day period at the *BVG* minimum rate plus one percent. The above provision also applies in the event that an affiliation agreement is terminated.

3. Account statement of portable benefit

   The PF shall provide each Insured with an account statement informing him of his portable benefit. This shows:

   - the calculation of termination benefits,
   - the minimum amount pursuant to the *FZG*,
   - the *BVG* retirement capital on the leaving date and at age 50,
   - the portable benefits at age 50 and upon marriage or on 1 January 1995 (for Insureds who married prior to 1 January 1995),
   - whether and to what extent the portable benefits were withdrawn early or pledged under the provisions for promoting home ownership,
   - any termination benefit and pension element transferred under a compensation arrangement in the event of divorce.

Medical information shall only be provided by the PF's medical consultant to the medical consultant of a receiving pension scheme if the Insured so requests.

Any amount previously withdrawn or pledged under the provisions for home ownership promotion shall be noted on the Insured's account statement for the attention of the receiving pension scheme.

4. Transfer and cash payment of portable benefit

   The PF shall transfer the entire portable benefit to the pension scheme of the departing Insured's new employer.

   Insureds who do not join a new pension scheme can elect to transfer the amount due to them to a portable benefit account or a portable benefit policy. If the Insured provides no instructions about how the portable benefit is to be used or does not return the Letter of Instruction to the PF, the portable benefit shall be transferred in accordance with the statutory provisions to the *Auffangeinrichtung* (back-up pension insurance fund for employers not affiliated with an occupational pension scheme).

Art. 24 Cash payment on leaving

1. A portable benefit may only be paid out in cash:

   a. to an Insured who is leaving Switzerland permanently;

   b. to an Insured entering self-employment and who is no longer subject to compulsory enrolment in an occupational pension scheme;

   c. if the portable benefit equals less than one year's contributions by the Insured.

   d. subject to compliance with Art. 47 Subarticle 2 ('Common provisions').

      If make-up payments have been made, no cash payments may be withdrawn from the retirement fund as a lump sum for three years from the date of contribution.

2. Insureds are not eligible under Subarticle 1a to receive a cash payout if they

   a. will continue to have compulsory retirement, death and disability insurance pursuant to the laws of a Member State of the European Union;

   b. will continue to have compulsory retirement, death and disability insurance pursuant to the laws of Iceland or Norway;

   c. are resident in the Principality of Liechtenstein.

   Provisions 2a and 2b shall only apply in relation to retirement assets accrued in accordance with Art. 15 *BVG* (Art. 5 and 25f *FZG*).

3. A request for cash payment must be submitted to the PF in a Letter of Instruction and must be supported by evidence of eligibility. The PF shall examine the Insured's request and may, if necessary, demand further proof of eligibility from the Insured.

4. Cash payments must be notified to the Swiss Federal Tax Administration in Berne and may be subject to withholding tax, which will be deducted from the portable benefit.

5 Home ownership promotion

Art. 25 Promotion of home ownership

1. Subject to compliance with Art. 47 Subarticle 2, an Insured may pledge his pension rights or use them directly — i.e. make an early withdrawal — for the purpose of acquiring residential property for his own occupancy.

2. Assets withdrawn or pledged under the provisions for home ownership promotion may be used to purchase or construct residential property, to acquire an interest in residential property (e.g. by purchasing shares in a housing cooperative), to meet repayment obligations or to retire an existing mortgage.

3. ‘Residential property’ is understood to mean an apartment or single-family home owned by an Insured either solely or jointly with others, held in tenancy by the entirety by an Insured and his spouse or owned on land held under a long-term lease.

4. ‘For the Insured’s own occupancy’ is understood to mean the use of a residential property as an Insured’s domicile or usual residence. If an Insured is temporarily unable to occupy the property himself, it may be rented out for this period.

Art. 26 Early withdrawals

1. Early withdrawal of pension savings is permitted up to three years before an Insured normally becomes eligible to receive retirement benefits.

2. Early withdrawals of funds are permitted only once every five years, and an amount of at least 20,000 Swiss francs must be withdrawn. There is no minimum amount for withdrawals to purchase an interest in residential property.

   If make-up payments have been made, no cash payments may be withdrawn from the retirement fund as a lump sum for three years from the date of contribution.

3. Generally, an amount equal to an Insured’s portable benefit shall be available for early withdrawal. However, if an Insured is already over age 50, the withdrawal facility shall be limited to the amount of his portable benefit at age 50 or to half of his current portable benefit, whichever is greater.

4. An early withdrawal shall result in a proportionate reduction in the death and disability benefits payable in the event of a claim and in the benefits due at retirement. The PF shall inform the Insured of his new, reduced benefits at the time the withdrawal is made. An early withdrawal is debited to the *BVG* retirement savings capital on a pro-rata basis. Previous benefits shall be restored to the extent that the amount withdrawn from the PF is repaid.

   Shortfalls in cover may be made good by taking out additional insurance outside the PF. Insureds should contact the insurance company of their choice to obtain an offer for additional cover. On request, the PF can arrange for an offer on an Insured’s behalf.

5. Funds requested for the purpose of acquiring a home shall be paid by the PF directly to the Insured’s creditor or obligee within six months of receipt of the Insured’s request.

6. To ensure that money advanced by the PF continues to provide for an Insured's income security, a resale restriction shall be filed with the deed at the Land Registry or, if the Insured has purchased shares in a housing cooperative, the shares shall be deposited with the PF. The restriction may be removed:
   a. when an Insured reaches normal retirement age;
   b. in case of an event qualifying the Insured for benefits;
   c. if a portable benefit is paid out in cash;

d. upon proof that an amount equivalent to the sum invested in a residential property has been transferred to an occupational pension scheme or a private receiving scheme for portable benefits.

7. Any tax due on an early withdrawal is to be paid immediately by the Insured. If the withdrawal is repaid, the tax due when monies were withdrawn will be refunded by the taxation authorities, without interest. The PF shall, within the statutory time limits, issue the prescribed certificates confirming repayment.

8. The amount withdrawn must be repaid to the PF by the Insured or his heirs if:

a. the residential property is sold;

b. rights in the property are conveyed and such conveyance is financially equivalent to a sale;

c. on the death of the Insured, the amount withdrawn early exceeds the actual benefit entitlement. In this case, the excess portion shall be repayable.

Transfer of the title cannot be effected until repayment has been made.

If, within two years of selling his property, an Insured plans to reinvest a portion of the proceeds equal to the withdrawal amount in another residential property, he may transfer this amount to a private receiving scheme for portable benefits.

Compulsory repayment shall be limited to the proceeds, construed as the price for which the property was sold less any debts secured by a mortgage and less the charges imposed by law on the seller. Loans taken out within the two years prior to the sale shall not be taken into account unless they were necessary to finance the property in question.

9. The Insured may also elect to voluntarily repay a withdrawal up to the date on which he reaches normal retirement age, provided that no event qualifying him for benefits has occurred and he has not requested cash payment of his portable benefit. The minimum amount that can be repaid is 10,000 Swiss francs; the PF shall, within the statutory time limits, issue the prescribed certificates confirming repayment.

Art. 26a Pledging

1. Pension savings may be pledged up to three years before an Insured normally becomes eligible to receive retirement benefits.

2. Generally, an amount equal to an Insured's portable benefit may be pledged. However, if an Insured is already over age 50, the amount which may be pledged shall be limited to the amount of his portable benefit at age 50 or to half of his current portable benefit, whichever is greater.

3. The pledge shall be effective as soon as the Insured has informed the PF of the pledge by registered letter, indicating the name of the pledgee. The PF must ascertain whether the preconditions for the pledge have been satisfied.

4. The pledgee's consent is required before pledged assets can be used for cash disbursement of a portable benefit or payment of occupational benefits or if a portion of the pledger's occupational benefits is to be transferred to his spouse's occupational pension scheme following a divorce.

5. A foreclosure on pledged assets shall have the same effect as an early withdrawal.

6. The pledge shall expire three months after the pledgee has been informed that the pledge conditions no longer apply.

6 Divorce or annulment of a registered partnership

Art. 27 Divorce or annulment of a registered partnership

1. In the event of a divorce or annulment of a registered partnership as defined by the Swiss Civil Partnership Act, the PF shall supply the divorce court with the information known to it as well as implement the judicial division of the termination benefits and/or the pension split. On request, the PF shall provide the Insured or the divorce court with information concerning the assets used for this calculation. The provisions on leaving service shall apply by extension.

2. Insureds
   The transfer shall result in a proportionate reduction in the death and disability benefits payable in the event of a claim and in the benefits due at retirement, unless the Insured exercises his option to make up for the loss of benefits by paying an equivalent amount back into the PF. The PF shall inform the Insured of his new, reduced benefits. A transfer is debited to the BVG retirement savings on a pro-rata basis. The provisions concerning make-up payments to the PF shall apply by extension.

3. Pension recipients
   a. Conversion of the pension element into a divorcee pension
      1. The PF converts the pension element granted to the entitled spouse into a life-long divorcee pension in accordance with a statutorily binding formula or calculation basis.
      2. The date on which the divorce becomes legally effective is taken as the conversion date.
   b. Calculation of the termination benefits on reaching retirement age during a divorce process
      1. If, during the divorce process, the Insured becomes entitled to the payment of retirement benefits, the PF shall reduce the share of the termination benefits to be transferred and the retirement pension. The reduction shall not exceed the amount by which the pension payments up to the date on which the divorce judgement becomes legally effective would have been lower had they been calculated based on a balance reduced by the transferred portion of the termination benefit. The reduction shall be split equally between the two spouses.
      2. If an Insured is drawing a disability pension and during the divorce process reaches the retirement age defined in the Rules, the PF may reduce his termination benefit and pension. The reduction shall not exceed the amount by which the pension payments between the date on which the Insured reaches the retirement age defined in the Rules and the date on which the divorce judgement becomes legally effective would have been lower had they been calculated based on a balance reduced by the transferred portion of the termination benefit. The reduction shall be split equally between the two spouses.
   c. Compensation in event of deferral of retirement pension
      If, at the time the divorce proceedings begin, the Insured has reached the normal retirement age defined in the Rules and deferred the withdrawal of retirement benefits, his available retirement account balance at that time shall be split in the same way as a termination benefit.
   d. Adjustment of disability pension in accordance with pension compensation arrangement
      1. In the event of the transfer of a portion of the pension to the divorced spouse, the disability pension defined in the Rules is reduced, as is the *BVG* disability pension, provided the retirement account balance acquired up to the commencement of entitlement is included in the calculation of the disability pension in accordance with the Pension Rules.
      2. The reduction shall not exceed the amount by which it would be lower had it been calculated based on a retirement account balance reduced by the transferred portion of the termination benefit. However, the reduction in relation to the existing disability pension must be no greater than the transferred portion of the termination benefit in relation to the overall termination benefit.
      3. The reduction is calculated in accordance with the Pension Fund Rules, on which calculation of the disability pension is based. The date on which the divorce proceedings began is taken as the basis for calculating the reduction.
      4. If, in the event of a divorce, a disability pension is split in accordance with the retirement age defined in the Rules, the portion of the pension assigned to the entitled spouse is still included in the calculation of any reduction in the disability pension for the Insured.

e. Pension compensation arrangement in event of a reduction in disability pension before the retirement age defined in the Rules
   1. If a disability pension has been reduced due to concurrence of accident or military insurance benefits, the amount pursuant to Art. 124 Subarticle 1 of the Swiss Civil Code cannot be used for pension compensation in the case of a divorce prior to the retirement age defined in the Rules.
   2. However, the amount can be used for pension compensation if the disability pension would not be reduced without entitlement to child benefits.
f. Procedure for transferring an awarded portion of a pension to a pension fund or portable benefits institution
   1. The awarded life-long pension shall be transferred from the PF to the pension fund or portable benefits institution of the entitled spouse. The transfer comprises the pension owed for a calendar year and must be effected by 15 December of the year concerned.
   2. If, during the year concerned, an entitlement to payment arises due to age or disability, or if the entitled spouse dies, the transfer shall include the pension owed from the start of the year until that point.
   3. The entitled spouse informs his pension fund or portable benefits institution of his entitlement to a life-long pension and states the name of the Insured's foundation. If he switches his pension fund or portable benefits institution, he shall inform the PF of this no later than 15 November of the year concerned.
   4. If the PF is not notified of the pension fund or portable benefits institution of the entitled spouse, it shall transfer the amount to the *Auffangeinrichtung* (back-up pension insurance fund for employers not affiliated with an occupational pension scheme) no earlier than six months but no later than two years after the time limit for this transfer. It shall remit subsequent transfers to the *Auffangeinrichtung* annually until it receives the information stipulated in Subarticle 3.
   5. In addition to the amount of the annual transfer, the PF owes interest representing half the applicable interest rate defined in the Rules for the year concerned.
g. Information

   In the event of a divorce, the pension fund shall on request provide the Insured or the court with the following in addition to the information required by law:
   - whether and to what extent the termination benefits were withdrawn early under the provisions for promoting home ownership;
   - the termination benefits at the time of any early withdrawal;
   - whether and to what extent the termination or occupational benefits are pledged;
   - the probable retirement pension;
   - whether lump-sum settlements have been paid;
   - the disability or retirement pension;
   - whether and to what extent a disability pension is reduced, whether it is reduced due to concurrence with accident or military insurance disability pensions and, if so, whether it would be reduced even without entitlement to child benefits;
   - the termination benefits that would be received by the recipient of a disability pension following cancellation of the disability pension;
   - the reduction in the disability pension pursuant to Art. 24 Subarticle 5 *BVG* 14;
   - other information required in order to implement the pension compensation arrangement.

7 Voluntary continuation of insurance

An Insured cannot elect to remain insured in the PF on a voluntary basis once his employment relationship with the Employer is terminated; Art. 28 (Continued voluntary insurance in the event of termination by the employer) shall nevertheless apply.

Art. 28 Continued voluntary insurance in the event of termination by the employer

1. An Insured who is no longer eligible for compulsory insurance after reaching age 55, because his employment contract was terminated by his employer may request that the risk insurance for death and disability be continued within the existing PF pension plan. The Insured also has the option of continuing to build up his retirement assets through contributions. Written applications for continued insurance must be received by the PF no later than the date on which the Insured leaves compulsory insurance with the PF. The retirement account balance remains with the PF and continues to attract interest, even if retirement assets are no longer being built up.

2. For the purposes of continued insurance, the voluntarily insured income corresponds to the insured income upon discontinuation of the compulsory insurance. If the Insured continues to build up his retirement assets, he may decide at the start of the continued insurance to reduce the income voluntarily insured in the PF to a maximum of one half, but to no more than 6/8 of the maximum AHV retirement pension. If the Insured joins a new pension scheme and a portion of the termination benefit is transferred, the voluntarily insured income is reduced in the same proportion as the termination benefit at the time of the transfer.

3. The contribution paid by the Insured for the risk insurance is twice the contribution paid by the Insureds for risk and administration as per Art. 18 Subarticle 3. If he continues to build up the retirement assets, he will also be required to pay contributions in the amount of the relevant retirement credit. No age supplement of 4% is payable on these contributions when calculating the minimum amount pursuant to Art.17 of the FZG (Swiss Federal Act on the Portability of Occupational Pensions).

4. As part of the continued insurance, the Insured pays the corresponding additional employee contributions in the event of a deficit reduction.

5. If the Insured joins a new pension scheme, the PF shall transfer the termination benefits to the new scheme in the amount required in order to purchase full benefits under the pension rules. If, after doing so, at least one third of the termination benefit remains in the PF, the Insured can continue the insurance with the PF in accordance with the termination benefit remaining there. If more than two thirds of the termination benefit are required to purchase full benefits under the pension rules, the continued insurance with the PF will end (see Subarticle 6).

6. The Insured may cancel the retirement provision or the continued insurance in its entirety at any time. In addition, the continued insurance ends in the event of death, disability or retirement but no later than on reaching normal retirement age. When the Insured joins a new pension scheme, it ends if the new scheme requires that more than two thirds of the termination benefit be used to purchase full benefits under the pension rules. In the event of outstanding contributions, the continued insurance will end on the last day of the period for which the contributions were paid.

7. If the continued insurance ends prior to reaching the earliest possible age for drawing retirement benefits, the provisions on leaving service shall apply. If the continued insurance ends between the earliest possible retirement age and the normal retirement age, and the Insured is employed or registered as unemployed, he may request the termination benefit. Otherwise the retirement benefits will be paid out.

8. If the continuation of insurance has lasted for more than two years, the insurance benefits must be drawn in pension form and the termination benefits can no longer be withdrawn early or pledged under arrangements for the promotion of home ownership.

8 Benefits on partial liquidation

There are separate rules defining the entitlement to termination benefits in the event of partial liquidation of the PF.

9 Retirement benefits

Art. 29 Retirement pension or lump-sum retirement benefit

1. Insureds shall be entitled to retirement benefits when they reach normal retirement age. Early retirement is possible from age 60 at the earliest and if the Insured gives up gainful employment. Retirement may be deferred with continuation of gainful employment (of at least 40%) until age 70 at the latest.

2. Recipients of life-long disability pensions shall be entitled to retirement benefits only if and insofar as they have continued to be gainfully employed.

3. If the Insured retires up to five years before reaching normal retirement age, his retirement benefits will be due at that point in time.

   If the Insured retires up to five years after reaching normal retirement age, his retirement benefits will be due at that point in time.

4. The amount of retirement pension shall equal the retirement account balance available at the time of retirement and shall be calculated by the Board of Trustees using an age-dependent actuarial conversion rate. The applicable rate of conversion is set forth in the relevant pension plan and may be amended at any time by a resolution of the Board of Trustees. If retirement benefits are deferred, the survivor's benefits shall be determined in line with the provisions for old-age pensioners.

5. The retirement pension shall commence at the beginning of the first month after the Insured reaches normal retirement age and shall continue for life. The amount of the retirement pension will be calculated according to an actuarial conversion rate specified by the Board of Trustees on the basis of the Insured's retirement account balance at the start. The applicable conversion rate is set forth in the relevant pension plan and may be amended at any time by a resolution of the Board of Trustees. Compliance with the statutory minimum benefits is guaranteed. If, immediately prior to reaching normal retirement age, the Insured was disabled within the definition of the disability insurance scheme *(IV)*, his retirement pension will always correspond to the minimum disability pension as calculated according to the *BVG* (including adjustment for inflation).

6. On reaching normal retirement age or taking early or deferred retirement, Insureds may draw all or part of their retirement account balance in the form of a once-only lump-sum settlement rather than a pension. In compliance with Art. 47 Subarticle 2, Insureds who wish to make use of this option must apply in writing no later than one month before they reach normal retirement age or take early or deferred retirement.

   If make-up payments have been made, no cash payments may be withdrawn from the retirement fund as a lump sum for three years from the date of contribution.

7. Once a lump-sum settlement has been paid out in place of a pension, the corresponding benefits under the Rules will have been settled.

8. Cash payments must be notified by the PF to the Swiss Federal Tax Administration in Berne and may be subject to withholding tax, which will be deducted from the lump-sum settlement.

9. In the event of early or deferred retirement, the Insured is responsible for clarifying the way in which taxation of the retirement benefits is calculated.

Art. 30 Child benefits for retirees

1. Insureds who are entitled to collect a retirement pension shall be eligible to receive additional benefits for each child that would qualify for an orphan's pension in the event of the Insured's death. The other provisions concerning orphans' pensions shall apply by extension.

2. The amount of child benefits for retirees is set forth in the relevant pension plan.

Art. 31a Capital Savings Plan balance

1. If the pension plan provides for a Capital Savings Plan, the assets in the Capital Savings Plan shall be payable on retirement.

   If make-up payments have been made, no benefits may be withdrawn from the retirement fund as a lump sum for three years from the date of contribution.

2. The amount of such entitlement shall equal the accrued retirement account balance in the Capital Savings Plan on the due date.

3. On reaching normal retirement age or taking early or deferred retirement, Insureds may draw all or part of the retirement account balance they have accumulated in the Capital Savings Plan in the form of a life-long pension rather than a once-only lump-sum settlement. Insureds who wish to make use of this option must apply in writing no later than one month before they reach normal retirement age, or take early or deferred retirement. The applicable rate of conversion is set forth in the relevant pension plan and may be amended at any time by a resolution of the Board of Trustees.

Art. 31b Voluntary Savings Scheme balance

1. If the pension plan provides for a Voluntary Savings Scheme, the balance in the Voluntary Savings Scheme shall be payable on retirement.

   If make-up payments have been made, no cash payments may be withdrawn from the retirement fund as a lump sum for three years from the date of contribution.

2. The amount of such entitlement shall equal the accrued retirement account balance in the Voluntary Savings Scheme on the due date.

3. On reaching normal retirement age or taking early or deferred retirement, Insureds may draw all or part of the retirement account balance they have accumulated in the Voluntary Savings Scheme in the form of a once-only lump-sum settlement or all or part of as a life-long pension. Insureds who wish to make use of this option must apply in writing one month before they reach normal retirement age or take early or deferred retirement. The applicable rate of conversion is set forth in the relevant pension plan and may be amended at any time by a resolution of the Board of Trustees.

10 Disability benefits

Art. 32 Disability pension

1. An Insured shall qualify for a disability pension provided:
   a. he is at least 40% disabled under the criteria applied by the Federal IV and was insured at the time his disabling condition rendered him unable to work;
   b. he was at least 20% but less than 40% disabled on the date of hire as a result of a congenital defect or a disability acquired while a minor, and he was insured at the time his disabling condition resulted in at least a 40% occupational disability.

   In the case of b., only the statutory minimum benefits prescribed by the *BVG* are provided.

2. If an Insured is partially disabled, a portion of the benefits stipulated for total disability shall be granted according to the degree of disablement. Specifically, the Insured shall qualify for
   a full disability pension if he is at least 70% disabled;
   a three-quarters pension if he is at least 60% disabled;
   a half pension if he is at least 50% disabled;
   a quarter pension if he is at least 40% disabled.
3. The entitlement to benefits due to disablement arises at the same time as entitlement to IV benefits. However, the pension payment is deferred until the termination of continued salary payments or salary-replacement benefits, provided the Employer has paid at least half the premiums and the salary-replacement benefit amounts to at least 80% of the salary lost due to disability

   If, for exceptional reasons, entitlement already exists prior to this date, only the minimum benefits prescribed by the *BVG* shall be provided.

4. The amount of the full disability pension is set forth in the relevant pension plan.

5. Entitlement shall end when the Insured ceases to be disabled (subject to Article 26a *BVG*) or dies or becomes entitled to a retirement pension.

Art. 33 Child benefits for disability pensioners

1. Insureds who are entitled to a disability pension shall be eligible to receive additional benefits for each child that would qualify for an orphan's pension in the event of the Insured's death. The other provisions concerning orphans' pensions shall apply by extension.
2. The benefit amounts shall be determined as set forth in the relevant pension plan.

Art. 34 Capital Savings Plan balance in the event of disability including any voluntary savings

1. If the pension plan provides for a Capital Savings Plan/Voluntary Savings Scheme, the balance in the Capital Savings Plan/Voluntary Savings Scheme shall be payable in the event of full disability. In compliance with Art. 47 Subarticle 2, the Insured must apply for payment in writing.
2. The amount of entitlement shall equal the accrued retirement account balance in the Capital Savings Plan/Voluntary Savings Scheme on the due date.

Art. 35 Exemption from contributions

Insureds qualifying for a disability pension from the PF shall be exempted from paying contributions, the extent of the exemption being determined by the degree of disablement. Such exemption shall be granted for as long as the disability persists or until the Insured reaches normal retirement age, whichever period is shorter.

11 Death benefits

Art. 36 Surviving spouse's pension/pension for registered partner

1. The spouse of a deceased Insured or deceased pension recipient shall be entitled to a surviving spouse's pension. Persons who have entered into a registered partnership, as defined by the Swiss Civil Partnership Act, with the person insured with the PF shall have the same status as a spouse.

2. In addition, such entitlement shall apply only if the deceased
   a. was insured at the time of his death or at the start of an occupational disability whose cause resulted in his death;
   b. or if he was at least 20% but less than 40% disabled on the date of hire as a result of a congenital defect or a disability acquired while a minor, and he was insured at the time the occupational disability whose cause resulted in his death increased to at least 40%;
   c. or if he was receiving a disability pension from the PF at the time of his death.

   In the case of b., only the statutory minimum benefits prescribed by the *BVG* are provided.

   Entitlement shall commence upon the death of the Insured or Retiree in the PF, but not before the end of the continued full salary payments or expiry of the pension entitlement in the PF. It shall be payable for life, or until the surviving spouse remarries or enters into a registered partnership.

3. The amount of a surviving spouse's pension shall be determined as set forth in the relevant pension plan.
4. The pension payable to a surviving spouse shall be reduced in the following circumstances, but not below the minimum benefits required by law:
   - If the Insured was more than 15 years older than his spouse and their marriage lasted less than ten years, or
   - If the Insured was more than seven years older than his spouse and over 55 years of age when he married, his surviving spouse's pension shall be reduced by $^{1}/_{30}{}^{th}$ for each year by which the age difference between the Insured and the surviving spouse exceeded 15 and seven years respectively.
   - If the Insured is survived by a spouse who is less than 35 years old and who does not have any children of his/her own or of the Insured's to provide for, such spouse shall receive a lump-sum settlement amounting to three times the applicable annual spouse's benefits instead of a surviving spouse's pension. If it is shown that such spouse was totally or partially incapable of employment at the time of the Insured's death, the Board of Trustees can elect to grant further benefits which, however, shall not exceed the applicable ordinary surviving spouse's pension.

Art. 37 Pension for domestic partner

1. If an Insured or a pension recipient dies and is survived by a domestic partner of the opposite or same gender, but is not survived by a spouse, such domestic partner shall be entitled to a pension in the amount of a spouse's pension, subject to the relevant legal provisions, if
   a. in the event of death up to the retirement age of 65; the domestic partnership has been in existence for five years or more* and continued uninterrupted until the date of death.
   b. in the event of death after the retirement age of 65; the domestic partnership has been in existence since before age 60 and continued uninterrupted until the date of death.
2. For the purpose of entitlement in relation to the PF, domestic partnership means living in the same household and in an exclusive partnership.

   Also,
   - neither partner must be married or in a registered partnership as defined by the Swiss Civil Partnership Act
   - they must not be related or in a stepchild relationship
   - they must not be in receipt of a surviving spouse's pension or domestic partner's pension from a second-pillar scheme or the *AHV*.
3. A domestic partner shall be entitled to survivor's benefits only if he

*Years of marriage are not included in the calculation for either domestic partner.

- received substantial support from the Insured
- or lived in the same household as and maintained a marriage-like relationship with the Insured for an uninterrupted period of no fewer than five years* prior to the Insured's death
- or, at the time of the Insured's death, lived in the same household as and maintained a marriage-like relationship with the Insured, and is responsible for the maintenance of one or more joint children who are eligible for orphan's pensions under these Rules.

4. The benefits payable by the PF shall not exceed 100% of the pension for a surviving spouse.

5. The domestic partner's pension shall continue for life, or until marriage.

6. The other provisions on spouses' pensions shall apply here by extension.

Art. 38 Pension for divorced spouse

A divorced spouse shall be treated as equal to a surviving spouse up to the amount of the statutory minimum surviving spouses' pensions prescribed by the BVG, provided that he was married to the Insured for at least ten years and upon divorce the divorced spouse was granted a pension in accordance with Art. 124e Subarticle 1 or 126 Subarticle 1 of the Swiss Civil Code.

The entitlement to survivors' benefits continues for as long as the pension would have been owed.

The entitlement to survivors' benefits from the PF is reduced by the amount by which these benefits, in combination with the *AHV* survivors' benefits, exceed the entitlement under the divorce settlement.

AHV survivors' benefits are only included to the extent that they are greater than the divorced spouse's own entitlement to an IV disability pension or *AHV* retirement pension. Entitlement must be applied for by the divorced spouse himself and must be proven.

Art. 39 Orphan's pension

1. The children of a deceased Insured or retiree shall be entitled to orphans' pensions. Foster children shall be similarly entitled only if the deceased was responsible for their support.

2. Such entitlement shall commence on the death of the Insured or retiree or, at the earliest, if his salary or wages continue to be paid by the Employer after his death or an entitlement to retirement or disability benefits extends beyond his death, when such payments or such entitlement ends. Entitlement to an orphan's pension shall end on the death of the orphan or when the orphan reaches age 18.

3. Such entitlement shall be extended, however, up to a maximum age of 25:
   For children who are in education or disabled, entitlement to child benefits shall expire upon the end of their education or the end of their disability, but no later than the end of the month in which they reach age 25. Education and the completion and suspension of education are defined in the provisions of Articles 49bis and 49ter of the Ordinance on Old Age and Survivors' Insurance (AHVV).
4. The amounts of orphan's pension shall be determined as set forth in the relevant pension plan.

Art. 40 Capital Savings Plan balance in the event of death including voluntary savings

1. If the pension plan provides for a Capital Savings Plan, the balance in the Capital Savings Plan shall be payable if the Insured dies before reaching retirement age.

2. The amount of entitlement shall equal the accrued retirement savings capital in the Capital Savings Plan on the due date.

3. The following persons shall be eligible for a payment:
   - the surviving spouse;
   - in the absence of the above, natural persons
     — who received substantial support from the Insured or lived in the same household and led a marriage-like relationship with the Insured continuously during the five years* preceding his death, or
     — at the time of the Insured's death lived in the same household, led a marriage-like relationship with the Insured and was responsible for the maintenance of one or more joint children who are entitled to an orphan's pension under these Rules;
   - in the absence of any of the above,
     the children of the deceased;
   - in the absence of any of the above,
     the deceased's parents;
   - in the absence of any of the above,
     the deceased's siblings.

   Where there is more than one beneficiary within a group of beneficiaries, the benefit shall be divided equally among them.

4. For the purpose of entitlement to PF benefits, domestic partnership means living in the same household and in an exclusive partnership.

5. If an Insured is not survived by any eligible beneficiaries, his accrued capital plus interest shall revert to the PF.

12 Common provisions

Art. 41 Benefits paid to the entering generation

The PF shall provide the benefit increases required by law to the 'entering generation' and make the necessary funding arrangements. The entering generation comprises Insureds who reached age 25 on 1 January 1985 and have not yet reached normal retirement age.

Art. 42 Adjustment of current pensions

1. Statutory survivors' and disability pensions in payment for more than three years shall be adjusted for increases in the cost of living at a rate set by the Federal Council. Individual cost-of-living adjustments shall be calculated on the basis of the minimum benefits due under the *BVG*. Benefits predating the *BVG* or exceeding compulsory benefit levels shall be applied against cost-of-living adjustments.

2. To the extent permitted by the PF's finances, the Board of Trustees shall decide an annual adjustment of current pensions in accordance with the reserve regulations. The decision of the Board of Trustees shall be explained in the Annual Report.

* Years of marriage are not included in the calculation for either domestic partner.

Art. 43 Advance payment obligations

If the PF becomes liable to make advance payments because the occupational pension scheme responsible for providing benefits has not yet been established, entitlement shall be limited to the minimum benefits prescribed by the *BVG.* Any back payment of benefits shall be made plus penalty interest, i.e. *BVG* minimum rate plus one percent. If the PF is not liable to pay benefits, it shall have recourse to the pension scheme liable to pay benefits to the extent of the payments already made.

Art. 44 Discretionary benefits

1. On application by an Insured or his dependants, the Board of Trustees can, in cases of hardship, provide discretionary benefits.

2. Corresponding applications must be addressed to the Pension Fund Office. The decision of the Board of Trustees is final.

Art. 45 Coordination with other insurance schemes

1. In case of an insured event covered by the Swiss Federal Accident Insurance Act *(UVG)* or the Swiss Federal Military Insurance Act *(MVG),* the retirement, death and disability benefits payable under these laws shall invariably have primary status.

2. If an Insured's compulsory accident insurance or military insurance does not provide full retirement, disability or death benefits because the insured event is not exclusively attributable to a cause within its scope, the PF shall provide a portion of the benefits contemplated under these Rules. The PF is under no obligation to make up for benefits which have been refused or reduced if the insured event for which a claim is being made resulted from a culpable act on the part of the claimant.

3. If an Insured dies of an illness while drawing disability benefits from his compulsory accident insurance or military insurance, his beneficiaries shall qualify for the death benefits set forth in the relevant plan. The same shall also apply to an Insured disabled by illness who dies as a result of an accidental injury, the amount of the benefit being determined by the degree of disablement. If spouses' and orphans' pensions from military insurance are reduced because the death was not a consequence of the insured damage to health, the BVG minimum benefits shall not be reduced.

Art. 46 Reduction and integration of benefits

1. If the retirement, death or disability benefits from the PF, when aggregated with other reckonable benefits, total more than 90% of the last insured income amount, the PF's benefits shall be reduced by the amount by which the total exceeds the 90% figure. During the continued insurance and maintenance of the eligibility for benefits in accordance with Art. 26a *BVG*, the PF reduces the disability pension in accordance with the Insured's reduced degree of disability but only as far as the reduction is offset by an additional income for the Insured.

   The PF is not obliged to make up for any refusal of or reduction in benefits from AHV/IV, compulsory accident insurance or federal military insurance, in particular if this was undertaken in accordance with Art. 21 of the Federal Act on the General Provisions of Social Security Legislation *(ATSG).* In this case, the unreduced benefits will be taken into account in the reduction calculation.

   The PF may reduce its benefits by the commensurate amount should the *AHV/IV* reduce, withdraw or refuse to pay its benefits on the grounds that the entitled party caused the death or disability through gross negligence or on the grounds that the party is unwilling to participate in federal disability insurance rehabilitation measures.

   Where benefits from the PF have been reduced as a result of a benefit withdrawal under the provisions for home ownership promotion, the unreduced benefits shall be applied.

If, in the event of a divorce, a disability pension is split, the portion of the pension assigned to the entitled spouse is still included in the calculation of any reduction in the Insured's disability pension (including the retirement benefits replacing it).

Art. 21 of the *ATSG* shall apply.

2. When reducing disability benefits prior to reaching normal retirement age and survivors' benefits, the PF includes the following benefits and incomes in the calculation:
   - Survivors' and disability benefits paid to the beneficiary by other Swiss or foreign social security schemes and pension plans due to the damage event; lump-sum payments are included in the calculation at their pension conversion value;
   - Daily allowances from mandatory insurance;
   - Daily allowances from voluntary insurance if these are at least half-financed by the Employer;
   - In the case of a disability pensioner, the gross amount of any earned income and any additional earnings or replacement income which he could reasonably be expected to have, with the exception of the additional income that is achieved during participation in rehabilitation measures pursuant to Art. 8a *IVG*.

   It is not permitted to include the following benefits and income in the calculation:
   - Helplessness allowances and impairment compensation, severance payments, assistance contributions and similar benefits;
   - Additional income generated during participation in federal disability insurance rehabilitation measures.

   The survivors' benefits to spouses and orphans are aggregated. The PF may review the requirements and scope of a reduction at any time and adjust its payments in the event of a material change in circumstances.

3. If the Insured has reached normal retirement age, the benefits shall only be reduced if they coincide with:
   - Benefits under the Swiss Federal Accident Insurance Act;
   - Benefits under the Swiss Federal Military Insurance Act; or
   - Equivalent foreign benefits.

   The PF continues to provide the benefits to the same extent as before retirement age was reached. The reduction applied to other benefits on reaching retirement age and the reduction or refusal of other benefits due to negligence are not required to be offset. The reduced benefits paid by the PF, together with the benefits under the *UVG*, *MVG* and equivalent foreign benefits, must not be lower than the unreduced minimum benefits of the *BVG*.

4. Should a third party be responsible for an insured event, the PF shall, at the time of the event and subject to the restrictions imposed by law, subrogate to the rights of recovery against said third party, in place of the Insured, his surviving dependants or any other beneficiaries, up to the amount of the statutory benefits payable by the PF. Such subrogation is subject to the condition that the benefits payable by the PF and the damages owed by the third party for the same period must together exceed the underlying loss.

5. If death or disability was caused intentionally or through gross negligence, benefits shall be limited to the minimum prescribed by the *BVG*. This provision shall also apply if death or disability resulted from an Insured's actively participating in a violent disturbance or in a war or similar armed conflict to which Switzerland was not a party and in which it was not involved.

6. The claimant must demonstrate that he has notified his benefit entitlement to all other pension schemes or insurance companies and liable third parties in question. The PF reserves the right to request additional documentation and supplementary information, including from third parties. The claimant is obliged to do everything possible to keep the PF's obligation to pay benefits as low as possible. In the event of a breach of one of these obligations, the PF can accordingly reduce, recover or offset the benefits.

Art. 47 Lump-sum settlements

1. If, when the Insured draws the pension, the annual retirement pension amounts to less than 50% of the ordinary minimum *AHV* retirement pension, the disability pension payable in the event of full disability to less than 10% thereof, the surviving spouse's pension to less than 6% thereof, or the child allowance to less than 2% thereof, an equivalent lump sum calculated according to actuarial rules will always be paid out in place of the pension.

2. Lump-sum benefits and the pledging of pension assets: applications for the payment of lump-sum benefits or the pledging of pension assets must be submitted in writing, together with evidence of marital status not older than six months. Spouses or registered partners must agree in writing to the payment of lump-sum benefits or the pledging of pension assets. If consent cannot be obtained, or if it is refused without proper cause, the Insured may have recourse to the courts.

   The Pension Fund Office may request notarised or official certification of the application and consent.

   The need to obtain the spouse/registered partner's consent also applies to lump-sum benefits which, under the Rules, are exclusively intended to be made in the form of a lump sum when they become due.

3. The corresponding benefits under the Rules will be deemed to have been settled once a lump-sum settlement has been paid out.

4. Cash payments must be notified by the PF to the Swiss Federal Tax Administration in Berne and may be subject to withholding tax, which will be deducted from the lump-sum settlement.

Art. 48 Payment of benefits

1. Pensions shall be paid at the end of each month. Pension benefits shall be payable in full in the month in which entitlement ends.

2. Cash benefits are paid at the same time or in place of the initial payment from the pension insurance scheme.

3. Payments are generally made to a paying agent in Switzerland.

4. Cash payments must be notified by the PF to the Swiss Federal Tax Administration in Berne and may be subject to withholding tax, which will be deducted from the lump-sum settlement.

5. Lump-sum payments in the event of retirement or death are due within 30 days of receipt of all required documentation for the assessment and payment of the benefit entitlement. If the Foundation is in arrears, late-payment interest is applied at the BVG minimum interest rate. Arrears in relation to pension payments are determined by Art. 105 Swiss Code of Obligations. The interest rate corresponds to the BVG minimum rate.

Art. 49 Repayment of wrongfully obtained benefits

1. Wrongfully obtained benefits must be repaid or may be netted against PF benefits. The PF may elect to waive recovery if the benefit recipient acted in good faith or recovery would cause significant hardship.

2. The period of limitation for recovery action or damages claims expires three years from the date the PF learns that benefits have been wrongfully obtained but no later than five years from the date on which the individual benefits were paid. If the wrong giving rise to the recovery action or damages claim was a criminal offence for which the Swiss Criminal Code prescribes a longer period of limitation, this statutory period of limitation shall apply.

3. Reimbursement requests are non-interest bearing, except in the case of wrongfully obtained benefits. Where the wrongfully obtained benefit is attributed to an error by the PF, the levying of interest is waived. The rate applied for calculating interest in the event of a wrongfully obtained benefit is based on the *BVG* minimum interest rate, plus 1%.

Art. 50 Financial equilibrium and underfunding

1. If a review by the Certified Pension Fund Actuary shows that the PF is underfunded, the Board of Trustees shall adopt measures to correct the deficit. The Certified Pension Fund Actuary shall submit to the Board a recapitalisation plan detailing a set of actions and the expected length of time until the deficit is corrected.

2. Structural causes must be rectified through permanent measures as a matter of priority. These must address in particular the asset and liability structures of the pension plans and the expected development of the funds of Insureds and pensioners.

3. The measures must be proportionate and appropriate to the degree of underfunding, address its cause and form part of a balanced overall package.

4. Actions to correct underfunding may include but are not limited to:
   - Deficit reduction contributions

     The Board of Trustees is authorised to require Employers and Insureds to make (non-refundable) deficit reduction contributions to correct an underfunding position.

     Subject to the limitations imposed by law, the Board of Trustees may also require pensioners to make deficit reduction contributions provided they have received discretionary benefit increases within the last ten years. However, such contributions must not reduce pensioners' benefits to a level below their initial benefit amount plus any statutory increases they have received in the meantime.
   - Minimum interest rate

     Subject to the limitations imposed by law, the Board of Trustees is authorised to set a rate of interest below the *BVG* interest rate while the PF is underfunded, provided the levy of deficit reduction contributions is inadequate.

     The interest rate used in calculating minimum termination benefits pursuant to Art. 17 of the *FZG* (Swiss Federal Act on the Portability of Occupational Pensions) may be reduced to the same extent.

     The interest rate for a given year may be set after the financial results for that year are available.
   - Reduction of prospective benefits

     The Board of Trustees may elect to reduce future, i.e. prospective, benefits to the extent that they exceed the statutory minimum, either indefinitely or for a fixed period of time.
   - Suspension of early withdrawal facility

     If the PF is in deficit, the Board of Trustees may impose time or amount restrictions on the early withdrawal of monies to repay an existing mortgage.

5. In the event of underfunding, the Employer may make deposits in a special 'employer contribution reserve with waiver of usage account' and also transfer funds from the ordinary contribution reserve to this account.

   The deposits must not exceed the amount of underfunding, nor is any interest payable on them. They may not be used for payments, be pledged, ceded or reduced in any other way.

   Once the underfunding is fully rectified, the employer contribution reserve with waiver of usage shall be dissolved and transferred to the ordinary employer contribution reserve. An early partial dissolution is not possible.

6. The Board of Trustees shall inform the Supervisory Authorities of the underfunding situation and the actions adopted to address it. The recapitalisation plan prepared by the Certified Pension Fund Actuary must be submitted to the attention of the Supervisory Authorities. At the latest, the Supervisory Authorities must be notified once the statement of accounts showing the funding deficit has been prepared.

7. The Board of Trustees shall send a letter to the Supervisory Authorities, the Employer, as well as all Insureds and retirees, informing them fully about the funding deficit, the actions taken to address it and the consequences those actions will have. The Board of Trustees shall continue to send out such letters at least once a year, after the financial results are available, for as long as a funding deficit persists.

8. The Certified Pension Fund Actuary shall annually review the progress made in correcting the funding deficit and submit a report of his review to the Supervisory Authorities. If the review determines that the recapitalisation plan is not achieving its intended aim, the Board of Trustees shall be required to adopt additional measures to correct the funding deficit.

13 Organisation

Art. 51 Statutory bodies

The statutory bodies of the PF are:

- the Board of Trustees and their Alternates
- the Investment Committee
- the Pension Fund Office
- the Auditors
- a Certified Pension Fund Actuary

Art. 52 Board of Trustees

Management tasks

1. The Board of Trustees shall direct the affairs of the PF in accordance with the Foundation Deed as well as the statutory, regulatory and supervisory requirements. It shall represent the PF in all non-delegable tasks.
2. The Board of Trustees holds all powers that are not expressly vested in other statutory bodies or administrative committees of the PF, the Employer or the Insured by law, the Foundation Deed and these Rules.
3. The Board of Trustees may delegate transferable duties to committees, the Pension Fund Office, the Employer or third parties. In particular, it shall delegate management to the Pension Fund Office and supervision of asset management activities to the Investment Committee, and the investment and administration of the PF's assets as provided for in its investment strategy to F. Hoffmann-La Roche Ltd. The Board of Trustees may form committees to take responsibility for special duties and involve experts to provide advice. The Board of Trustees retains responsibility for supervising delegated tasks.
4. The Board of Trustees may authorise a working group to investigate and/or make preparations for complex transactions. The working group shall comprise representatives of employees and Employers, a Certified Pension Fund Actuary, an investment officer, a representative of the Legal department, the Head of PSH and representatives of the Pension Fund Office. The Head of PSH acts as Chair; the Pension Fund Office is responsible for taking the minutes.
5. Where warranted, the Board of Trustees may take decisions that depart from these Rules, provided such decisions preserve claimants' rights and comply with all legal requirements.

Composition

1. The Board of Trustees shall consist of 12 members, including a Chairman, a Vice Chairman and 10 other members. The following shall have equal representation:
   6 Employer representatives
   6 employee representatives
2. The Employer representatives shall be appointed by the Employer and the employee representatives shall be appointed from among the Insureds in service by the employee organisations representing them. The appointments shall adequately reflect the different categories of employment (employees covered by a collective bargaining agreement [GAV employees] and those with an individual employment contract [EAV employees]).
3. The Employer shall designate one of its appointees as Chairman of the Board of Trustees, and the six members appointed by the employee organisations shall designate one of their number as Vice Chairman.
4. Alternates shall be appointed in the same way: six by the Employer and six by employee organisations. If a Trustee is absent or incapacitated, one of the Alternates shall temporarily assume his duties and powers.

Term of office of the Board of Trustees

Trustees and Alternates shall be appointed for a term of office of four years, such term ending upon the approval of the annual financial statements. They shall be eligible for reappointment. If a Trustee steps down during his term of office or loses his eligibility for appointment following the termination of his contract of employment, or if he can no longer execute his mandate for any other reason, a successor shall be appointed to serve out the remaining term of the vacating Trustee.

Convocation and decision-making procedures of the Board of Trustees

1. The Board of Trustees shall be convened as required, but at least twice each year, either by the Chairman or by the Vice Chairman or the Head of the Pension Fund Office acting on the Chairman's instructions. Meetings shall be called by written invitation at least ten days prior to the meeting date and invitations shall include an agenda of the business to be transacted. The notice period for meetings can be waived by unanimous consent of the Trustees or their Alternates. Meetings of the Board of Trustees may also be convened at the request of at least five Trustees.

2. Meetings shall be presided over by the Chairman; in his absence, the Vice Chairman presides.

3. The Board of Trustees shall have a quorum when at least eight Trustees and/or Alternates are present, at least four of whom must be appointees of the employee organisations. Alternatively, the Board may transact business without a meeting, by mail ballot, provided that all Trustees or their alternatives express their views in writing on the business before the Board. The Board shall adopt resolutions by majority vote. In the event of a tied vote, a second vote shall be taken. If the motion remains tied, a three-member panel of arbitration appointed by the Board of Trustees shall decide the matter. If the Board cannot reach a majority consensus on whom to appoint, the Supervisory Authorities shall appoint a panel at the Board's request.

4. Minutes shall be kept of all the deliberations of the Board of Trustees. These must be signed by the Chairman and the minutes secretary and sent to the meeting participants. Any member may request the inclusion of his remarks in the minutes. The minutes and accompanying documents may be inspected by the members of the Board of Trustees at any time.

Art. 53 Pension Fund Office

Duties and powers

1. The Pension Fund Office shall have the duties and powers vested in it by the Board of Trustees. In particular, it shall be responsible for the day-to-day administration of the PF. The details are set forth in a separate management agreement.

2. The Pension Fund Office is responsible for the orderly management of business, orderly accounting and preparation of the annual accounts, consisting of a balance sheet, income statement and notes to the accounts, as provided for by the statutory provisions, the corresponding regulations and the duties delegated to it. It is also responsible for preparing the Annual Report.

3. The Head of the Pension Fund Office issues the necessary instructions for implementing the rules. He directs the management of the PF and attends meetings of the Board of Trustees and Investment Committee in an advisory capacity.

4. Its primary responsibilities include the following:
   a. Preparing templates for the Board of Trustees in connection with the overall strategy and in the actuarial business and organisation areas of its remit;
   b. Preparing proposals and executing resolutions of the Board of Trustees;
   c. Implementing the resolutions of the Board of Trustees, provided they fall within its remit;
   d. Periodically reporting on business activities to the statutory bodies of the Foundation and the Investment Committee;
   e. Technical and business management of the PF accounting function;
   f. Updating and maintenance of data on Insureds;
   g. Preparing and sending insurance statements to Insureds;
   h. Calculating and paying out benefits to recipients;
   i. Handling correspondence with Insureds;
   k. Notifying and providing information to Insureds and retirees;
   l. Dealing with the authorities on day-to-day business matters;
   m. Executing all tasks required by the rules in its own area of remit except those tasks for which another statutory body of the Foundation is responsible;
   n. Collating and storing loyalty declarations.

Art. 54 Auditors and Certified Pension Fund Actuary

1. The Board of Trustees shall appoint auditors to perform annual audits of the PF's management, accounting and investments. The Auditors shall perform their duties in line with statutory requirements.

2. The Board of Trustees shall appoint a Certified Pension Fund Actuary to verify on a periodic basis that the PF can guarantee its ability to fulfil its obligations and to verify that the actuarial provisions on benefits and financing contained in the Rules comply with the statutory requirements.

3. If the Auditors or the Actuary find any shortcomings in the management of the PF, they shall inform the Board of Trustees and (if necessary) the Supervisory Authorities. The Actuary shall then be required to propose suitable corrective action.

14 Closing provisions

Art. 55 Disputes

1. Any person who has, or may have, a legitimate claim on the PF is entitled to appeal decisions by the Pension Fund Office regarding the grant of benefits by submitting a written complaint to the Board of Trustees within one month. As a general rule, the Board shall have one month to make a determination on the complaint and to communicate its decision to the complainant in writing, together with the reasons for the decision.

2. As far as possible, disputes between the PF and any person who has, or may have, a legitimate claim on the PF shall be settled by mutual agreement. Disputes which cannot be settled amicably shall be settled according to the applicable laws.

3. The jurisdiction for disputes shall be the city or town where the respondent has his Swiss registered office or place of residence or where the Insured is or was employed.

Art. 56 Assignments and pledges

An entitlement to benefits from the PF may not be assigned or pledged before the benefits fall due, except under the provisions for home ownership promotion or in cases where part of the balance in an Insured's retirement account is transferred to a spouse following a divorce.

Art. 57 Periods of limitation

1. There is no period of limitation for claiming benefits provided an Insured was a member of the PF at the time of the insured event for which the claim is being made.

2. Claims for periodic contributions and benefits lapse at the end of five years and other claims at the end of ten years. The pertinent articles of the Swiss Code of Obligations shall apply.

Art. 58 Omissions

Questions on which these Rules are silent shall be resolved by the Board of Trustees, exercising due discretion and acting in a manner consistent with the law, the Foundation Deed and these Rules and faithful to the purpose of the PF.

Art. 59 Relationship to EU law

1. The provisions concerning the coordination of social security systems contained in the bilateral agreement of 21 June 1999 between the Swiss Confederation and the European Union and its Member States on the free movement of persons

(Freedom of Movement Agreement) may have priority for Insureds and their family dependants with respect to benefits that fall within the scope of these Rules.

2. The provisions concerning the coordination of social security systems contained in the agreement of 21 June 2001 to revise the agreement of 4 January 1960 on establishing a European Free Trade Association (revised EFTA Agreement) may have priority for Employees and their family dependants with respect to benefits that fall within the scope of these Rules.

Art. 60 Transitional provisions

1. Insureds who were admitted to the PF before 1 January 1995 and who were previously entitled to retire with a pension before age 60 shall continue to be so entitled. If an Insured retires before age 60, his retirement benefits shall be actuarially reduced for each year of age that retirement precedes the Insured's 60th birthday.

2. Insureds born in 1952 and 1953 who were insured on 8 November 2012 (decision of the Board of Trustees) and remain actively insured without interruption on 1 January 2014 or on the date of their subsequent retirement shall retain the conversion rate set out in the Pension Rules valid as of 1 January 2011, and the Pension Plan valid as of 1 January 2012.

3. Transitional provision (partial) vested rights conversion rate as at 1 January 2017 (Pension Insurance Scheme and Capital Savings Plan):
   Depending on the date of joining and subject to Subarticle 7 ('Redundancy schemes and severance practice'), Insureds born between 1952 and 1956 who were insured on 31 December 2016 and remain actively insured in the PF without interruption on 1 January 2017 shall receive a special conversion rate, based on a sliding scale according to the year in which they were born, when they draw their pension at the normal retirement age of 65.

Year of birth	Joined PF	Conv. rate in %
1952/1953	prior to 09.11.2012	6.6
1952/1953	from 09.11.2012	
	until 31.12.2016	5.9
1954	until 31.12.2016	5.9
1955	until 31.12.2016	5.7
1956	until 31.12.2016	5.5

For Insureds who join starting 1 January 2017, the conversion rates set out in the relevant pension plan shall apply.

4. Transitional provision for redundancy schemes and severance practice effective 1 January 2017:
   The transitional provisions specified in Subarticles 5 and 6 shall not apply to Insureds who already have pension assets under one of the following redundancy schemes:
   - pRED Refinement
   - Agile FG
   - Operational Excellence
   - Focus
   - pRED
   - Aleglitazar incl. PD Org Changes 14/1 and 14/2
   - pRED Strategy
   - RPS Organisational Development
   - Biologics DP Basel Ramp Down

   Transitional provisions from Subarticles 5 and 6 shall be disallowed and cancelled for Insureds who subsequently retire in accordance with one of the above-mentioned redundancy schemes.

   Similarly, the transitional provisions from Subarticles 5 and 6 shall be subsequently granted and credited (including interest) to Insureds who did not receive any transitional provisions from Subarticles 5 and 6 on the basis of one of the above-mentioned redundancy schemes and did not retire under the designated redundancy scheme.

   The corresponding rules also apply to Insureds with severance in accordance with the 'old' severance plans (special conditions in the PF) but not the new severance plans from 1 May 2016.

5. Transitional provisions for disability and death as at 1 January 2017:
   For Insureds who were insured in the PF on 31 December 2016, the disability and survivors' benefits defined in the present Pension Rules correspond in CHF to at least those that were insured on 31 December 2016.

   Changes in the employment rate and insured income as well as early withdrawals or repayments under the promotion of home ownership and/or divorce after 31 December 2016 are taken into account accordingly (i.e. the insured income and employment rate as at 31 December 2016 shall apply for the comparative calculation).

   This transitional provision shall apply for three years until 31 December 2019 and provided there is no reduction in salary.

6. Transitional provisions for those born in 1954, 1955 and 1956 as at 1 January 2017:
   Insureds born in 1954, 1955 and 1956 who were already insured in the PF on 31 December 2015 are granted the following vested rights: in the event of retirement after 1 January 2017, the pensions in CHF from the Pension Fund (Pension Insurance Scheme and Capital Savings Plan) and the Supplementary Pension Scheme (Pension Insurance Scheme) are at least as high as they would have been in the event of retirement on 31 December 2016 (based on definitive interest rate).

   This only applies in the event of an unchanged employment rate and unchanged insured income. Changes in the employment rate and insured income as well as early withdrawals or repayments under the promotion of home ownership and/or divorce after 31 December 2016 are taken into account accordingly (i.e. the insured income and employment rate as at 31 December 2016 shall apply for the comparative calculation).

   This transitional rule also applies to Insureds born in 1952 and 1953 for whom a conversion rate of 5.9% in the Pension Fund and 5.6% in the Supplementary Pension Scheme is applied at age 65.

Art. 61 Amendments to the Rules

1. The Board of Trustees may amend these Rules at any time, taking care that any such amendments preserve the accrued rights of Insureds and pensioners.

   Amendments to these Rules which will impose, or are likely to impose, an additional burden on the Employer require the Employer's prior consent, except when they pertain to measures to correct a funding deficit.

2. If an amendment of the Rules results in an increase in benefits, the new higher benefits will apply only to Insureds who were 100% able to work both at the time of the change and during the preceding 12 months.

Art. 62 Effective date

1. The present Rules shall be effective from 1 January 2021 and supersede all earlier versions.

2. The amendments contained in this document shall preserve the rights accrued by Insureds under previous versions of these Rules.

3. The amendments contained in this document shall not affect retirement, survivors' and disability benefits in payment under previous versions of these Rules. This shall not include adjustments in line with changes in statutory and regulatory provisions (in particular adjustments in relation to divorce law and reduction provisions).

15 Appendix

Pension plans:

- Pension Insurance Scheme, Capital Savings Plan and Voluntary Savings Scheme
- Tavero (catering services)
- Rabbit Air pilots
- Apprentices