

Fondazione di Previdenza

Annual report 2021

EFG

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Management Report 2021

Retrospective of the organizational changes and of the social security system

The 2021 was a year full of challenges and important decisions for the Board members of Fondazione di Previdenza EFG SA (Fondazione) in collaboration with the Employer EFG Bank SA (EFG) and consequently for all the insured persons.

First of all the “**Pensioners Ring Fencing**” project was successfully implemented on 1.1.2021.

With the aim of better guaranteeing future financial commitments towards pensioners of EFG’s pension funds, from 1.1.2021 an “Internal Pension Fund” (CPR) was established in the Fondazione.

All the pensioners present in the Fondazione and in the Fondo Complementare di Previdenza EFG SA (Fondo) as at 31.12.2020 have been transferred into the CPR. The net assets transferred from the Fondo to the Fondazione, with a transfer agreement pursuant to Article 98 of the Federal Law on Merger, Demerger, Transformation and Transfer of Assets (LFus), amount to CHF 105.8 mln.

The CPR disposes of separate accounts, assets, balance sheets and coverage ratio within the Fondazione.

With the aim of mitigating the impact of any unfavorable fluctuations in the financial markets in the CPR’s management, the EFG Employer has decided to contribute with an Employer Contribution Reserve of CHF 52 mln paid in January 2021. CPR’s assets and the aforementioned reserve are subject to a separate management mandate from the investments relating to the active insureds of the Fondazione, with tools and strategies suitable for achieving the returns necessary to guarantee future pensions.

The “Steering Committee Pension Funds EFG”, a committee set up in the autumn of 2019 by the Employer with the aim of defining the pension solutions to be adopted for all EFG employees, then continued to work throughout 2021 with the Boards of the EFG pension funds (Fondazione, Fondo and Fondation Collective Trianon “FCT”) to align the forms of financing and pension benefits of all EFG insureds, implementing the “**harmonized base pension plan**” from 1.1.2022 (details in note 3.3).

With the intention of aligning with market trends and needs, and being able to offer services to insureds in line with what is offered by competitors, from 1.1.2022 **the new 1e pension plan of EFG** was then introduced (from article 1e of Ordinance on occupational pensions for old age, survivors and disability “OPP 2”), implemented with the Fondation Collective Trianon 1e (FCT 1e), in which high salary employees have the opportunity to choose their own investment profile for a significant portion of their pension savings linked to the second pillar (see note 3.3).

The Fondo’s insured persons with at least 55 years of age as of 31.12.2021 could irrevocably decide to insure all gross annual salary of CHF 145’000 or more in the Fondazione from 1.1.2022, up to a maximum of CHF 500’000 (**grandfathering**).

For the vested benefits accumulated in the Fondo up to 31.12.2021, the insured persons were then able to choose whether to transfer the capital on 1.1.2022 totally or partially to the new FCT 1e pension plan (**irrevocable opt-in**) or transfer them to the Fondazione (**irrevocable opt-out**). Note 10 details all the capital transfers which took place on 1.1.2022 in Fondazione because of these choices.

Following a joint **renegotiation** for the EFG pension funds by the Steering Committee of the **reinsurance contracts** for death and disability benefits, the risk contribution for 2022 in the Fondazione was reduced to 2%, of which 0.666% borne by the employee.

The Steering Committee and the EFG Pension Fund Boards are continuing to work jointly on insuring the **variable part of the salary** in the new FCT 1e.

We will keep you informed of developments in our work.

Coverage ratio and other key figures

The projects carried out, illustrated in the previous paragraph, have a significant influence in the comment on the evolution of the key figures of the Fondazione during the year 2021.

| Summary of "key figures" | 31.12.2021 | 1.1.2021 ¹ | 31.12.2020 |
|-------------------------------------------------------|-----------------|-----------------------|---------------|
| Coverage ratio | 110.7% | 105.6% | 105.5% |
| Technical interest rate | 1.75% | 1.75% | 1.75% |
| Generational tables | LPP 2020 | LPP 2015 | LPP 2015 |
| Net investment performance in % | +4.11% | - | +3.26% |
| Fluctuation reserve (target 31.12.2021 = CHF 203 mln) | CHF 96.9 mln | CHF 53.2 mln | CHF 47.1 mln |
| Net pension assets | CHF 1'007.2 mln | CHF 1'007.1 mln | CHF 901.3 mln |
| Pension liabilities and actuarial provisions | CHF 910.3 mln | CHF 953.9 mln | CHF 854.2 mln |

¹ Fondazione's status after the transfer of assets and liabilities related to Fondo's pensioners at 31.12.2020..

The transfer of the Fondo's pensioners to the CPR on 1.1.2021 led to an increase in total Net pension assets of CHF 105.8 mln and in Pension liabilities and actuarial provisions of CHF 99.7 mln, leaving the Fondazione's coverage ratio essentially unchanged at 105.6%.

The subsequent improvement in the Fondazione's coverage ratio is mainly due to a reduction of CHF 43.6 mln in Pension liabilities and actuarial provisions, while Net pension assets increased slightly compared with 1.1.2021. The reduction in Pension liabilities and actuarial provisions is mainly due to savings of CHF 31.4 mln resulting from the adoption of the latest LPP 2020 generational tables and CHF 11 mln from the release of the no longer required provision for longevity risk for pensioners (details in note 5.8).

2021 was a good year for the financial markets, generating a net performance in the management of the Fondazione's assets of 4.11%. In particular the good performance of the CPR portfolio enabled a collective provision for future reductions in the technical rate of CPR pensioners of CHF 28.5 mln, effectively reducing the implied technical rate of this division to 1%.

The annual report of Fondazione closed the year with a Fluctuation reserve of CHF 96.9 mln, including CHF 6.150 mln transferred by the Fondo on 1.1.2021. The target set for this reserve corresponds to 22.3% of Pension obligations on 31.12.2021, therefore CHF 203 mln. A pension fund with a fully funded Fluctuation reserve has a greater risk capacity and the financial strength to face the future with confidence.

Retrospective and outlook of the financial markets

2021 was a good year for financial markets in general, on the back of optimism about the strong post-Covid-19 economic recovery.

The rebound in the global economy sent corporate profits and stock markets soaring, benefiting all sectors. Overall, developed markets outperformed emerging markets, with Europe and the US leading the way, while China and Latin America disappointed expectations.

On the macro side, despite the appearance of the new Omicron variant and some downward revisions to mid-year expectations due to issues in manufacturing supply chains, we continued to see encouraging data on economic growth. Corporate earnings have, in this environment, shown resilience with a robust growth outlook.

Concerns about inflation, which is proving more persistent than expected, led several central banks to review their strategies. In December, the Fed accelerated "tapering" and announced eight rate increases over the next three years; the BCE reduced stimulus related to the Covid-19 emergency.

At the end of 2021, the EFGAM Fondazione's asset manager was slightly overweight in equities, to the detriment of bonds through a mixed management of active and passive components. In equities, they maintained a focus on Asia and Japan, smaller companies and a more balanced style between "Quality Growth" and more cyclical sectors. In bonds, they favoured emerging markets, convertible bonds and corporate bonds.

See note 6.6 for a detailed commentary on the Fondazione's performance for the year.

In a post-pandemic environment, the economy was thus recovering well, with good growth prospects for 2022. However, since the end of February 2022, the Russian-Ukrainian conflict has again thrown the global political economic environment into uncertainty.

Conclusion

Also in 2021, the results of the asset management were satisfactory and contributed to maintaining the financial stability of Fondazione.

In close collaboration with the Employer, the "Pensioners Ring Fencing" project was successfully implemented on 1.1.2021, with the important injection by EFG of CHF 52 mln as Employer Contribution Reserve to ensure the CPR.

With the establishment of the new FCT 1e plan, the EFG employer and the Board are proud to offer their employees, for a part of their pension savings, the possibility of personally choosing their investment profile, without being impacted by dynamics of generational solidarity partially present in the Fondazione, although mitigated by the establishment of the CPR.

With the new organizational structure and more solid financial grounds, we are working with renewed energy on the next stages of the project, in order to arrive at an integrated pension solution valid for all EFG insured.

We are sure that all members of the Board, together with the Administration and in collaboration with the Employer, will be able to face the challenges that will arise with the utmost determination and professionalism.

We wish to thank all colleagues who have worked with commitment and motivation in the interest of all insureds.



Yves Bersier
President of the Board



Michele Casartelli
Foundation Manager

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Balance sheet

| ASSETS | NOTES | CHF 31.12.2021 | CHF 31.12.2020 |
|------------------------------------------------------------------|------------------|----------------------|--------------------|
| Investments | | 1'061'800'634 | 907'338'322 |
| Liquid funds | 6.3 | 41'931'841 | 21'899'589 |
| Other receivables | 7.1 | 3'517'883 | 3'962'970 |
| Bonds | 6.3 | 419'431'168 | 271'950'890 |
| Equities | 6.3 | 269'159'459 | 317'779'263 |
| Alternative investments | 6.3 | 35'683'274 | - |
| Real estate funds | 6.3 | 292'077'009 | 291'745'610 |
| Prepayments and accrued income | 7.2 | - | - |
| Information system | | 1 | 1 |
| Total assets | | 1'061'800'635 | 907'338'323 |
| LIABILITIES | | | |
| Accounts payables | | 240'501 | 367'968 |
| Vested benefits and retirement capital to be paid | | 104'313 | 315'769 |
| Other accounts payables | | 136'188 | 52'199 |
| Accrued liabilities and deferred income | 7.3 | 442'305 | 5'648'468 |
| Employer Contribution Reserve (ECR) without waiver of use | 5.9 / 9.2 | 53'872'000 | - |
| Pension liabilities and actuarial provisions | | 910'288'953 | 854'213'544 |
| Active employees' liabilities | 5.2 | 197'169'580 | 195'075'833 |
| Pensioners' liabilities | 5.4 | 655'327'322 | 621'909'830 |
| Actuarial provisions | 5.5 | 57'792'051 | 37'227'881 |
| Fluctuation reserve | 6.2 | 96'956'876 | 47'108'343 |
| Dotation capital and free funds / underfunding | | - | - |
| Dotation capital | | 10'000 | 10'000 |
| <i>Free funds / Underfunding</i> | | | |
| Balance at the beginning of the period | | -10'000 | -10'000 |
| Income surplus / (-) Expense surplus of the period | | - | - |
| Balance at the end of the period | | -10'000 | -10'000 |
| Total liabilities | | 1'061'800'635 | 907'338'323 |

Operating account

| | NOTES | CHF 2021 | CHF 2020 |
|----------------------------------------------------------------|-----------|--------------------|--------------------|
| Ordinary and other contributions, buy-ins | | 70'274'166 | 21'100'268 |
| <i>Employer contributions</i> | | | |
| Ordinary contributions | | 7'444'915 | 8'515'432 |
| Extraordinary contributions | 5.4 | - | 1'234'748 |
| Employer payments for AHV bridging pension benefits | | 2'454'394 | 2'922'754 |
| <i>Contribution to ECR</i> | 5.9 / 9.2 | 52'000'000 | - |
| <i>Use of ECR</i> | 5.9 / 9.2 | - | -53'291 |
| <i>Employee contributions</i> | | | |
| Ordinary contributions | | 5'006'983 | 5'720'457 |
| One-time payments and purchase amounts | 5.2 | 3'367'874 | 2'760'168 |
| Entry lump sum transfers | | 110'681'775 | 3'108'573 |
| Earnings from Vested benefit transfers | 5.2 | 4'547'630 | 2'956'713 |
| <i>Transfer of additional funds in case of collective exit</i> | | | |
| Collective transfer of Pensioners' liabilities | 5.4 | 87'852'299 | - |
| Collective transfer of Actuarial provisions | 5.5.7 | 11'821'998 | - |
| Collective transfer of Fluctuation reserve | 6.2 | 6'149'975 | - |
| Buy-ins and earnings from divorce | 5.2 | 21'320 | 20'000 |
| Reimbursements from divorce | 5.2 | 4'447 | 35'010 |
| Repayment of withdrawals for residential property | 5.2 | 284'106 | 96'850 |
| Income from contributions and entry payments | | 180'955'941 | 24'208'841 |
| Regulatory benefits | | -52'823'736 | -50'713'429 |
| Retirement pensions | | -41'326'905 | -36'611'774 |
| Disability pensions | | -955'162 | -769'523 |
| Spouse pensions | | -5'740'745 | -5'014'188 |
| Orphan and children pensions | | -474'407 | -525'386 |
| AHV bridging pensions | | -2'487'165 | -2'927'086 |
| Other regulatory benefits | | - | -126'642 |
| Retirement capital | 5.2 | -1'839'352 | -4'434'143 |
| Lump sum payments on death and disability | | - | -304'687 |
| Termination benefits | | -12'074'804 | -37'398'403 |
| Departures of Vested benefits | 5.2 | -11'930'429 | -35'942'497 |
| Withdrawals for residential property and divorce | 5.2 | -144'375 | -1'455'906 |
| Expenses for benefits and withdrawals | | -64'898'540 | -88'111'832 |

Operating account (2nd part)

| | NOTES | CHF 2021 | CHF 2020 |
|----------------------------------------------------------------------------------------|-------------|---------------------|--------------------|
| Release / (-) creation of Pension liabilities, Actuarial provisions and ECR | | -108'075'516 | 31'389'922 |
| Variation in Active employees' liabilities | | 1'745'113 | 34'897'403 |
| Variation in Pensioners' liabilities | | -33'417'492 | 20'198'602 |
| Variation in Actuarial provisions | | -20'564'170 | -19'067'737 |
| Interest on vested benefits paid | | -107 | -7'028 |
| Interest on retirement savings capital | 5.2 | -3'838'860 | -4'684'609 |
| Release / (-) creation of ECR | 5.9 / 9.2 | -52'000'000 | 53'291 |
| Income from insurance benefits | | 1'273'991 | 1'842'239 |
| Insurance benefits | | 1'122'553 | 1'526'030 |
| Share of insurance surplus | | 151'438 | 316'209 |
| Insurance expenses | | -1'216'691 | -1'408'363 |
| Insurance premium | 5.1 | -1'137'833 | -1'324'979 |
| Contribution to Guarantee Fund | | -78'858 | -83'384 |
| Net income from insurance activities | 5.10 | 8'039'185 | -32'079'193 |
| Net income from investments | 6.6 | 42'490'624 | 30'008'363 |
| Income from Liquid funds | | -399'198 | -195'720 |
| Income from Bonds | | -7'256'690 | 9'837'342 |
| Income from Equities | | 46'419'368 | 45'824'181 |
| Income from Alternative investments | | 442'369 | - |
| Income from Real estate funds | | 20'408'325 | 17'738'635 |
| Income from Derivatives | 6.5 | -9'084'469 | -38'125'164 |
| Retrocessions received | 6.9 | - | 50'645 |
| Remuneration of ECR | 5.9 / 9.2 | -1'872'000 | - |
| Asset management expenses | 6.7 | -6'167'081 | -5'121'556 |
| Other income | | 4'694 | 4'544 |
| General administration expenses | | -685'971 | -608'661 |
| Actuary activities | | -174'610 | -61'658 |
| External audit | | -44'888 | -41'469 |
| Supervisory authority | | -22'828 | -16'878 |
| Marketing and advertising | | -4'080 | -3'651 |
| General administration | | -439'565 | -485'005 |
| Income / (-) Expense before creating / releasing of Fluctuation reserve | 5.10 | 49'848'532 | -2'674'947 |
| Release / (-) creation of Fluctuation reserve | 6.2 | -49'848'532 | 2'674'947 |
| Income surplus / (-) Expense surplus of the period | | - | - |

Balance sheet by Division

| ASSETS | CHF CPR ¹ 31.12.2021 | CHF CPR 1.1.2021 ³ | CHF Active Division ² 31.12.2021 | CHF Active Division 1.1.2021 |
|-----------------------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------------------|------------------------------------|
| Investments | 825'377'561 | 846'951'359 | 236'423'073 | 218'512'861 |
| Prepayments and accrued income | - | 1'198'906 | - | - |
| Information system | - | - | 1 | 1 |
| Total assets | 825'377'561 | 848'150'265 | 236'423'074 | 218'512'862 |
| LIABILITIES | | | | |
| Accounts payables | 100'813 | - | 139'688 | 367'968 |
| Accrued liabilities and deferred income | 278'381 | 4'960'830 | 163'924 | 2'188'170 |
| ECR without waiver of use⁴ | 53'872'000 | 52'000'000 | - | - |
| Pension liabilities and actuarial provisions | 700'636'668 | 749'201'419 | 209'652'285 | 204'686'422 |
| Fluctuation reserve | 70'489'699 | 41'988'016 | 26'467'177 | 11'270'302 |
| Total liabilities | 825'377'561 | 848'150'265 | 236'423'074 | 218'512'862 |

¹ Internal pension fund, which includes from 1.1.2021 all pensioners of Fondazione di Previdenza EFG SA (Fondazione) and of Fondo Completare di Previdenza EFG SA (Fondo) at 31.12.2020. It is a closed set of population.

² The Active Division includes all Pensioners from 2.1.2021 and the Active employees.

³ The opening balances of CPR at 1.1.2021 include also the assets and the liabilities referred to the pensioners at 31.12.2020 transferred from Fondo to Fondazione ex art. 98 LFus.

⁴ In order to cover fluctuations in the CPR's investments, the EFG employer has set up an Employer Contribution Reserve of CHF 52 mln. This is invested together with the CPR's assets, with the net annual return being charged to it.

Operating account by Division

| | CHF CPR 2021 | CHF Active Division 2021 |
|------------------------------------------------------------------------------------|---------------------|--------------------------------|
| Ordinary and other contribution, buy-ins | 54'153'318 | 16'120'848 |
| Entry lump sum transfers | 105'824'272 | 4'857'503 |
| Income from contributions and entry payments | 159'977'590 | 20'978'351 |
| Regulatory benefits | -50'541'326 | -2'282'410 |
| Termination benefits | - | -12'074'804 |
| Expenses for benefits and withdrawals | -50'541'326 | -14'357'214 |
| Release / (-) creation of Pension liabilities, Actuarial provisions and ECR | -103'109'546 | -4'965'970 |
| Income from insurance benefits | 1'113'337 | 160'654 |
| Insurance expenses | -25'271 | -1'191'420 |
| Net income from insurance activities | 7'414'784 | 624'401 |
| Net income from investments | 27'614'878 | 14'875'746 |
| Other income | 2'266 | 2'428 |
| General administration expenses | -380'270 | -305'701 |
| Income / (-) Expense before creating / releasing of Fluctuation reserve | 34'651'658 | 15'196'874 |
| Release / (-) creation of Fluctuation reserve | -34'651'658 | -15'196'874 |
| Income surplus / (-) Expense surplus of the period | - | - |

Notes to the 2021 Financial Statements

1. General information and organization

1.1. Legal form and objective

Fondazione di Previdenza EFG SA (hereinafter the Fondazione) is a pension fund pursuant to article 80 and seq. of the Swiss Civil Code (hereinafter CC), article 331 of the Code of Obligations (hereinafter CO) and article 48, paragraph 2 of the Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (hereinafter LPP) and it manages a Pension Fund.

The Fondazione was founded on 4 November 1944 and in 2017 has changed its name from Fondazione di Previdenza BSI SA to Fondazione di Previdenza EFG SA.

The Fondazione's objective is to provide occupational retirement schemes within the scope of LPP and the ordinances regarding its implementation, against the economic consequences of old age, death and disability in favor of the employees of the Founder already insured with the Fondazione by 30.6.2017 and all persons employed from 1.7.2017 in Ticino by EFG Bank AG (EFG) and by the entities affiliated with the Fondazione, insofar as they have entered into an affiliation agreement, as well as the employees of the Fondazione, their relatives and survivors. Inclusion of an affiliated entity is made through a special written agreement, subject to the Supervisory Authority.

Starting from 1.1.2015 benefits are issued according to the *defined contribution plan*. In any case, the Fondazione complies with the minimum requirement set by applicable laws (LPP), while part of the non-compulsory occupational pension provision is covered by the Fondo Complementare di Previdenza EFG SA (Fondo). For more details on the structure of the insurance plans, please refer to section 3.

With contract signed on 4.1.2021 between Fondazione and EFG, Fondazione disposes as of 1.1.2021 of an Internal Pensioners Fund (CPR).

The CPR includes exclusively the pensioners of Fondazione on 31.12.2020, the pensioners of Fondo on 31.12.2020 (transferred by contract to Fondazione on 1.1.2021 according to article 98 LFus), as well as pensioners subject to reinsurance as of 31.12.2020.

The CPR assumes all obligations towards the pensioners defined above, including the expected survivors' benefits provided for in the Pension fund regulation at the time of death. Recipients of retirement and disability pensions after 2 January 2021 are not included in the CPR.

To cover the fluctuation of the CPR assets and, if applicable, its coverage ratio by waiving the use in case of an underfunding (Art. 44a OPP2), the employer EFG paid in January 2021 CHF 52 mln as Employer Contribution Reserve (see note 5.9).

1.2. LPP and Guarantee Fund registrations

In compliance with article 48 LPP the Fondazione is included in the registry of occupational retirement of the Canton Ticino under number TI-0039 and it pays contributions to the LPP Guarantee Fund.

The Fondazione is located at the offices of the Lugano branch of the Founder EFG, at via Magatti 2, Lugano.

1.3. Information about Statute and Regulations

| | In force from | Note |
|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------|
| Statute | 4.9.2017 | Approved by the Foundation Board on 4.9.2017 Approved by the Supervisory Authority on 15.9.2017 |
| Organization regulation | 22.11.2021 | Approved by the Foundation Board on 22.11.2021 |
| Electoral regulation for the nomination of the delegates meeting and the representatives of the active employees in the Foundation Board | 26.7.2017 | Approved by the Foundation Board on 26.7.2017 |
| Pension fund regulation for employees and pensioners who were insured with "Fondazione di Previdenza EFG SA" as at 30.6.2017 (Plan 1) | 1.1.2021 - 31.12.2021 | Approved by the Foundation Board on 23.11.2020 |
| Pension fund regulation (Plan 2) | 1.1.2021 - 31.12.2021 | Approved by the Foundation Board on 23.11.2020 |
| Pension fund regulation ¹ | 1.1.2022 | Approved by the Foundation Board on 15.12.2021 |
| Regulation on partial and full liquidation and merger | 1.1.2018 | Approved by the Supervisory Authority on 30.3.2018 |
| Regulation of actuarial provisions | 31.12.2021 | Approved by the Foundation Board on 22.11.2021 |
| Investment regulation | 27.9.2021 | Approved by the Foundation Board on 27.9.2021 |

¹ As of 1.1.2022, all EFG pension funds (Fondazione, Fondation Collective Trianon - FCT and Fondo) have been harmonised in the new EFG Switzerland pension plan. The main features and benefits of the "harmonised" plan are listed in note 3.3.

The Chapter XI of Pension fund regulation (Plan 1 and 2) describes how the CPR division works.

All individuals in charge of the management or administration of the Fondazione or its assets shall comply with provisions on *loyalty and integrity*, as established in the LPP and the decree on Occupational Retirement, Survivors and Disability Pension plans (OPP2) (article 51b LPP, article 48g OPP2), and in the Organization regulation, as well as in the ethical standards relating for the members of the Swiss Association of Pension Funds (ASIP Charter and relevant guidelines). The Foundation Board (hereinafter Board) has taken all required measures to verify compliance of such provisions.

1.4. Governing bodies and signing authorities

1.4.1. Foundation Board

| | Role | Mandate Duration | Representatives | Signing authorities |
|-------------------------|--------------------|------------------|-----------------|-----------------------------------------------------------------------------------------|
| Bersier Yves | Chairman | 1/2020-12/2023 | Employer | joint signature of two authorized signatories |
| Moser Christian | Vice-Chairman | 7/2018-6/2023 | Employees | joint signature of two authorized signatories |
| Politis Dimitrios | Member | 1/2020-12/2023 | Employer | joint signature of two authorized signatories (with Chairman, Vice Chairman or Manager) |
| Archimandriti Ioanna | Member | 1/2022-12/2025 | Employer | joint signature of two authorized signatories (with Chairman, Vice Chairman or Manager) |
| Schneider Jacques-André | Member | 2/2020-12/2023 | Employer | joint signature of two authorized signatories (with Chairman, Vice Chairman or Manager) |
| Antonini Massimo | Member | 7/2018-6/2023 | Employees | joint signature of two authorized signatories (with Chairman, Vice Chairman or Manager) |
| Russi Andrea | Member | 1/2020-6/2023 | Employees | joint signature of two authorized signatories (with Chairman, Vice Chairman or Manager) |
| Battaini Giordano | Member / Secretary | 1/2019-6/2023 | Employees | joint signature of two authorized signatories (with Chairman, Vice Chairman or Manager) |

Modifications in the composition of the Foundation Board:

As of 2022 EFG has appointed Ioanna Archimandriti as the new employer representative replacing Josué M'Bon.

During the meeting of 22.11.2021, the Board unanimously resolved to amend the Organisation regulation to allow the mandate of the Delegates' Meeting to be extended by one year (see paragraph 1.4.3). In view of the extraordinary situation in 2021 and the numerous ongoing activities, the amendments to the Regulation allow the Board to extend the four-year term of office of the Employees representatives for a further year. By resolution of 14.2.2022, the current Employees representatives therefore agreed to extend their mandate until June 2023.

The Board is responsible for the management and administration of CPR (art. 3 of Organization regulation). In particular, the Board decides on the technical basis, the allocation of assets, the establishment of the Fluctuation reserve and the allocation of the CPR results, after consultation and study by the EFG Employer.

1.4.2. Committees of Foundation Board

Remuneration and Appointment Committee (CRN)

The CRN is responsible for recruitment, remuneration and proposing candidates for appointment within the Administration. The CRN is composed by the Chairman and the Vice Chairman of the Fondazione. The Foundation Manager participates without any voting rights.

Security Investment Committee (CIM)

The CIM is in charge of analysing and verifying the investments in securities of the Fondazione; it is composed by the following members:

| | Function | Representative of |
|-------------------------|---------------------------------|--------------------|
| Schneider Jacques-André | Chairman | Employer |
| Bersier Yves | Member | Employer |
| Battaini Giordano | Member | Employees |
| Russi Andrea | Member | Employees |
| Casartelli Michele | Secretary without voting rights | Foundation Manager |

The Board, during the meeting of 29.1.2021, unanimously decided to appoint Jacques-André Schneider as member and president of the CIM in place of Josué M'Bon with immediate effect.

The Board is responsible for the management and administration of CPR (art. 3 of Organization regulation), while the CIM is responsible for the analysis and checks on security investment of CPR (art. 4 of Organization regulation).

Real Estate Investment Committee (CII)

The CII is in charge of analysing and verifying the investments in real estates of the Fondazione, it is composed by the following members:

| | Function | Representative of |
|-------------------------|---------------------------------|--------------------|
| Schneider Jacques-André | Chairman | Employer |
| Bersier Yves | Member | Employer |
| Battaini Giordano | Member | Employees |
| Russi Andrea | Member | Employees |
| Casartelli Michele | Secretary without voting rights | Foundation Manager |

The Board, during the meeting of 29.1.2021, unanimously decided to appoint Jacques-André Schneider as member and president of the CII in place of Josué M'Bon with immediate effect.

1.4.3. Delegates' Meeting

The Delegates' Meeting operates as an advisory and general control body of the Fondazione.

The many ongoing activities at the end of 2021 to complete the harmonisation of the EFG pension plans and the continually evolving administrative set-up led the Board to approve, at its meeting on 22.11.2021, amendments to the Organisation regulation that made it possible to extend the mandate of the Delegates (expiring on 31.12.2021) for a further year, until 31.12.2022.

The extension of the term of office was communicated to the Delegates on 29 November 2021.

The Delegates' Meeting is composed of:

- **Active employees:** Balmelli Roberto, Battaini Giordano, Bianchi Giacomo, Butti Alessandro, Caggiano Massimo, Cantieni Andri, Dal Pozzo Daniela, Gianini Matteo, Mazza Andrea, Moser Christian, Pagnamenta Maurizio, Palmisano Antonio, Perletti Maurizio, Perruchoud Jean-Marie, Roncoroni Moira, Russi Andrea, Spaggiari Antonella, Tironi Francesco.
- **Pension beneficiaries:** Ballinari Francesca, Beretti Manuela, Boissard Gilbert, Bosia Franco, Bussani Alessandro, Cantoni Gianfranco, Castelli Giuliano, Delmenico Renzo, Etter Walter, Fioroni Giampiero, Gajo Ermanno, Morelli Claudio, Piattini Aurelio, Poretti Giovanni, Prada Giancarlo, Rezzonico Gianni, Rezzonico Renato, Riva Mario, Rusca Cornelio, Schilling Peter.

1.4.4. Management

Starting from 1.1.2012, an administrative department independent by the employer has been created within the Fondazione in order to carry out administrative management, technical, accounting and business activities of the Fondazione and similar pension funds. Tasks and responsibilities are defined by the Foundation Board. The Foundation Manager can delegate some of his/her tasks to reports or other external consultants. On 31.12.2021 the administrative department was composed by 5 permanent employees (equivalent to 3.8 working units).

Administrative, technical-accounting, business and financial-accounting management is performed by the Fondazione also with regards to the Fondo, whose purpose is the management of a supplementary pension plan.

1.5. Experts, auditors, advisors, Supervisory Authority

| | | Note |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accredited pension actuary | Towers Watson AG (TW), Zurich: Peter Zanella | |
| Auditor | Ernst & Young SA, Lugano: Erico Bertoli / Michele Balestra | |
| Supervisory Authority | Vigilanza sulle fondazioni e LPP della Svizzera Orientale, Muralto: Ivar Cadloni | |
| Custodian banks / Asset manager / Portfolio manager | EFG Bank SA, Lugano branch | The bank has delegated the Fondazione's Portfolio Manager activities to its subsidiary with 100% participation "EFG Asset Management (Switzerland) SA" (EFGAM), Geneva. EFGAM is a financial services provider authorized by FINMA underlying in Switzerland to the supervision of the federal Authority of the financial markets supervision. |
| | Client Relationship Manager: Martin Boschung | Head Portfolio Manager: Francesco D'Agostino (Deputy: Luca Orelli). |
| | Zürcher Kantonalbank, Zurich | For the deposit of the investment in Swiss real estate funds of the "Swisscanto Anlagestiftung", Zurich (SAST see note 6). |
| | UBS Switzerland AG, Lugano | For the deposit of the investment in foreign real estate funds ("UBS Funds" see note 6). |
| Investment Controller / Asset & Liability Management studies (ALM) | PPCMetrics SA, Zurich: Alfredo Fusetti | |

1.6. Affiliated employers

The amount of affiliated companies has developed as follows:

| | EFG Bank AG | Fondazione di previdenza EFG SA | Finnat Gestioni SA | Patrimony 1873 SA | EFG Asset Management (CH) SA | Art 47a ⁵ | Total 2021 | Total 2020 |
|-----------------------------------------|----------------|---------------------------------------|-----------------------|----------------------|------------------------------------|----------------------|---------------|---------------|
| Situation at 1.1. | 613 | 5 | 1 | 21 | 26 | - | 666 | 801 |
| + / - Transfers | 3 | - | - | -3 | -1 | 1 | - | - |
| + Entries ¹ | 19 | - | 1 | - | 2 | 1 | 23 | 13 |
| - Departures ² / Deaths | -40 | - | -1 | -9 | -2 | - | -52 | -122 |
| - Retirements ³ / Disability | -15 | - | - | - | - | - | -15 | -26 |
| Situation at 31.12.⁴ | 580 | 5 | 1 | 9 | 25 | 2 | 622 | 666 |

Remarks:

¹ It includes entries and departures within the year.

² It includes resignations at 31.12, as well as entries and departures within the year.

³ Partial retirements and disabilities are not taken into account because the participant is still partly an active employee. The item includes both regular retirements and early retirements, including those starting on 1st January of the following year.

⁴ Participants with part-time contracts are considered as units.

⁵ The category includes both those who have decided to self-finance savings and risk contributions and those who pay only risk contributions.

The introduction of Art 47a LPP allowed insured persons aged 58 and over, whose employment relationship is terminated due to termination by their employer, to choose whether to exercise their right of continuation of their pension insurance. The Fondazione has currently 2 members (1 contributing only for risk and 1 contributing for savings and risk).

In 2021 the number of active employees fell by -44 units in net terms (2020: -135).

No new cases of disability occurred in 2021 and no active employees died.

2. Active employees and pensioners

2.1. Active employees

| Structure by gender | Plan 1* | Plan 2* | 31.12.2021 | 31.12.2020 |
|---------------------|------------|-----------|------------|------------|
| Men | 349 | 35 | 384 | 411 |
| Women | 205 | 33 | 238 | 255 |
| Total | 554 | 68 | 622 | 666 |

* See section 3.1 for more detailed information in relation to the two plans.

The women to men ratio remained unchanged compared to 2020.

| Structure by age range | 31.12.2021 | 31.12.2020 |
|------------------------|------------|------------|
| Less than 24 years | 3 | 4 |
| 24 - 32 years | 46 | 49 |
| 33 - 42 years | 128 | 147 |
| 43 - 54 years | 289 | 315 |
| From 55 years | 156 | 151 |
| Total | 622 | 666 |
| Average age | 47.9 | 47.4 |

Although in the “43-54 years” of old age range the highest number of departures was recorded in 2021 (-26), this age range remains the most important in relative terms amounting to 46.50% of the total number of active members (2020: 47.30%). The latter figure, together with a slight increase in the average age of active employees, shows the absence of generational turnover in the employers. For changes in the number of active employees during the year, please refer to the note 1.6.

2.2. Pensioners

| | Retirement pensions beneficiaries ¹ | Disability pensions beneficiaries ² | Spouse pensions beneficiaries | Children pensions beneficiaries ³ | Total 2021 | Total 2020 |
|--------------------------------------------|------------------------------------------------|------------------------------------------------|-------------------------------|----------------------------------------------|--------------|--------------|
| CPR | | | | | | |
| Situation at 1.1. | 793 | 31 | 152 | 56 | 1'032 | 1'039 |
| + Entries ⁴ | 1 | - | 11 | 1 | 13 | 41 |
| + / - Conversions | 1 | -1 | - | - | - | - |
| - Deaths / Terminations | -22 | -1 | -5 | -6 | -34 | -48 |
| CPR Situation at 31.12. | 773 | 29 | 158 | 51 | 1'011 | 1'032 |
| Active Division | | | | | | |
| Situation at 1.1. | - | - | - | - | - | - |
| + Entries | 12 | - | - | 1 | 13 | - |
| + / - Conversions | - | - | - | - | - | - |
| - Deaths / Terminations | - | - | - | - | - | - |
| Active Division Situation at 31.12. | 12 | - | - | 1 | 13 | - |
| Total Fondazione at 31.12. | 785 | 29 | 158 | 52 | 1'024 | 1'032 |

Remarks:

- ¹ Are included early and ordinary retirements, and the beneficiaries of pensions for divorce as their size does not justify an allocation in a separate category that would undermine the protection of privacy (para. 6.15 Swiss GAAP FER 26).
- ² Upon reaching ordinary retiring age, the disability benefits are converted into a retirement benefits. Partially disabled persons are counted as a unit. In case of partially active employees, the participant is considered as both active employee and disabled beneficiary.
- ³ It includes the children of beneficiaries (of retirement and disability benefits) and orphans.
- ⁴ No new beneficiaries of retirement or disability pensions are admitted to CPR division, only widows and orphans of population transferred on 1.1.2021 are a lowed. Of the 167 pensioners transferred from Fondo on 1.1.2021, only 1 receive a pension solely for the Ex Fondo side.

All pensioners in Fondazione as at 31.12.2020 were transferred to the CPR division. This includes 166 individuals receiving two annuities as the CPR division also assumed the liabilities for the pensioners of Fondo at 31.12.2020 transferred to it on 1.1.2021.

The net membership of the CPR division decreased by -21 units compared to the previous year (2019/2020 change: -7 units). The net decrease is mainly attributable to the higher number of child pension terminations.

The 1'011 pensioners in CPR division include 29 people for whom the Fondazione receives reimbursement of pensions paid by the “Helvetia” insurance company (2020: 28), with which the pension fund has reinsured the risk of disability and death (see note 5.1). On 1.1.2021, the CPR also took over the repayment of the 3 reinsured pensions paid to the Fondo up to 31.12.2020.

In 2021 there were 15 retirements (of which 14 were early retirements and 1 was ordinary). Of these, 12 resulted in an increase in the number of retirement pension beneficiaries in Active division, while the remaining 3 opted to withdraw the entire capital.

| Structure by age range | Retirement pensions beneficiaries | Disability pensions beneficiaries | Spouse pensions beneficiaries | Children pensions beneficiaries | Total 2021 | Total 2020 |
|-------------------------|-----------------------------------|-----------------------------------|-------------------------------|---------------------------------|--------------|--------------|
| Less than 18 years | - | - | - | 21 | 21 | 22 |
| 18-24 years | - | - | - | 31 | 31 | 34 |
| 25-54 years | - | 7 | 3 | - | 10 | 16 |
| 55-64 years | 106 | 22 | 13 | - | 141 | 164 |
| 65-74 years | 347 | - | 47 | - | 394 | 411 |
| 75-84 years | 265 | - | 55 | - | 320 | 288 |
| 85-94 years | 64 | - | 37 | - | 101 | 92 |
| Above 94 years | 3 | - | 3 | - | 6 | 5 |
| Total Fondazione | 785 | 29 | 158 | 52 | 1'024 | 1'032 |
| Average age | | | | | 71.4 | 70.2 |

The increase in the number of beneficiaries aged over 75 confirms the trend of recent years, bringing the number of beneficiaries aged over 75 to 41.7% of the total population (2020: 37.3%). Confirming the increase in life expectancy, the average age of pension beneficiaries at the end of 2021 is 1 year and 2 months higher than in the previous survey.

2.3. Ratio between active employees and pensioners

The ratio between active employees and pensioners for the Fondazione in total fell from 0.65 as at 31.12.2020 to 0.61 as at 31.12.2021.

In order to limit the economic-financial impacts of the negative trend in the demographic ratio, from 1.1.2021 the Internal Pensioners' Fund (CPR) was implemented, a division with separate accounts, balance sheet, coverage ratio and asset management, where the "historical" beneficiaries of the Fondazione and the Fondo as at 31.12.2020 were included.

3. Structure of the pension plans

3.1. Explanation of the pension plans

Since the acquisition of BSI by EFG in 2017 until 31.12.2021, the Fondazione has operated two separate *defined contribution pension plans*:

- "Plan 1" for employees already insured by Fondazione as of 30.6.2017,
- "Plan 2" for all employees employed in Ticino by EFG and by affiliated employers, from 1.7.2017.

The following table gives an overview of the benefits of the two plans valid until 31.12.2021.

Pension fund regulation for employees and pensioners who were insured with the "Fondazione di Previdenza EFG SA" as at 30.6.2017 – Plan 1

Pension fund regulation – Plan 2

RETIREMENT AGE

| | | |
|-------------------------|----------------------------|-----------------------------------|
| Ordinary retirement age | 64 years for women and men | 64 years for women and 65 for men |
| Minimum retirement age | 60 years for women and men | 60 years for women and men |
| Maximum retirement age | 70 years for women and men | 70 years for women and men |

RETIREMENT BENEFITS

| Type of benefit | Pension or capital (up to 100% of the employees' liabilities) | Pension or capital (up to 100% of the employees' liabilities) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|------|-----------|------|-----------|------|-----------|------|------------------|-------------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----|-----------|------|------|-----------|------|------|-----------|------|------|-----------|------|------|------------------|-------------|------|------------------|------|-------------|-----------|------|------|-----------|------|------|-----------|------|------|-----------|------|------|-----------|------|------|
| Retirement pension | Retirement savings capital multiplied by conversion rate. In 2021, the maximum retirement pension is limited to CHF 100'380 in total between Fondazione and Fondo. | Retirement savings capital multiplied by conversion rate. In 2021, the maximum retirement pension is limited to CHF 100'380 in total between Fondazione and Fondo. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Conversion rates in % | <table border="1"> <thead> <tr> <th colspan="2">Women and men</th> </tr> </thead> <tbody> <tr><td>60 years:</td><td>4.51</td></tr> <tr><td>61 years:</td><td>4.62</td></tr> <tr><td>62 years:</td><td>4.74</td></tr> <tr><td>63 years:</td><td>4.87</td></tr> <tr><td>64 years:</td><td>5.00</td></tr> <tr><td>65 years:</td><td>5.14</td></tr> <tr><td>66 years:</td><td>5.30</td></tr> <tr><td>67 years:</td><td>5.46</td></tr> <tr><td>68 years:</td><td>5.64</td></tr> <tr><td>69 years:</td><td>5.83</td></tr> <tr><td>70 years:</td><td>6.04</td></tr> </tbody> </table> | Women and men | | 60 years: | 4.51 | 61 years: | 4.62 | 62 years: | 4.74 | 63 years: | 4.87 | 64 years: | 5.00 | 65 years: | 5.14 | 66 years: | 5.30 | 67 years: | 5.46 | 68 years: | 5.64 | 69 years: | 5.83 | 70 years: | 6.04 | <table border="1"> <thead> <tr> <th>Women</th> <th>Men</th> </tr> </thead> <tbody> <tr><td>60 years:</td><td>4.51</td><td>4.40</td></tr> <tr><td>61 years:</td><td>4.62</td><td>4.51</td></tr> <tr><td>62 years:</td><td>4.74</td><td>4.62</td></tr> <tr><td>63 years:</td><td>4.87</td><td>4.74</td></tr> <tr><td>64 years:</td><td>5.00</td><td>4.87</td></tr> <tr><td>65 years:</td><td>5.14</td><td>5.00</td></tr> <tr><td>66 years:</td><td>5.30</td><td>5.14</td></tr> <tr><td>67 years:</td><td>5.46</td><td>5.30</td></tr> <tr><td>68 years:</td><td>5.64</td><td>5.46</td></tr> <tr><td>69 years:</td><td>5.83</td><td>5.64</td></tr> <tr><td>70 years:</td><td>6.04</td><td>5.83</td></tr> </tbody> </table> | Women | Men | 60 years: | 4.51 | 4.40 | 61 years: | 4.62 | 4.51 | 62 years: | 4.74 | 4.62 | 63 years: | 4.87 | 4.74 | 64 years: | 5.00 | 4.87 | 65 years: | 5.14 | 5.00 | 66 years: | 5.30 | 5.14 | 67 years: | 5.46 | 5.30 | 68 years: | 5.64 | 5.46 | 69 years: | 5.83 | 5.64 | 70 years: | 6.04 | 5.83 |
| Women and men | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60 years: | 4.51 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 61 years: | 4.62 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 62 years: | 4.74 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 63 years: | 4.87 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 64 years: | 5.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 65 years: | 5.14 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 66 years: | 5.30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 67 years: | 5.46 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 68 years: | 5.64 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 69 years: | 5.83 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70 years: | 6.04 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Women | Men | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60 years: | 4.51 | 4.40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 61 years: | 4.62 | 4.51 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 62 years: | 4.74 | 4.62 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 63 years: | 4.87 | 4.74 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 64 years: | 5.00 | 4.87 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 65 years: | 5.14 | 5.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 66 years: | 5.30 | 5.14 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 67 years: | 5.46 | 5.30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 68 years: | 5.64 | 5.46 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 69 years: | 5.83 | 5.64 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70 years: | 6.04 | 5.83 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Children's retirement benefits | Minimum required by LPP | Minimum required by LPP | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

SURVIVORS BENEFITS

| | | |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Spouse/civil partner's pension | Active employee: 49% of the insured salary (see definition in note 3.2) Disabled individual: 70% of the disability pension Pensioner: 50% of the retirement pension | Active employee: 50% of the insured salary (see definition in note 3.2) Disabled individual: 50% of the relevant income for the calculation of the current disability pension Pensioner: 50% of the retirement pension |
| Orphan's pension | Active employee: 15% of the insured salary Disabled individual: 15% of the relevant income for the calculation of the current disability pension Pensioner: Minimum required by LPP | Active employee: 10% of the insured salary Disabled individual: 10% of the relevant income for the calculation of the current disability pension Pensioner: Minimum required by LPP |
| Lump-sum death benefit | 100% of the insured salary + purchases in maximum retirement benefits, as well as capital savings in the supplementary accounts "Early Retirement Redemption" and "AHV Bridging Pension Redemption" + the amount of retirement savings capital (after deducting the abovementioned purchases and supplementary accounts) at the time of the active employee's death and net of the cash value of future benefits for survivors | Purchases in maximum retirement benefits, as well as capital savings in the supplementary accounts "Early Retirement Redemption" and "AHV Bridging Pension Redemption" + the amount of retirement savings capital (after deducting the abovementioned purchases and supplementary accounts) at the time of the active employee's death and net of the cash value of future benefits for survivors |

DISABILITY BENEFITS

| | | |
|-------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Disability pension | 70% of the insured salary until ordinary retirement age | 60% of the insured salary until ordinary retirement age |
| Children's disability pension | 15% of the insured salary | 10% of the insured salary |

VESTED BENEFITS

| | | |
|-----------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Vested benefits | Vested benefits are defined in compliance with paragraph 8 of the Pension fund regulation. | Vested benefits are defined in compliance with paragraph 8 of the Pension fund regulation. |
|-----------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

3.2. Financing

The following table provides an overview of the main reference values of the two pension plans in force until 31.12.2021. The Fondazione assumes all management costs.

| | Plan 1 | Plan 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Insured salary | <p>The insured salary in principle corresponds to 7/6th of the annual basic salary (fixed annual basic salary excluding bonuses) minus the coordination amount, but anyway at least 4/7th of the annual basic salary.</p> <p>The coordination amount corresponds to 5/3rd of the single maximum AHV pension (2021: CHF 28'680).</p> <p>The maximum insured salary corresponds to 4 times the simple maximum AHV pension (2021: CHF 114'720), in proportion to the level of employment.</p> | <p>The insured salary is equal to the determining annual salary, which is equal to the fixed basic annual salary according to the contractual provisions with the employer, without variable components.</p> <p>No coordination.</p> <p>The maximum insured salary is equal to 34/7th of the maximum value of the simple AHV pension (2021: CHF 139'302), in proportion to the level of employment.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total contributions | <p>Standard Contribution Plan</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Employee</th> <th>Employer</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>18-23</td><td>2.0%</td><td>3.0%</td><td>5.0%</td></tr> <tr><td>24-32</td><td>6.5%</td><td>14.5%</td><td>21.0%</td></tr> <tr><td>33-42</td><td>7.5%</td><td>14.5%</td><td>22.0%</td></tr> <tr><td>43-52</td><td>8.5%</td><td>14.5%</td><td>23.0%</td></tr> <tr><td>53-64</td><td>9.5%</td><td>14.5%</td><td>24.0%</td></tr> </tbody> </table> <p>Plus Contribution Plan (+3%)</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Employee</th> <th>Employer</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>18-23</td><td>2.0%</td><td>3.0%</td><td>5.0%</td></tr> <tr><td>24-32</td><td>9.5%</td><td>14.5%</td><td>24.0%</td></tr> <tr><td>33-42</td><td>10.5%</td><td>14.5%</td><td>25.0%</td></tr> <tr><td>43-52</td><td>11.5%</td><td>14.5%</td><td>26.0%</td></tr> <tr><td>53-64</td><td>12.5%</td><td>14.5%</td><td>27.0%</td></tr> </tbody> </table> <p>Top Contribution Plan (+6%)</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Employee</th> <th>Employer</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>18-23</td><td>2.0%</td><td>3.0%</td><td>5.0%</td></tr> <tr><td>24-32</td><td>12.5%</td><td>14.5%</td><td>27.0%</td></tr> <tr><td>33-42</td><td>13.5%</td><td>14.5%</td><td>28.0%</td></tr> <tr><td>43-52</td><td>14.5%</td><td>14.5%</td><td>29.0%</td></tr> <tr><td>53-64</td><td>15.5%</td><td>14.5%</td><td>30.0%</td></tr> </tbody> </table> | Age | Employee | Employer | Total | 18-23 | 2.0% | 3.0% | 5.0% | 24-32 | 6.5% | 14.5% | 21.0% | 33-42 | 7.5% | 14.5% | 22.0% | 43-52 | 8.5% | 14.5% | 23.0% | 53-64 | 9.5% | 14.5% | 24.0% | Age | Employee | Employer | Total | 18-23 | 2.0% | 3.0% | 5.0% | 24-32 | 9.5% | 14.5% | 24.0% | 33-42 | 10.5% | 14.5% | 25.0% | 43-52 | 11.5% | 14.5% | 26.0% | 53-64 | 12.5% | 14.5% | 27.0% | Age | Employee | Employer | Total | 18-23 | 2.0% | 3.0% | 5.0% | 24-32 | 12.5% | 14.5% | 27.0% | 33-42 | 13.5% | 14.5% | 28.0% | 43-52 | 14.5% | 14.5% | 29.0% | 53-64 | 15.5% | 14.5% | 30.0% | <p>Standard Contribution Plan</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Employee</th> <th>Employer</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>18-19</td><td>0.833%</td><td>1.667%</td><td>2.50%</td></tr> <tr><td>20-34</td><td>4.583%</td><td>9.167%</td><td>13.75%</td></tr> <tr><td>35-44</td><td>5.583%</td><td>11.167%</td><td>16.75%</td></tr> <tr><td>45-54</td><td>6.583%</td><td>13.167%</td><td>19.75%</td></tr> <tr><td>55-64/65</td><td>7.583%</td><td>15.167%</td><td>22.75%</td></tr> </tbody> </table> <p>Plus Contribution Plan (+2%)</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Employee</th> <th>Employer</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>18-19</td><td>0.833%</td><td>1.667%</td><td>2.50%</td></tr> <tr><td>20-34</td><td>6.583%</td><td>9.167%</td><td>15.75%</td></tr> <tr><td>35-44</td><td>7.583%</td><td>11.167%</td><td>18.75%</td></tr> <tr><td>45-54</td><td>8.583%</td><td>13.167%</td><td>21.75%</td></tr> <tr><td>55-64/65</td><td>9.583%</td><td>15.167%</td><td>24.75%</td></tr> </tbody> </table> <p>Top Contribution Plan (+4%)</p> <table border="1"> <thead> <tr> <th>Age</th> <th>Employee</th> <th>Employer</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>18-19</td><td>0.833%</td><td>1.667%</td><td>2.50%</td></tr> <tr><td>20-34</td><td>8.583%</td><td>9.167%</td><td>17.75%</td></tr> <tr><td>35-44</td><td>9.583%</td><td>11.167%</td><td>20.75%</td></tr> <tr><td>45-54</td><td>10.583%</td><td>13.167%</td><td>23.75%</td></tr> <tr><td>55-64/65</td><td>11.583%</td><td>15.167%</td><td>26.75%</td></tr> </tbody> </table> | Age | Employee | Employer | Total | 18-19 | 0.833% | 1.667% | 2.50% | 20-34 | 4.583% | 9.167% | 13.75% | 35-44 | 5.583% | 11.167% | 16.75% | 45-54 | 6.583% | 13.167% | 19.75% | 55-64/65 | 7.583% | 15.167% | 22.75% | Age | Employee | Employer | Total | 18-19 | 0.833% | 1.667% | 2.50% | 20-34 | 6.583% | 9.167% | 15.75% | 35-44 | 7.583% | 11.167% | 18.75% | 45-54 | 8.583% | 13.167% | 21.75% | 55-64/65 | 9.583% | 15.167% | 24.75% | Age | Employee | Employer | Total | 18-19 | 0.833% | 1.667% | 2.50% | 20-34 | 8.583% | 9.167% | 17.75% | 35-44 | 9.583% | 11.167% | 20.75% | 45-54 | 10.583% | 13.167% | 23.75% | 55-64/65 | 11.583% | 15.167% | 26.75% |
| Age | Employee | Employer | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18-23 | 2.0% | 3.0% | 5.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 24-32 | 6.5% | 14.5% | 21.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 33-42 | 7.5% | 14.5% | 22.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 43-52 | 8.5% | 14.5% | 23.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 53-64 | 9.5% | 14.5% | 24.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | Employee | Employer | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18-23 | 2.0% | 3.0% | 5.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 24-32 | 9.5% | 14.5% | 24.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 33-42 | 10.5% | 14.5% | 25.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 43-52 | 11.5% | 14.5% | 26.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 53-64 | 12.5% | 14.5% | 27.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | Employee | Employer | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18-23 | 2.0% | 3.0% | 5.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 24-32 | 12.5% | 14.5% | 27.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 33-42 | 13.5% | 14.5% | 28.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 43-52 | 14.5% | 14.5% | 29.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 53-64 | 15.5% | 14.5% | 30.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | Employee | Employer | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18-19 | 0.833% | 1.667% | 2.50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20-34 | 4.583% | 9.167% | 13.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 35-44 | 5.583% | 11.167% | 16.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 45-54 | 6.583% | 13.167% | 19.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55-64/65 | 7.583% | 15.167% | 22.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | Employee | Employer | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18-19 | 0.833% | 1.667% | 2.50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20-34 | 6.583% | 9.167% | 15.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 35-44 | 7.583% | 11.167% | 18.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 45-54 | 8.583% | 13.167% | 21.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55-64/65 | 9.583% | 15.167% | 24.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | Employee | Employer | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18-19 | 0.833% | 1.667% | 2.50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20-34 | 8.583% | 9.167% | 17.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 35-44 | 9.583% | 11.167% | 20.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 45-54 | 10.583% | 13.167% | 23.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55-64/65 | 11.583% | 15.167% | 26.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk contributions | <p>Employee: 2%</p> <p>In percentage of the insured salary Employer: 3%</p> | <p>Employee: 0.833%</p> <p>Employer: 1.667%</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | Plan 1 | | | | Plan 2 | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------|-----------------|--------------|-------------------------------------|-----------------|-----------------|--------------|
| Retirement credits | Standard Contribution Plan | | | | Standard Contribution Plan | | | |
| The Savings contributions of the employee and the employer in percentage of the insured salary which are accrued on an annual basis as retirement savings capital. | Age | Employee | Employer | Total | Age | Employee | Employer | Total |
| | 18-23 | 0.0% | 0.0% | 0.0% | 18-19 | 0.00% | 0.00% | 0.00% |
| | 24-32 | 4.5% | 11.5% | 16.0% | 20-34 | 3.75% | 7.50% | 11.25% |
| | 33-42 | 5.5% | 11.5% | 17.0% | 35-44 | 4.75% | 9.50% | 14.25% |
| | 43-52 | 6.5% | 11.5% | 18.0% | 45-54 | 5.75% | 11.50% | 17.25% |
| | 53-64 | 7.5% | 11.5% | 19.0% | 55-64/65 | 6.75% | 13.50% | 20.25% |
| | Plus Contribution Plan (+3%) | | | | Plus Contribution Plan (+2%) | | | |
| | Age | Employee | Employer | Total | Age | Employee | Employer | Total |
| | 18-23 | 0.0% | 0.0% | 0.0% | 18-19 | 0.00% | 0.00% | 0.00% |
| | 24-32 | 7.5% | 11.5% | 19.0% | 20-34 | 5.75% | 7.50% | 13.25% |
| | 33-42 | 8.5% | 11.5% | 20.0% | 35-44 | 6.75% | 9.50% | 16.25% |
| | 43-52 | 9.5% | 11.5% | 21.0% | 45-54 | 7.75% | 11.50% | 19.25% |
| | 53-64 | 10.5% | 11.5% | 22.0% | 55-64/65 | 8.75% | 13.50% | 22.25% |
| | Top Contribution Plan (+6%) | | | | Top Contribution Plan (+4%) | | | |
| | Age | Employee | Employer | Total | Age | Employee | Employer | Total |
| | 18-23 | 0.0% | 0.0% | 0.0% | 18-19 | 0.00% | 0.00% | 0.00% |
| | 24-32 | 10.5% | 11.5% | 22.0% | 20-34 | 7.75% | 7.50% | 15.25% |
| | 33-42 | 11.5% | 11.5% | 23.0% | 35-44 | 8.75% | 9.50% | 18.25% |
| | 43-52 | 12.5% | 11.5% | 24.0% | 45-54 | 9.75% | 11.50% | 21.25% |
| | 53-64 | 13.5% | 11.5% | 25.0% | 55-64/65 | 10.75% | 13.50% | 24.25% |

3.3. Further information about pension plan activities

All employees of EFG already present prior to the acquisition of BSI, as well as all the employees hired from 1.7.2017 by EFG or by the other Group companies in the German and French-speaking part of Switzerland, are insured by the Fondation Collective Trianon (FCT).

The “**Steering Committee Pension Funds EFG**”, a committee set up in the autumn of 2019 by the Employer with the aim of defining the pension solutions to be adopted for all EFG employees, then continued to work throughout 2021 with the Boards of the EFG pension funds (Fondazione, Fondo and FCT) to align the forms of financing and pension benefits of all EFG insureds.

With the unanimous consent of the Boards of Fondazione, Fondo and FCT, *the harmonized EFG pension plan* will be applied to all EFG employees in Switzerland from 1.1.2022.

The main features of the harmonized pension plan are:

- Employees with a gross annual base salary of up to CHF 145'000 will be insured under the harmonized "Base" pension plan, either by Fondazione (formerly BSI and hired in Ticino since 1.7.2017) or by FCT (formerly EFG or hired in the German and French speaking parts of Switzerland since 1.7.2017).
- All employees with a gross annual base salary of CHF 145'000 or more will be insured up to CHF 140'000 in the “Base” plan (Fondazione or FCT) and for the remaining, with a minimum threshold of entry of CHF 5'000 into 1e EFG's new pension plan implemented with the Fondation Collective Trianon 1e (FCT 1e). The new FCT 1e plan is managed as an internal autonomous EFG pension fund, governed by representatives of the EFG employer and employees. Insured persons, with at least 55 years of age as of 31.12.2021, may irrevocably decide to insure all gross annual salary of CHF 145'000 or more in the “Base” plan from 1.1.2022, up to a maximum of CHF 500'000.
- All the employee's gross annual salary, without variable components, is insured in the Pension Funds up to a maximum of CHF 500'000. From 1.1.2022, the coordination amount applied in Plan 1 of the Fondazione and Fondo is no longer deducted.
- The savings contributions of the employer and of the employee, both for the “Base” plan and for the FCT 1e plan, are the same as for Plan 2 of the Fondazione in force until 31.12.2021.
- Employees have the option of voluntarily increasing their individual savings contributions by +2% (Plus plan) or +4% (Top plan), while in Plan 1 of the Fondazione the % were different (+3 % / +6%).

- The ordinary retirement age has been aligned with the AHV model, therefore 64 years for women and 65 for men. Men in Plan 1 of the Fondazione as of 31.12.2021 will therefore have to work 1 year longer to reach ordinary retirement.
- The early retirement age was decreased from 60 to 58 years.
- The conversion rate to the ordinary retirement age was raised from 5% to 5.20%.
- The maximum annual pension payable on retirement under the “Base” pension plan is 3.5 times the maximum AHV annual pension, which in 2022 is CHF 100'380. Excess retirement assets must be withdrawn in the form of a lump sum, as was already the case under Plans 1 and 2.
- From 2022 onwards, the interest on the savings capital will be set at the end of each year based on the actual annual performance achieved. Until 31.12.2021 the interest rate was set at the beginning of the year based on the performance achieved in the previous year. The additional interest rate of 0.25% / 0.50% for the lowest salary brackets will no longer apply from 1.1.2022.
- Following a joint renegotiation of the insurance contracts for Fondazione, FCT and FCT 1e by the working group, the risk contribution for 2022 was revised to 2%, of which 0.666% charged to the employee (see also note 5.1).

Below is an overview of the main benefits and forms of financing of EFG's harmonised “Base” pension plan effective 1.1.2022:

BENEFITS**Harmonised pension plan regulation as of 1.1.2022****RETIREMENT AGE**

| | |
|-------------------------|--------------------------------------|
| Ordinary retirement age | 64 years for women, 65 years for men |
| Minimum retirement age | 58 years for women and men |
| Maximum retirement age | 70 years for women and men |

RETIREMENT BENEFITS

| | |
|--------------------|------------------------------------------------------------------------------------------------------------------------------|
| Type of benefit | Pension or capital (up to 100% of the employees' liabilities) |
| Retirement pension | Retirement savings capital multiplied by conversion rate. In 2021, the maximum retirement pension is limited to CHF 100'380. |

| Conversion rates in % | Women | Men |
|-----------------------|-------------|-------------|
| 58 years: | 4.50 | 4.40 |
| 59 years: | 4.60 | 4.50 |
| 60 years: | 4.71 | 4.60 |
| 61 years: | 4.82 | 4.71 |
| 62 years: | 4.94 | 4.82 |
| 63 years: | 5.07 | 4.94 |
| 64 years: | 5.20 | 5.07 |
| 65 years: | 5.34 | 5.20 |
| 66 years: | 5.50 | 5.34 |
| 67 years: | 5.66 | 5.50 |
| 68 years: | 5.84 | 5.66 |
| 69 years: | 6.03 | 5.84 |
| 70 years: | 6.24 | 6.03 |

| | |
|--------------------------------|-------------------------|
| Children's retirement benefits | Minimum required by LPP |
|--------------------------------|-------------------------|

SURVIVORS BENEFITS

| | |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Spouse / civil partner's pension | Active employee: 50% of the insured salary (see following Financing table) |
| | Disabled individual: 50% of the relevant income for the calculation of the current disability pension |
| | Pensioner: 50% of the retirement pension |
| Orphan's pension | Active employee: 10% of the insured salary |
| | Disabled individual: 10% of the relevant income for the calculation of the current disability pension |
| | Pensioner: Minimum required by LPP |
| Lump-sum death benefit | Purchases in maximum retirement benefits, as well as capital savings in the supplementary accounts "Early Retirement Redemption" + the amount of retirement savings capital (after deducting the abovementioned purchases and the supplementary account above mentioned) at the time of the active employee's death and net of the cash value of future benefits for survivors |

DISABILITY BENEFITS

| | |
|-------------------------------|---------------------------------------------------------|
| Disability pension | 60% of the insured salary until ordinary retirement age |
| Children's disability pension | 10% of the insured salary |

VESTED BENEFITS

| | |
|-----------------|-------------------------------------------------------------------------------------------|
| Vested benefits | Vested benefits are defined in compliance with paragraph 8 of the Pension fund regulation |
|-----------------|-------------------------------------------------------------------------------------------|

FINANCING

Harmonised pension plan regulation as of 1.1.2022

Insured salary

The insured salary is equal to the determining annual salary, which is equal to the fixed basic annual salary calculated according to the contractual agreement with the Employer, without any variable components. No coordination is deducted.

The maximum insured salary in the Fondazione is:

- CHF 140'000, if the annual basic salary is CHF 145'000 or more,
- CHF 144'999 if the annual basic salary is less than CHF 145'000,
- CHF 500'000 for people born in 1966 or earlier who chose not to join the FCT 1e plan on 31.12.2021.

Total contributions

in percentage of the insured salary

Standard Contribution Plan

| Age | Employee | Employer | Total |
|----------|----------|----------|--------|
| 18-19 | 0.666% | 1.334% | 2.00% |
| 20-34 | 4.416% | 8.834% | 13.25% |
| 35-44 | 5.416% | 10.834% | 16.25% |
| 45-54 | 6.416% | 12.834% | 19.25% |
| 55-64/65 | 7.416% | 14.834% | 22.25% |

Plus Contribution Plan (+2%)

| Age | Employee | Employer | Total |
|----------|----------|----------|--------|
| 18-19 | 0.666% | 1.334% | 2.00% |
| 20-34 | 6.416% | 8.834% | 15.25% |
| 35-44 | 7.416% | 10.834% | 18.25% |
| 45-54 | 8.416% | 12.834% | 21.25% |
| 55-64/65 | 9.416% | 14.834% | 24.25% |

Top Contribution Plan (+4%)

| Age | Employee | Employer | Total |
|----------|----------|----------|--------|
| 18-19 | 0.666% | 1.334% | 2.00% |
| 20-34 | 8.416% | 8.834% | 17.25% |
| 35-44 | 9.416% | 10.834% | 20.25% |
| 45-54 | 10.416% | 12.834% | 23.25% |
| 55-64/65 | 11.416% | 14.834% | 26.25% |

Risk contributions

in percentage of the insured salary

Employee: 0.666%

Employer: 1.334%

Retirement credits

The Savings contribution of the employee and the Employer in percentage of the insured salary are accrued on annual basis as Retirement Savings Capital

Standard Contribution Plan

| Age | Employee | Employer | Total |
|----------|----------|----------|--------|
| 18-19 | 0.00% | 0.00% | 0.00% |
| 20-34 | 3.75% | 7.50% | 11.25% |
| 35-44 | 4.75% | 9.50% | 14.25% |
| 45-54 | 5.75% | 11.50% | 17.25% |
| 55-64/65 | 6.75% | 13.50% | 20.25% |

Plus Contribution Plan (+2%)

| Age | Employee | Employer | Total |
|----------|----------|----------|--------|
| 18-19 | 0.00% | 0.00% | 0.00% |
| 20-34 | 5.75% | 7.50% | 13.25% |
| 35-44 | 6.75% | 9.50% | 16.25% |
| 45-54 | 7.75% | 11.50% | 19.25% |
| 55-64/65 | 8.75% | 13.50% | 22.25% |

Top Contribution Plan (+4%)

| Age | Employee | Employer | Total |
|----------|----------|----------|--------|
| 18-19 | 0.00% | 0.00% | 0.00% |
| 20-34 | 7.75% | 7.50% | 15.25% |
| 35-44 | 8.75% | 9.50% | 18.25% |
| 45-54 | 9.75% | 11.50% | 21.25% |
| 55-64/65 | 10.75% | 13.50% | 24.25% |

4. Measurement and accounting standards, continuity

4.1. Statement of compliance with Swiss GAAP FER 26

Pursuant to Art. 47 of OPP2, the Fondazione's accounts are submitted in compliance with the recommendations on the presentation of accounts Swiss GAAP FER 26 (1.1.2014).

4.2. Accounting and valuation policies

4.2.1. Bookkeeping and accounting policies

Valuation and bookkeeping policies are compliant with CO and OPP2 standards.

The Financial Statements close on 31 December.

Financial accounting is managed internally by the Administration, management of a part of the assets is entrusted to EFG and subcontracted to EFGAM.

4.2.2. Valuation policies

Securities: end of the period value

Current Accounts: nominal value adjusted to end of the period exchange rate

Derivatives: end of the period replacement value

Liabilities: nominal value

4.3. Changes in accounting, valuation and presentation policies

The CPR established as of 1.1.2021 has separate accounts, assets, balance sheet and coverage ratio (Chapter XI, Paragraph 2 of the Pension fund regulations).

In the Annual Report, therefore, after the Balance sheet and Operating account of the Fondazione as a whole, are presented the Balance sheet and Operating account by Division.

The asset transfer agreement pursuant to Art. 98 LFus between the Fondazione and the Fondo sets out the terms of transfer on 1.1.2021 of the assets and liabilities pertaining to the part of the pension fund transferred. The net assets transferred from the Fondo amount to CHF 105.8 mln. The net assets of the Fondazione transferred to the CPR as at 1.1.2021 amount to CHF 685.4 mln. Details of the CPR's balances as at 1.1.2021 can be found in the Balance sheet and Operating account by Division.

With regard to **Investments**, in order to create greater transparency of information, as required by point 6 paragraph 15 of Swiss GAAP FER 26, it was decided to present in the Balance sheet and Operating account of the Fondazione the investment categories only (Bonds, Equities, Real estate Funds, etc.), with details of the various types in Note 6, which was completely revised to take account of the new strategy defined by the revised Investment regulation by Division. The comparative values of the Balance sheet and the Operating account have been restated in accordance with the new philosophy.

No further changes on the accounting, valuation and presentation principles were made during 2021.

5. Actuarial risks, risk coverage and coverage ratio

5.1. Type of risk coverage and re-insurance

The Fondazione is a semi-independent pension fund. The *longevity risk* and the risk connected to the *investment of assets* are fully borne by the Fondazione. The *risks of disability* and *death* before the retirement age are covered by a congruent collective reinsurance agreement with the insurance company "Helvetia", which is in force since 1.1.2009. Beneficiaries of disability pensions starting before 1.1.2009 are borne by the Fondazione.

The reinsurance contract was renegotiated in 2019 for the three-year period 2020-2022, with the possibility of early cancellation communicated to the counterpart by June 30 of each year.

In 2021 the premium risk rate is equal to 2.21% of the total insured salaries (2020: 2.21%), without application of premium surcharge but registration of a health reserve on subjects with increased risk.
The total amount of premiums paid during the year is shown in the Operating account under the item “Insurance premium”.

From 1.1.2022, following the joint renegotiation of the reinsurance contracts, all pension funds (Fondazione, FCT and FCT 1e) will be reinsured with Helvetia. For the Fondazione, the net risk premium rate for 2022 will be 1.608%.

5.2. Development of Active employees' liabilities

As at 31.12.2021, the “Active employees' liabilities” are composed as follows and are entirely in the Active Division:

| | <i>Plan 1</i> | <i>Plan 2</i> | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|------------------------------------------------------------|----------------|---------------|-------------------------------|-------------------------------|
| Vested benefits | 184'984 | 10'881 | 195'865 | 194'054 |
| Supplementary account “Early retirement redemption” | 916 | - | 916 | 664 |
| Supplementary account “AHV Bridging pension redemption” | 389 | - | 389 | 358 |
| Total of Active employee's liabilities | 186'289 | 10'881 | 197'170 | 195'076 |
| Number of Active employee's at 31.12. | | | 622 | 666 |

In addition to the purchase of maximum benefits, at any moment an active employee can compensate in full or in part with personal contributions the reduction of the benefits generated by early retirement. The accumulation of these contributions is accrued in the supplementary account “Early retirement redemption” Until 31.12.2021, the participant can also finance a bridging pension or part of it: contributions were accumulated in the supplementary account “AHV Bridging pension redemption”.

As explained in section 3.3, plans 1 and 2 will be discontinued from 1.1.2022 and the EFG's harmonised pension plan will apply to all active employees. In addition, from 1.1.2022 it will no longer be possible to make buy-ins into the “AHV Bridging pension redemption” supplementary account: existing balances as at 31.12.2021 will be reclassified as “Vested benefits” at the beginning of 2022.

In the meeting of 29.1.2021, the Board set the interest rate for 2021 on “Vested benefits” and the Supplementary accounts “Early retirement redemption” and the “AHV Bridging pension redemption” at 2%.
From 2022, the interest rates on “Vested benefits” and “Early retirement redemption” supplementary account will be set by the Board **at the end** of each year, considering the actual annual performance of the Fondazione and its financial situation. During the Board meeting on 22.11.2021, the Board resolved to pay an interest rate of 0.25% in 2022 to the Active employees leaving until 30.11.2022.

The trend of “Active employees’ liabilities” is as follows:

| | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|-----------------------------------------------------------------------------------|-----------------------|-----------------------|
| Liabilities at 1.1 | 195'076 | 225'289 |
| Employers and employees savings contributions | 9'965 | 11'396 |
| Earnings from Vested benefit transfers | 4'548 | 2'957 |
| One-time payments and purchase amounts | 3'368 | 2'760 |
| Buy-ins and Purchase from divorce | 21 | 20 |
| Repayment of withdrawals for residential property and Reimbursements from divorce | 288 | 132 |
| Withdrawals for residential property and Divorce | -144 | -1'456 |
| Departures of Vested benefits | -11'931 | -35'943 |
| Retirement capital | -1'839 | -4'434 |
| Lump sum payments on death and disability | - | -305 |
| Transfers to Pensioners' liabilities | -6'021 | -10'025 |
| Interest on retirement savings capital | 3'839 | 4'685 |
| Liabilities at 31.12. | 197'170 | 195'076 |
| Number of active employees at 31.12. | 622 | 666 |

The growth of CHF 2.094 mln in “Active employees’ liabilities” during the year is mainly due to the substantial voluntary contributions made by the insured and the contributions from new hires, which offset the outflows associated with the reduction in the number of insured persons in 2021, with the consequent payment of “Departures of Vested benefits” or “Retirement capital” or reclassification of retirement savings in “Pensioners’ liabilities” for the conversion of capital into a pension.

The decreasing trend in the number of active employees over the last five years is confirmed, resulting in a steady downward trend in annual savings contributions.

5.3. Total retirement savings capital in accordance with LPP

| | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|-------------------------------------------------------------------------------|-----------------------|-----------------------|
| Retirement savings capital in accordance with LPP (shadow calculation) | 78'399 | 79'836 |
| LPP minimum interest rate defined by the Federal Council | 1.00% | 1.00% |

The Federal Council established a LPP remuneration rate of 1% starting from 1.1.2022.

5.4. Development of Pensioners' liabilities

Following the establishment of the CPR on 1.1.2021 (including the transfer into it of the Fondo's pensioners on 31.12.2020), the Pensioners' liabilities are composed as follows:

| | CPR | Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|------------------------------------------------------------------------------------------|----------------|-----------------|-----------------------|-----------------------|
| Status at 1.1. | 621'910 | - | 621'910 | 642'108 |
| Transfer contract art. 98LFus | 87'852 | - | 87'852 | - |
| Updating following changes in Pension Fund Regulation and population evolution at 31.12. | -34'199 | 6'375 | -27'824 | -20'198 |
| Updating following changes in technical bases | -26'503 | -108 | -26'611 | - |
| Updating following changes in technical interest rate | - | - | - | - |
| Total of Pensioners' liabilities at 31.12. | 649'060 | 6'267 | 655'327 | 621'910 |
| Number of pensioners' at 31.12. | 1'011 | 13 | 1'024 | 1'032 |

The item "Updating following changes in technical bases" reflects the impact of the transition in 2021 from Generational table LPP 2015 to Generational table LPP 2020.

The item "Updating following changes in Pension Fund Regulation and population evolution as of 31 December" for CPR division includes in 2021:

- The pensions, net of insurance benefits, paid in the period for CHF -47.242 mln.
- The "implicit" interests at the technical interest rate of last year on the initial capital for estimated CHF +12.421 mln.
- Other evolutions of the year in the "passive" population for CHF +0.622 mln (for instance redemptions for deaths, terminations of the pensions for children, conversions of the retirement pensions into spouse pensions, updating of longevity).

The item "Updating following changes in Pension Fund Regulation and population evolution as of 31 December" for Active Division includes capital transfers from the "Active employees' liabilities" for CHF +6.021 mln for pensioners in the year who opted for a retirement pension.

5.5. Composition, development and explanation of Actuarial provisions

In order to adequately cover all benefits under regulation and to prevent potential deviations from the actuarial bases, the following actuarial provisions have been implemented.

In all tables in the following paragraphs, the item "Update following changes in technical bases" shows the impact of the transition in 2021 from Generational table LPP 2015 to Generational table LPP 2020.

5.5.1. Conversion rate provision (Active employees' and Invalids)

This provision applies to active employees and temporarily disabled persons under defined contributions and is made until technical losses are generated in the event of retirement.

At the time of the transition from active employee to pensioner, the technical losses are generated by the difference between the Pensioners' liabilities and his Active employees' liabilities. This gap is caused by the mismatch between the Pensioners' liabilities calculated using the *regulatory conversion rate* and those calculated with the rate compliant with the actuarial bases used (see note 5.7).

Since 1.1.2022 regulatory conversion rates are based on the following technical bases:

- technical interest rate: 2.25%
- mortality tables: LPP 2020 generational of the year 2022.

As the regulatory conversion rates are higher than the actuarially neutral ones, this provision was adjusted at 31.12.2021. To determine the provision, all employees over 55 years of age and insured according to the defined contribution plan are considered with reference to the regular retirement age, including the probable share of those who will choose an annuity instead of a lump sum upon retirement.

The increase for the year 2021 is mainly due to the greater number of people affected by the measure (+ 26 active employees who reached the age of 55 for whom the provision was necessary).

| | CPR | Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|------------------------------------------------------------------------------------------|------------|--------------------|-----------------------|-----------------------|
| Status at 1.1. | 207 | 5'154 | 5'361 | 6'695 |
| Updating following changes in Pension Fund Regulation and population evolution at 31.12. | 93 | 2'792 | 2'885 | -1'334 |
| Updating following changes in technical bases | -58 | -2'223 | -2'281 | - |
| Updating following changes in technical interest rate | - | - | - | - |
| Total Conversion rate provision at 31.12. | 242 | 5'723 | 5'965 | 5'361 |

The **Transitory measures provision (for Active employees)** of CHF 0.152 mln, in place at 31.12.2020, was also transferred to this reserve in the Active Division for the only active employee born in 1955 who still benefits from transitory measures on how pensions are determined according to the defined benefit system.

5.5.2. Interest provision

Pursuant to Article 33 of Pension fund regulations of the Fondazione, the Board determines at the end of each year the interest rate for the interest on Vested benefits (active employees' and disabled persons with defined contribution plan) and the supplementary account "Early retirement redemption", considering the overall financial situation of the Fondazione.

If a vested benefit calculation is required, for a pension case or a departure of actives, the Vested benefits as well as the supplementary account "Early retirement redemption" are remunerated with interest for the current year as decided by the Board. By resolution of the Board dated 22.11.2021, this remuneration for 2022 amounts to 0.25%. As a result of this procedure, the Fondazione sets up a provision at 31.12.2021 to cover liabilities that are already foreseeable.

From 1.1.2021 the new harmonized EFG pension plan no longer foresees a supplementary remuneration of 0.25% / 0.50% of Vested benefits for the lowest salary bands. The residual 2020 provision for additional remuneration, which was not used to cover the additional interest paid in 2021, was therefore released in the 2021 Operating account.

The "Interest provision" was therefore exploited for CHF -3.839 mln to cover the remuneration paid in 2021 already provisioned at 31.12.2020 (at 2%) and was then adjusted to the foreseeable liabilities in 2022 at 0.25%.

| | CPR | Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|------------------------------------------------------------------------------------------|----------|--------------------|-----------------------|-----------------------|
| Status at 1.1. | 65 | 4'304 | 4'369 | 479 |
| Transfer contract art. 98LFus | 1 | - | 1 | - |
| Updating following changes in Pension Fund Regulation and population evolution at 31.12. | -58 | -3'811 | -3'869 | 3'890 |
| Updating following changes in technical bases | - | - | - | - |
| Updating following changes in technical interest rate | - | - | - | - |
| Total Interest provision at 31.12. | 8 | 493 | 501 | 4'369 |

5.5.3. Longevity risk provision (Pensioners')

Since the generation tables of the calculation year apply to the computation of the Pensioners' liabilities, the creation of an additional reserve to cover the longevity risk of pensioners is no longer required.

As a result, the existing provision of CHF 10.474 mln from the Fondazione at 31.12.2021 and CHF 1.489 mln transferred on 1.1.2021 from the Fondo were released.

| | CPR | Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|------------------------------------------------------------------------------------------|---------|--------------------|-----------------------|-----------------------|
| Status at 1.1. | 10'474 | - | 10'474 | 10'810 |
| Transfer contract art. 98LFus | 1'489 | - | 1'489 | - |
| Updating following changes in Pension Fund Regulation and population evolution at 31.12. | -11'513 | 1 | -11'512 | -336 |
| Updating following changes in technical bases | -450 | -1 | -451 | - |
| Updating following changes in technical interest rate | - | - | - | - |
| Total Longevity risk provision at 31.12 | - | - | - | 10'474 |

The expert periodically checks the need for this provision and, if necessary, submits proposals for changes to the Board.

5.5.4. Provisions for reduction of technical interest rate for Pensioners

A reduction in the technical interest rate leads to an increase in the Pensioners' liabilities and the related actuarial provisions. If the Fondazione plans to reduce the technical interest rate used for the accounts closing in the future (see note 5.7), a provision can be made to cover the financial obligations.

The amount of the reserve corresponds to the difference between the Pensioners' liabilities with the reduced target technical interest rate and the Pensioners' liabilities with the closing technical interest rate.

The provision may be built up gradually according to the time and amount of the expected reduction. The provision will then be used as soon as the new technical interest rate is applied.

When the CPR Division was set up on 1.1.2021, pensioners from the Fondazione benefited from a provision for reducing the technical interest rate to 1.5% of CHF 16.872 mln, while a provision of CHF 10.332 mln was transferred from the Fondo for a reduction of the technical interest rate to 0.75%.

In accordance with the rules in Chapter XI of the Pension fund regulations, plans 1 and 2, the Board shall allocate 50% of any net accounting Surplus of the CPR (Art. 8 lit. Z RPC 26) to the creation of a Fluctuation reserve for the CPR and the remaining 50% to a collective provision for the future reduction of the CPR's technical interest rate. The Board will determine the purpose of this provision as well as the terms of its use. As of 31 December 2021, this collective provision amounts to CHF 28.502 mln. As a result of this provision, the implied technical interest rate of the CPR at 31.12.2021 corresponds to 1% for ex Fondazione pensioners (while it remains at 0.75% for ex Fondo pensioners).

The development in 2021 of this provision in the various segments is as follows:

| | Pensioners ex Fondo 1.1.2021 | Pensioners ex Fondazione 1.1.2021 | Collective CPR provision | Total CPR CHF/000 31.12.2021 |
|------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------|--------------------------------|------------------------------------|
| Status at 1.1. | - | 16'872 | - | 16'872 |
| Transfer contract art. 98LFus | 10'332 | - | - | 10'332 |
| Updating following changes in Pension Fund Regulation and population evolution at 31.12. | -872 | -1'471 | 28'502 | 26'159 |
| Updating following changes in technical bases | -817 | -1'220 | - | -2'037 |
| Updating following changes in technical interest rate | - | - | - | - |
| Total Provisions for reduction of technical interest rate at 31.12. | 8'643 | 14'181 | 28'502 | 51'326 |

5.5.5. Other Actuarial provisions

The pension actuary can provide for further provisions, as those illustrated in the "Regulation of actuarial provisions", such as the "Active Employees' Death and Disability Risk Provision", the "Benefit Provision for pending cases", the "Other Actuarial Provisions" for non-regulated cases, which are deemed necessary to suitably finance the pension scheme. For 2021 the actuary did not deem necessary to set up any actuarial provisions (31.12.2020: CHF 0).

5.5.6. Summary of Actuarial provisions

| Summary development of actuarial provisions | CPR | Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|------------------------------------------------------------------------------------------|---------------|-----------------|-----------------------|-----------------------|
| Status at 1.1. | 27'618 | 9'610 | 37'228 | 18'160 |
| Transfer contract art. 98LFus | 11'822 | - | 11'822 | - |
| Updating following changes in Pension Fund Regulation and population evolution at 31.12. | 14'681 | -1'170 | 13'511 | 19'068 |
| Updating following changes in technical bases | -2'545 | -2'224 | -4'769 | - |
| Updating following changes in technical interest rate | - | - | - | - |
| Total Actuarial provisions at 31.12. | 51'576 | 6'216 | 57'792 | 37'228 |

| Summary composition of actuarial provisions | CPR | Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|-------------------------------------------------------------------|---------------|-----------------|-----------------------|-----------------------|
| Conversion rate provision | 242 | 5'723 | 5'965 | 5'361 |
| Transitory measures provision | - | - | - | 152 |
| Interest remuneration provision | 8 | 493 | 501 | 4'369 |
| Longevity risk provision | - | - | - | 10'474 |
| Provision for reduction of technical interest rate for Pensioners | 51'326 | - | 51'326 | 16'872 |
| Total of Actuarial provisions at 31.12. | 51'576 | 6'216 | 57'792 | 37'228 |

5.6. Conclusions of the last actuarial report

In March 2022 Towers Watson AG prepared the actuarial report as of 31.12.2021.

Fondazione reports its pension obligations based on the technical basis LPP 2020, GT 2022 with a technical interest rate of 1.75%.

- The following observations emerge from the document:
- the financial situation of the pension fund reported in the balance sheet a surplus of CHF 96.957 mln;
- the coverage ratio pursuant to article 44, paragraph 1 OPP2 amounts to 110.7% as of 31.12.2021;
- the technical basis was adjusted to reflect the newly published LPP 2020 tables;
- the Fondazione intends to reduce the technical interest rate in the future (only for what concerns the CPR), in line with the plan submitted in 2020 to the Supervisory Authority within the project of Ring Fencing already implemented on 1.1.2021. Therefore, a provision for technical interest rate is built. This reserve is built only for pensioners and is split into three parts:
 1. Provision for technical interest rate 1.50% for Fondazione pensioners held within CPR,
 2. Provision for technical interest rate 0.75% for Fondo pensioners held within CPR,
 3. Provision for future reduction of technical interest rate for CPR equal to 50% of any net annual accounting surplus of the CPR.
- the conversion rate which will be newly in place from 1.1.2022 of 5.2% at ordinary retirement age (65 for man and 64 for woman) is above the actuarially neutral conversion rate based on the applied technical bases and the technical interest rate. The Conversion rate provision covers the expected retirement losses for active employees aged 55 and over. The changes have been decided by the Employer to harmonize the treatment of the EFG employees (in Fondazione and in FCT). However, the regulatory conversion rate must be reviewed regularly;
- due to the continuous reduction in active membership the recapitalization capacity of the Pension fund has further decreased and continues to be challenging. However, with the creation of an Internal pensioners Fund (CPR) on 1.1.2021, the recapitalisation capacity has been considerably increased.

According to the assessment of Towers Watson AG serving as formal legal Pension Expert:

- the pension fund offers sufficient security to fulfil its obligations;
- the pension plan rules with regards to actuarial regulations on pension benefits and their funding are compliant with legal requirements;

- the applied technical interest rate of 1.75% formally (and approx. 1.00% materially on the pensioner liabilities) corresponds to the Expert's recommendation;
- the applied technical bases LPP 2020 GT 2022 are reasonable for the pension fund;
- the actuarial provisions cover all promised benefits and sufficient reinsurance measures have been taken;
- the target value of the Fluctuation reserve amounts to 22.3% and is sufficient based on the investment strategy and the selected security level.

5.7. Technical bases and other significant actuarial assumptions

The relevant actuarial bases and the technical interest rate for the calculation of the mathematical provisions are defined by the Foundation Board on an annual basis upon proposal of the pension actuary.

As of 31.12.2021, the actuarial calculations have been made according to the following assumptions:

- **LPP 2020 generational actuarial bases of the year 2022** (31.12.2020: generational bases LPP 2015 of the year 2021). The technical bases provide a defined indication on the expected mortality rate, disability rate, marriage likelihood, age of the spouse, number of children and other elements relating to a pension fund's population. Particularly they provide an indication on the average life expectancy of pensioners.
- **Technical interest rate 1.75%** (31.12.2020: 1.75%). This parameter allows to attach a current value to future pensioners' benefits which can also be seen as the expected long-term return on assets.

5.8. Changes in technical bases and actuarial assumptions

As at 31.12.2021 the new generational actuarial bases LPP 2020 was adopted.

In addition, on 1.1.2022 the new Pension fund regulation will come into force as specified in note 3.3.

The table below outlines the impact of the changes:

| Date | CHF 31.12.2021 | CHF 31.12.2021 | CHF 31.12.2021 | CHF 31.12.2021 | CHF 1.1.2021* |
|------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Generational bases | LPP 2020-G22 | LPP 2020-G22 | LPP 2015-G22 | LPP 2015-G22 | LPP 2015-G21 |
| Pension plan in force from | 1.1.2022 | 1.1.2022 | 1.1.2022 | 1.1.2021 | 1.1.2021 |
| Regulation of actuarial provisions in force from | 31.12.2021 | 31.12.2020 | 31.12.2020 | 31.12.2020 | 31.12.2020 |
| CPR | | | | | |
| Active employees' liabilities | - | - | - | - | - |
| Pensioners' liabilities | 649'060 | 649'060 | 675'563 | 675'563 | 709'762 |
| Conversion rate provision | 242 | 242 | 300 | 274 | 207 |
| Interest remuneration provision | 8 | 8 | 8 | 8 | 66 |
| Longevity risk provision | - | 10'938 | 11'388 | 11'388 | 11'963 |
| Provision for reduction of technical interest rate | 51'326 | 23'212 | 25'249 | 25'249 | 27'204 |
| Total of Pension liabilities and actuarial provisions CPR | 700'636 | 683'460 | 712'508 | 712'482 | 749'202 |
| Variation | 17'176 | -29'048 | 26 | -36'720 | |
| Active Division | | | | | |
| Active employees' liabilities | 197'170 | 197'170 | 197'170 | 197'170 | 195'076 |
| Pensioners' liabilities | 6'267 | 6'267 | 6'375 | 6'375 | - |
| Conversion rate provision | 5'723 | 5'723 | 7'945 | 6'000 | 5'154 |
| Transitory measures provision | - | - | - | - | 152 |
| Interest remuneration provision | 493 | 493 | 493 | 493 | 4'304 |
| Longevity risk provision | - | 107 | 108 | 108 | - |
| Total of Pension liabilities and actuarial provisions Active Division | 209'653 | 209'760 | 212'091 | 210'146 | 204'686 |
| Variation | -107 | -2'331 | 1'945 | 5'460 | |
| Total of Pension liabilities and actuarial provisions | 910'289 | 893'219 | 924'599 | 922'628 | 953'888 |
| Variation | 17'070 | -31'380 | 1'971 | -31'260 | |

* Situation after transfer from the Fondo on 1.1.2021 in the CPR Division.

Changes in the "Pension liabilities and actuarial provisions" of the CPR Division, with the same technical bases as 2020, amount to CHF -36.720 mln and include CHF +99.674 mln transferred on 1.1.2021 from the Fondo as well as the impact of changes in the passive population.

The Pension fund regulation changes, in particular the increase in the regulatory conversion rate, generated a total cost of CHF 1.971 mln for the increase in the conversion rate provisions of both the Active Division and the CPR Division (for the invalids in defined contribution plan contained therein).

The changes in the generational bases from the LPP 2015 tables to the LPP 2020 tables resulted in savings of CHF 31.380 mln, of which the CPR Division was responsible for CHF 29.048 mln. Since the generational bases of the calculation year are used for the calculation of the Pensioners' liabilities, it was therefore possible to release the additional reserve to cover the longevity risk of pensioners because it was not necessary, generating a total saving of CHF 11.045 mln.

The good performance of the CPR portfolio then allowed a collective provision for future reductions in the technical interest rate of the pensioners pool of CHF 28.502 mln (see note 5.5.4).

5.9. Employer contribution reserve (ECR) with waiver of use

With the contract signed on 4.1.2021 between Fondazione and EFG, in addition to setting up the Internal Pensioners Fund (CPR) (see note 1.1), the employer undertook to pay on 1.1.2021 an amount of CHF 52 mln as an Employer Contribution Reserve (ECR), to be used during the initial period exclusively to cover fluctuations in the assets of the CPR. The ECR is invested together with the assets of the CPR, with the annual net (negative or positive) return being charged to it, after the annual costs of the Fondazione have been charged.

If necessary, and in the event of an overdraft of the CPR, the ECR may be used to maintain the coverage ratio of the CPR by waiving its use in whole or in part (Art. 44a BVV2). In this case, the ECR is not credited with the positive return generated by the overdraft and by the waiver of use.

The ECR may be used by EFG, after the initial period of five years, to pay EFG's ordinary contributions, provided that the CPR's Balance sheet does not show an overdraft (Art. 44 OPP2) and the amount of the ECR exceeds 10% of the CPR's liabilities, net of the fluctuation reserve set up for the CPR.

Therefore, from 1.1.2026, if the ECR exceeds its target of 10% of the liabilities of the CPR, with a coverage ratio of at least 100%, this can be used by EFG for the payment of its ordinary contributions. The part exceeding 100% of the internal coverage ratio of the CPR is considered.

The above contractual rules are incorporated in Chapter XI of the Pension fund regulations of the Fondazione, plans 1 and 2, and any amendments are subject to the prior approval of the EFG.

As of 31.12.2021, the ECR amounts to CHF 53.872 mln, following the imputation in 2021 of CHF 1.872 mln as net remuneration, duly communicated to EFG with credit note no. 1/2021 of 17.1.2022.

5.10. Coverage ratio in accordance with article 44 OPP2, paragraph 1

| | CPR | Active Division | CHF/000 31.12.2021 | CHF/000 1.1.2021 | CHF/000 31.12.2020 |
|----------------------------------------------------------|----------------|-----------------|-----------------------|---------------------|-----------------------|
| Pension liabilities and actuarial provisions (PL) | 700'637 | 209'652 | 910'289 | 953'888 | 854'214 |
| Total assets | 825'378 | 236'423 | 1'061'801 | 1'066'663 | 907'338 |
| (-) Accounts payables | -101 | -140 | -241 | -368 | -368 |
| (-) Accrued liabilities and deferred income | -278 | -164 | -442 | -7'149 | -5'648 |
| (-) Employer contribution reserve | -53'872 | - | -53'872 | -52'000 | - |
| Net pension asset (NPA) | 771'126 | 236'119 | 1'007'246 | 1'007'146 | 901'322 |
| Coverage ratio (NPA/PL)*100 | 110.1% | 112.6% | 110.7% | 105.6% | 105.5% |

In 2021 the coverage ratio stands at 110.7% for the Fondazione as a whole, which is 5.2 percentage points higher than at the previous year-end (2020: 105.5%).

As a result of the transfer of the Fondo pensioners as of 31 December 2020 to the CPR on 1 January 2021, the numerator and denominator of this ratio increased by CHF 105.824 mln and CHF 99.674 mln respectively, leaving unchanged the coverage ratio of the Fondazione at 105.6% as of 1 January 2021.

The subsequent improvement in the coverage ratio of the Fondazione is mainly due to a reduction in Pension liabilities and actuarial provisions of CHF 43.599 mln, while the Net pension asset increased slightly compared with 1 January 2021. The reduction in Pension liabilities and actuarial provisions is mainly due to savings of CHF 31.380 mln resulting from the adoption of the latest LPP 2020 generational tables and CHF 11.045 mln from the release of the no longer required Provision for longevity risk for pensioners (details in note 5.8).

For the Fondazione as a whole, the 2021 financial year closed with an operating surplus before allocation to the Fluctuation reserve of CHF 49.849 mln, essentially due to the "Net income from investments" of CHF 42.491 mln, plus the "Net income from insurance activities" of CHF 8.039 mln (including the Fluctuation reserve of CHF 6.150 mln transferred from the Fondo on 1.1.2021 and recorded under "Collective transfer of Fluctuation reserve"). Changes in the Fluctuation reserve in 2021 are detailed in note 6.2.

In 2021 the "Net income from investments" gives a return of 4.11% on average investments (see note 6.6, 2020: 3.26%), against a remuneration of Active employees' liabilities in 2021 of 2% (already covered by the interest provision established at 31.12.2020) and of Pensioners' liabilities for a theoretical 1.75% (which drops to the 1% implicit in the CPR, see note 5.5.4).

6. Explanatory notes on Investments and on Net income from investments

6.1. Organization of investing activity, investment regulation

In compliance with the Organization regulation, the Foundation Board is responsible for the following asset management activities:

- defining the investment policy;
- implementing the investment strategy;
- monitoring and controlling asset management and relevant performances;
- executing all detailed tasks included in the Investment regulation.

The Foundation Board delegates to CIM the definition, implementation, and control of the investment policy. The CIM is also responsible for the analysis and verification of investments for the CPR.

The general principles state that the foundation's assets of the Fondazione are to be managed as follows:

- promised benefits are to be timely paid;
- investment risk capacity is to be complied with, and nominal security of promised benefits is to be guaranteed;
- in the framework of risk capacity, the overall return (current income and value variations) is to be maximized. In so doing, a significant contribution to the real financing of benefits shall be possible in the long term.

The **asset management**, excluding UBS Funds and SAST securities (see note 1.5), is entrusted to EFG, Lugano branch (Employer).

The bank then fully **delegated** to the subsidiary EFGAM the management of the portfolio management mandate, starting from 1.1.2020.

The Portfolio Managers:

- are in charge of asset management related to the different asset classes according to the precise and specific instructions included in the mandate;
- they complete asset transactions based on the guidelines and directives precisely agreed in writing;
- they provide the Fondazione with periodical reports on asset performance. To this end, they draft a report on their activity in the period under reporting and they provide a verbal report (if necessary) to the Foundation Manager, the CIM and/or directly to the Foundation Board.

As from 1.1.2012, the Foundation Board has entrusted PPCMetrics with the activities of an independent **Investment Controller**.

With the reorganization of Fondazione and the creation of the internal CPR, revision of the investment strategy of the assets became necessary, reflected in the new Investment regulations approved by the Foundation Board on 29.1.2021. In January 2021, the two mandates with the bank to manage the portfolios of the Active Division (**Active Insured Portfolio**) and the CPR (**Ringfenced Pensioners Portfolio**) were signed, cancelling and replacing the "Mixed Active" mandate in force on 31.12.2020.

The new investment strategies, defined by the Regulations and implemented in the two mandates, entered into force from 1.4.2021, after the transition period dedicated to the gradual adjustment of portfolios from the situation in place at 31.12.2020.

Finally, the investment strategy of Active Division was again modified and approved in the new Investment regulation that came into force on 27 September 2021 to include **Private Market Investments** in the Active Insured Portfolio.

A new portfolio management mandate for the Active Division, which cancels and replaces the one that came into force in April, was therefore signed in October with effect from 1 October 2021.

During 2021 the Fondazione invested in securities exclusively using collective funds (without any possibility to bindingly exercise the right of vote) and consequently the Pension fund has never been called upon to exercise its right of vote pursuant to article 22 of OReSA.

6.2. Target value and calculation method of the Fluctuation reserve

| | CHF/000 CPR | CHF/000 Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|---------------------------------------------|----------------|----------------------------|-----------------------|-----------------------|
| Situation at 1.1 of Fluctuation reserve | 35'838 | 11'270 | 47'108 | 49'783 |
| Assets transfer ¹ | 6'150 | - | 6'150 | - |
| Release (-) / Creation in operating account | 28'502 | 15'197 | 43'699 | -2'675 |
| Fluctuation reserve at 31.12. | 70'490 | 26'467 | 96'957 | 47'108 |
| Target Fluctuation reserve | | | 202'994 | 120'444 |
| Shortfall in Fluctuation reserve | | | 106'037 | 73'336 |

¹ Included in the transfer contract from Fondo pursuant to Article 98 Lfus.

To offset the fluctuations of assets and guarantee the required interest rate on benefits, a Fluctuation reserve has been set up in the liabilities side of the Balance sheet. The required size of this reserve is defined according to the so-called financial method illustrated in the Investment regulation.

The Fluctuation reserve is defined by a combination of the historical characteristics of risk (volatility, correlation) with the expected returns (risk free interest rate and risk premium) of the different asset classes; the entire process is based on the investment strategy of the Fondazione. Furthermore, the Fluctuation reserve guarantees with a sufficient degree of certainty a minimum interest rate on the pension tied up capital. The size of the Fluctuation reserve is expressed in a percentage of benefits.

In defining the bases for the calculation of the Fluctuation reserve, both the going-concern principle and the money market situation are to be considered.

The functionality of the reserve size is controlled on a yearly basis supported by PPCMetrics or, if extraordinary events require it, it is modified by the Foundation Board.

During 2021, in addition to a contribution of CHF 6.150 mln relating to the Assets transfer contract from Fondo (recorded in the operating account under "Collective transfer of Fluctuation reserve"), a further CHF 43.699 mln was allocated to the Reserve (31.12.2020: decrease of CHF -2.675 mln).

For the reporting year, the target Fluctuation reserve determined for Fondazione as a whole, corresponds to 22.3% of the total Pension liabilities and actuarial provisions (31.12.2020: 14.1%). The increase in the target value is the result of the Board's decision to adopt a more conservative basis for calculation, changing the time horizon from 1 to 2 years in view of the greater emphasis to be placed on market risk management for the CPR portfolio.

6.3. Presentation of investments by category, compliance with OPP2 and Investment regulation limits

| | CHF/000 CPR | CHF/000 Active Division | CHF/000 Total Assets | in % at 31.12.2021 | in % OPP2 limits |
|---------------------------------------------------|----------------|----------------------------|-------------------------|-----------------------|---------------------|
| Cash | 35'259 | 6'673 | 41'932 | 3.9% | |
| <i>of which by Employer¹</i> | 26'989 | 6'673 | 33'662 | 3.2% | 5% |
| Bonds | 351'364 | 68'067 | 419'431 | 39.5% | |
| Equities | 170'211 | 98'949 | 269'160 | 25.3% | 50% |
| Alternative investments | 35'683 | - | 35'683 | 3.4% | 15% |
| Real estate | 231'001 | 61'076 | 292'077 | 27.5% | 30% |
| <i>of which foreign</i> | 44'737 | 10'980 | 55'717 | 5.2% | 10% |
| Total of other assets | 1'859 | 1'659 | 3'518 | 0.3% | |
| Total Assets (art. 49 OPP2) | 825'377 | 236'424 | 1'061'801 | 100.0% | |
| of which Foreign currencies unhedged ² | 137'446 | 44'721 | 182'167 | 17.2% | 30% |

¹ See details in note 6.8

² Information taken from the Investment Controlling Report as at 31 December 2021

All the category limits pursuant to OPP2 have been respected at 31.12.2021.

All other individual investment limits are also respected:

- for each debtor (10% as per art. 54 OPP2),
- for participation in each company (5% as per art. 54a OPP2),
- for each real estate (5% as per art. 54b OPP2).

The Investment regulation define two strategic asset structures, for the CPR (**Ringfenced Pensioners Portfolio**) and for the Active Division (**Active Insured Portfolio**), which are presented and described separately below.

| "Ringfenced Pensioners Portfolio" strategy | 31.12.2021 | | Strategy limits for CPR from 1.4.2021 | | |
|-----------------------------------------------------------|---------------------|---------------|---------------------------------------|---------------|--------------|
| | Total Assets of CPR | | Min | Neutral | Max |
| | CHF/000 | in % | | | |
| Operative cash in CHF | 2'484 | 0.3% | | | |
| Cash under mandate in CHF | 23'776 | 2.9% | | | |
| Cash under mandate in Foreign Currencies | 729 | 0.1% | | | |
| Money market in CHF | 8'270 | 1.0% | | | |
| Liquidity | 35'259 | 4.3% | 0.0% | 2.0% | 20.0% |
| Bonds in CHF | 116'146 | 14.1% | 5.0% | 14.0% | 23.0% |
| Government Bonds in Foreign Currencies (hedged in CHF) | 74'856 | 9.1% | 5.5% | 9.0% | 34.0% |
| Corporate Bonds in Foreign Currencies (hedged in CHF) | 53'715 | 6.5% | | 12.0% | |
| Emerging Markets Bonds Hard Currency (HC) (hedged in CHF) | 60'502 | 7.3% | 2.0% | 10.0% | 16.0% |
| Emerging Markets Bonds Local Currency (LC) ² | 20'120 | 2.4% | | 0.0% | |
| Convertible Bonds | 26'025 | 3.2% | 0.0% | 0.0% | 7.0% |
| Bonds | 351'364 | 42.6% | | 45.0% | |
| Swiss Equities | 57'308 | 6.9% | 1.0% | 6.5% | 10.5% |
| Foreign Equities Unhedged | 44'208 | 5.4% | 2.0% | 5.0% | 16.0% |
| Foreign Equities (hedged in CHF) | 44'399 | 5.4% | | 5.0% | |
| Emerging Markets Equities | 24'296 | 2.9% | 0.5% | 2.5% | 4.0% |
| Equities | 170'211 | 20.6% | | 19.0% | |
| Raw materials (gold) | 35'683 | 4.3% | 1.0% | 5.0% | 8.0% |
| Alternative investments | 35'683 | 4.3% | 1.0% | 5.0% | 8.0% |
| Quoted Swiss Real Estate funds | 33'962 | 4.1% | 1.5% | 4.0% | 6.5% |
| Not quoted Swiss Real Estate funds | 152'302 | 18.5% | 10.0% | 20.0% | 30.0% |
| Foreign Real Estate funds (hedged in CHF) | 44'737 | 5.4% | 2.5% | 5.0% | 7.5% |
| Real Estate funds | 231'001 | 28.0% | | 29.0% | |
| Other receivables | 1'859 | 0.2% | | | |
| Prepayments and accrued income | - | 0.0% | | | |
| Total of Other Assets | 1'859 | 0.2% | | 0.0% | |
| Total Assets of CPR (art. 49 OPP2) | 825'377 | 100.0% | | 100.0% | |
| of which Foreign currencies unhedged¹ | 137'446 | 16.7% | 2.5% | 12.5% | 27.0% |

¹ Information taken from the Investment Controlling Report as at 31 December 2021

² As set out in the Investment regulation, investments in this category are also permitted on an opportunistic basis

For the Ringfenced Pensioners Portfolio all category limits are respected as at 31.12.2021.

It is important to note that the strategy entered into force on 1 April 2022 after a period of gradual adjustment of the portfolios compared to the situation at the creation of the CPR on 1 January 2021.

The tactical positioning of EFGAM recorded a slight overweight in the equity sector in early 2022.

| "Active Insured Portfolio" strategy | 31.12.2021 | | Strategy limits for Active Division from 1.10.2021 | | |
|-----------------------------------------------------------|--------------------------------------------|---------------|----------------------------------------------------|----------------|---------------|
| | Total Assets of Active Division CHF/000 | in % | Min | Neutral | Max |
| Operative cash in CHF | 1'858 | 0.8% | | | |
| Cash under mandate in CHF | 4'812 | 2.0% | | | |
| Cash under mandate in Foreign Currencies | 3 | 0.0% | | | |
| Money market in CHF | - | 0.0% | | | |
| Liquidity | 6'673 | 2.8% | 0.00% | 1.00% | 32.00% |
| Bonds in CHF | 23'493 | 9.9% | 3.00% | 8.00% | 13.00% |
| Government Bonds in Foreign Currencies (hedged in CHF) | 7'759 | 3.3% | 2.25% | 5.25% | 12.5% |
| Corporate Bonds in Foreign Currencies (hedged in CHF) | 5'885 | 2.5% | | 2.00% | |
| Emerging Markets Bonds Hard Currency (HC) (hedged in CHF) | 9'120 | 3.9% | 1.00% | 5.00% | 8.00% |
| Emerging Markets Bonds Local Currency (LC) ² | 5'441 | 2.3% | | 0.00% | |
| Convertible Bonds | 12'102 | 5.1% | 0.25% | 2.00% | 3.50% |
| High Yield Bonds | 4'267 | 1.8% | 1.00% | 5.00% | 8.00% |
| Bonds | 68'067 | 28.8% | | 27.25% | |
| Swiss Equities | 17'658 | 7.5% | 1.50% | 7.00% | 11.25% |
| Foreign Equities Unhedged | 18'833 | 8.0% | 6.00% | 0.00% | 44.25% |
| Foreign Equities (hedged in CHF) | 50'077 | 21.2% | | 27.75% | |
| Emerging Markets Equities | 12'381 | 5.2% | 1.00% | 5.00% | 8.00% |
| Equities | 98'949 | 41.9% | | 39.75% | |
| Raw materials (gold) | - | 0.0% | 0.00% | 0.00% | 5.00% |
| Private equity | - | 0.0% | 0.00% | 4.50% | 8.00% |
| Alternative investments | - | 0.0% | 0.00% | 4.50% | 13.00% |
| Quoted Swiss Real Estate funds | 50'097 | 21.2% | 8.50% | 21.50% | 34.50% |
| Foreign Real Estate funds (hedged in CHF) | 10'979 | 4.6% | 2.25% | 6.00% | 9.75% |
| Real Estate funds | 61'076 | 25.8% | | 27.50% | |
| Other receivables | 1'659 | 0.7% | | | |
| Prepayments and accrued income | - | 0.0% | | | |
| Total of Other Assets | 1'659 | 0.7% | | 0.00% | |
| Total Assets of Active Division (art. 49 OPP2) | 236'423 | 100.0% | | 100.00% | |
| of which Foreign currencies unhedged¹ | 44'721 | 19.0% | 2.25% | 16.50% | 30.00% |

¹ Information taken from the Investment Controlling Report as at 31 December 2021

² As set out in the Investment regulation, investments in this category are also permitted on an opportunistic basis

The table for the Active Insured Portfolio shows the investment strategy according to the Investment regulations approved in September 2021. The strategy includes investments in the new Private equity category. At its meeting on 14 February 2022, the Board formally decided and resolved that the period up to investment in the new category should be regarded as a transitional period during which the asset manager can operate within the previous strategy limits valid from 1 April 2021, which provided for a neutral limit of 10% for CHF Bonds and a limit of 5% for Convertible Bonds (with a maximum of up to 8%). Consequently, the deviation at 31.12.2021 does not represent a direct violation of the regulatory limits as they are compatible with the limits set during the transitional period. Under the old strategy, the portfolio would be within the limits. The tactical positioning of EFGAM recorded a slight overweight in the equity sector in early 2022 also for the Active Insured Portfolio.

6.4. . Compliance with EFG asset management mandate limits

The management of the two portfolios, **Ringfenced Pensioners Portfolio** and **Active Insured Portfolio**, except for the Foreign Real Estate (UBS Funds) and the Indirect CH Real Estate not listed on the CPR (SAST), was entrusted by the Fondazione to EFG with two specific mandates signed on 12.2.2021.

Under paragraph 14 of both mandates, management is sub-delegated to the subsidiary EFGAM, a financial services provider authorised by FINMA and, as such, subject to supervision by the Swiss Financial Market Supervisory Authority. EFG has regulated the sub-delegation to EFGAM in a global Service Level Agreement (SLA).

The verification of compliance with the manager's margins of freedom is therefore carried out separately for the two mandates of the CPR and the Active Division.

| "Ringfenced Pensioners Portfolio" Mandate | 31.12.2021 | | Limits of the CPR Mandate from 1.4.2021 | | |
|-----------------------------------------------------------|-----------------------|---------------|-----------------------------------------|----------------|---------------|
| | Portfolio CPR Mandate | | | | |
| | CHF/000 | in % | Min | Neutral | Max |
| Cash under mandate in CHF | 23'776 | 3.8% | | | |
| Cash under mandate in Foreign Currencies | 729 | 0.1% | | | |
| Money market in CHF | 8'270 | 1.3% | | | |
| Liquidity | 32'775 | 5.2% | 0.00% | 1.00% | 22.00% |
| Bonds in CHF | 116'146 | 18.5% | 9.00% | 19.00% | 29.00% |
| Government Bonds in Foreign Currencies (hedged in CHF) | 74'856 | 12.0% | 11.5% | 12.25% | 42.00% |
| Corporate Bonds in Foreign Currencies (hedged in CHF) | 53'715 | 8.6% | | 16.25% | |
| Emerging Markets Bonds Hard Currency (HC) (hedged in CHF) | 60'502 | 9.7% | 4.00% | 13.50% | 20.00% |
| Emerging Markets Bonds Local Currency (LC) | 20'120 | 3.2% | | 0.00% | |
| Convertible Bonds | 26'025 | 4.1% | 0.00% | 0.00% | 7.00% |
| Bonds | 351'364 | 56.1% | | 61.00% | |
| Swiss Equities | 57'308 | 9.1% | 2.50% | 8.75% | 13.00% |
| Foreign Equities Unhedged | 44'208 | 7.1% | 4.00% | 6.75% | 20.00% |
| Foreign Equities (hedged in CHF) | 44'399 | 7.1% | | 6.75% | |
| Emerging Markets Equities | 24'296 | 3.9% | 1.00% | 3.50% | 5.00% |
| Equities | 170'211 | 27.2% | | 25.75% | |
| Raw materials (gold) | 35'683 | 5.7% | 2.00% | 6.75% | 10.00% |
| Alternative investments | 35'683 | 5.7% | 2.00% | 6.75% | 10.00% |
| Quoted Swiss Real Estate funds | 33'962 | 5.4% | 2.75% | 5.50% | 8.25% |
| Real Estate funds | 33'962 | 5.4% | | 5.50% | |
| Other receivables ² | 1'859 | 0.3% | | - | |
| Prepayments and accrued income | - | 0.0% | | - | |
| Total of Other Assets | 1'859 | 0.3% | | 0.00% | |
| Total "Ringfenced Pensioners Portfolio" | 625'854 | 100.0% | | 100.00% | |
| of which Foreign currencies unhedged¹ | 137'446 | 22.0% | 5.00% | 17.00% | 32.00% |

¹ Information taken from the Investment Controlling Report as at 31 December 2021

² This is the credit for withholding tax relating to the mandate, which the Administration is responsible for recovering.

All the margins for the new CPR mandate were met. The period 1.1.2021-31.3.2021 was set up as a transition period, the new investment strategy was officially implemented from 1.4.2021.

| "Active Insured Portfolio" Mandate | 31.12.2021 | | Limits of the Active Division Mandate from 1.10.2021 | | |
|-----------------------------------------------------------|-----------------------------------|---------------|------------------------------------------------------|----------------|---------------|
| | Portfolio Active Division Mandate | | Min | Neutral | Max |
| | CHF/000 | in % | | | |
| Cash under mandate in CHF | 4'812 | 2.2% | | | |
| Cash under mandate in Foreign Currencies | 3 | 0.0% | | | |
| Money market in CHF | - | 0.0% | | | |
| Liquidity | 4'815 | 2.2% | 0.00% | 0.00% | 31.00% |
| Bonds in CHF | 23'493 | 10.6% | 4.00% | 8.50% | 13.00% |
| Government Bonds in Foreign Currencies (hedged in CHF) | 7'759 | 3.5% | 3.75% | 5.75% | 11.75% |
| Corporate Bonds in Foreign Currencies (hedged in CHF) | 5'885 | 2.6% | | 2.25% | |
| Emerging Markets Bonds Hard Currency (HC) (hedged in CHF) | 9'120 | 4.1% | 1.50% | 5.25% | 8.00% |
| Emerging Markets Bonds Local Currency (LC) | 5'441 | 2.4% | | 0.00% | |
| Convertible Bonds | 12'102 | 5.4% | 0.75% | 2.25% | 3.75% |
| High Yield Bonds | 4'267 | 1.9% | 1.50% | 5.25% | 8.00% |
| Bonds | 68'067 | 30.6% | | 29.25% | |
| Swiss Equities | 17'658 | 7.9% | 2.25% | 7.50% | 11.50% |
| Foreign Equities Unhedged | 18'833 | 8.5% | 8.00% | 0.00% | 45.00% |
| Foreign Equities (hedged in CHF) | 50'076 | 22.5% | | 29.75% | |
| Emerging Markets Equities | 12'381 | 5.6% | 1.50% | 5.25% | 8.00% |
| Equities | 98'948 | 44.5% | | 42.50% | |
| Raw materials (gold) | - | 0.0% | 0.00% | 0.00% | 4.50% |
| Private equity | - | 0.0% | 0.00% | 5.00% | 8.00% |
| Alternative investments | - | 0.0% | 0.00% | 5.00% | 12.50% |
| Quoted Swiss Real Estate funds | 50'097 | 22.5% | 11.50% | 23.25% | 35.00% |
| Real Estate funds | 50'097 | 22.5% | | 23.25% | |
| Other receivables ² | 632 | 0.3% | | - | |
| Prepayments and accrued income | - | 0.0% | | - | |
| Total of Other Assets | 632 | 0.3% | | 0.00% | |
| Total "Active Insured Portfolio" | 222'559 | 100.0% | | 100.00% | |
| of which Foreign currency unhedged¹ | 44'721 | 20.1% | 3.75% | 17.75% | 32.25% |

¹ Information taken from the Investment Controlling Report as at 31 December 2021

² This is the credit for withholding tax relating to the mandate, which the Administration is responsible for recovering.

All the margins foreseen in the Active Division mandate were respected.

The asset allocation table of the Active Insured Portfolio mandate shows the new investment strategy in accordance with the Investment regulations that came into force in September 2021. The strategy includes investments in the new Private equity category, investments that are not yet in the portfolio.

At its meeting on 14.2.2022, the Board formally decided and resolved that the period up to investment in the new category, the asset manager can operate within the previous mandate limits valid from 1.4.2021, which provided for a neutral limit of 10.5% for CHF Bonds and a limit of 5.25% for Convertible Bonds (with a maximum of up to 8%).

As a result, the deviation as of 31 December 2021 does not represent a direct violation of the mandate limits, as they are in line with the limits set during the transitional period. Under the old strategy, the portfolio would be within the limits.

6.5. Open financial derivatives instruments

As at 31.12.2021 there are no open derivative financial instruments in either the CPR or Active division.

The two “short futures” contracts open as at 31.12.2020 (with a negative replacement value of CHF -5.208 mln), which the Board wanted in order to protect the portfolio from heavy losses in the equities sector given the particular climate of uncertainty generated by the Coronavirus pandemic, were gradually reduced and definitively closed in April, with a negative impact on the 2021 Operating account of CHF 7 mln in the CPR and CHF 2 mln in the Active Division (excluding commissions).

6.6. Comments on Net income from investments

For a better understanding of the “Net income from investments” and the return in percentage, the “Net assets (including ECR)” is used for the calculation of the average investment, which, unlike the Net assets shown in note 5.10, also includes the ECR paid by the Employer for the benefit of the CPR (invested together with the “Ringfenced Pensioners Portfolio”).

To reflect the evolution of the investments in the two divisions during the year, the table below details the Net assets of the CPR and the Active Division as at 1.1.2021, post transfer from the Fondo.

| Global Performance | <i>CHF/000 CPR</i> | <i>CHF/000 Active Division</i> | CHF/000 Net Assets |
|-----------------------------------------------------------------|------------------------|------------------------------------|-------------------------------|
| Net Assets (including RCDL) ¹ at 31.12.2021 | 824'998 | 236'119 | 1'061'118 |
| Net Assets at 1.1.2021 | 791'189 | 215'957 | 1'007'146 |
| Average investment | 808'094 | 226'038 | 1'034'132 |
| Income from Liquid funds | -321 | -78 | -399 |
| Income from Bonds | -6'270 | -987 | -7'257 |
| Income from Equities | 31'603 | 14'816 | 46'419 |
| Income from Alternative Investments | 433 | 10 | 443 |
| Income from Real Estate funds | 15'568 | 4'840 | 20'408 |
| Income from Derivatives | -6'999 | -2'085 | -9'084 |
| Remuneration of ECR | -1'872 | - | -1'872 |
| Asset management expenses | -4'527 | -1'640 | -6'167 |
| Net Income from investments in Operating account in 2021 | 27'615 | 14'876 | 42'491 |
| Net income in % of the average investment at 31.12.2021 | 3.42% | 6.58% | 4.11% |

¹ Net Income includes the ECR as the 52 mln paid by the Employer are invested in the EFGAM mandate “Ringfenced Pensioners Portfolio”

The “Net Assets (including ECR)”, which includes the CHF 52 mln paid by the Employer into the CPR portfolio and fully invested in the “Ringfenced Pensioners Portfolio” mandate, is calculated by deducting Accounts payables and Accrued liabilities from Total Assets.

The “Net Income from investments” of the Fondazione as of 31 December 2021 amounts to a total of CHF 42.491 mln (2020: CHF 30.008 mln). The CPR division contributed for CHF 27.615 mln and the Active Division for CHF 14.876 mln to the overall result. The overall “Net Income from investments”, calculated after the remuneration of the ECR of CHF 1.872 mln, remains in very positive territory (+4.11%), despite the negative impact of the closure of the two futures discussed in note 6.5, which generated a loss of CHF 9 mln, and the loss of CHF 7.257 mln in the Bond segment. The Equities (+CHF 46.419 mln) and Real estate funds (+CHF 20.408 mln, of which CHF 7.174 mln from SAST and CHF 4.210 mln from UBS funds) performed well.

The performance in percentage terms for SAST was 4.82% and for the foreign UBS funds 9.76%. The performance in percentage for the EFGAM mandate was 2.64% for the CPR and 6.57% for the Active Division.

6.7. Comments on Asset management expenses

In compliance with articles 65, paragraph 3 LPP and 48a, paragraph 1 OPP2, and pursuant to the Swiss GAAP FER 26, "Asset management expenses" include:

- the expenses pertaining to the period and **directly debited** to the Fondazione for completed services and transactions. They include: commission fees for asset management (such as *flat fees* for management commissions, custodian fees and security trading costs); charge of commissions for custodian fees paid by EFG; third party broker commission fees, settlement expenses and tax on single transactions (or "*Transaction and tax cost – TTC*"); "*Product and Volume fees*" in compliance with the "Institutional Fund Access (IFA) – Investment agreement" related to Credit Suisse platform; expenses invoiced from the Investment Controller (or "*Supplementary Cost – SC*");
- **indirect expenses** offset with revenues or assets in the collective investment schemes and calculated according to the "Total Expense Ratio - TER". The relevant asset classes' amounts in the "Net income from investments" have increased accordingly.

6.7.1. Total of all recognized cost indicators of collective investment schemes as per operating account

As of 31.12.2021, the total value of collective investment's expense ratios calculated with the TER ratio amounts to CHF 3.902 mln (31.12.2020: CHF 3.217 mln).

6.7.2. Total of Asset management expenses reported in the operating account in % of transparent investments

| | CHF/000 CPR | CHF/000 Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|--------------------------------------------------------------------|----------------|----------------------------|-----------------------|-----------------------|
| Direct costs | 1'598 | 667 | 2'265 | 1'905 |
| Indirect costs (calculated based on the cost ratio TER) | 2'929 | 973 | 3'902 | 3'217 |
| Total of Asset management expenses | 4'527 | 1'640 | 6'167 | 5'122 |
| Total of transparent investments ¹ | 822'893 | 233'538 | 1'056'431 | 894'284 |
| Asset management expenses as a % of transparent investments | 0.55% | 0.70% | 0.58% | 0.57% |

¹ Corresponds to the Net Assets (including ECR) shown in note 6.6 excluding the part relating to the two Operational management (CPR and Active Division), which are not subject to Asset management expenses.

Because of the creation of the CPR and the associated transfer of a portion of the portfolio of the Fondo, there was an overall increase of around CHF 1 mln in Total of Asset management expenses. The increase in direct expenses is due to the movements that occurred mainly in the first quarter when setting up the two portfolios.

TER costs increased by a total of CHF 0.685 mln, due to the proportion of Net Assets transferred from the Fondo to the CPR and the purchase of new shares and bonds with a higher TER than those already present, but with good prospects for returns.

6.7.3. Cost transparency ratio

| | CHF/000 CPR | CHF/000 Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|------------------------------------------------------|----------------|----------------------------|-----------------------|-----------------------|
| Transparent investments | 822'893 | 233'538 | 1'056'431 | 894'284 |
| Mandate investments EFGAM, SAST and UBS ¹ | 822'893 | 233'538 | 1'056'431 | 894'284 |
| Cost transparency ratio | 100% | 100% | 100% | 100% |

¹ Corresponds to the Net Assets (including ECR) shown in note 6.6 excluding the part relating to the two Operational management (CPR and Active Division), which are not subject to Asset management expenses.

6.7.4. List of investments for which asset management expenses are unknown (article 48a, paragraph 3)

Pursuant to article 48a, paragraph 3 OPP2, on 31.12.2021 remained in the portfolio of the Active Division one security lacking a breakdown of the Asset management expenses given the difficulties in disposing of the shares, the security was completely depreciated as at 31.12.2017. The aforementioned investment is as follows:

| ISIN | Provider | Name of security | Quantity at 31.12.2021 | Currency | Market value in CHF at 31.12.2021 |
|--------------|----------------------------------|----------------------------------------------------|------------------------|----------|-----------------------------------|
| CH0011402895 | Minicap Technology Investment AG | Registered shares Minicap Technology Investment AG | 10'000 | CHF | 0 |

After years of no appraisal of this investment, a preliminary liquidation quote of CHF 9'100 was received in 2021 for this security which is included in the "Income from alternative investment".

6.8. Explanation of investments and other receivables with the employers

| Investments with the employers | CHF/000 31.12.2021 | in % | OPP2 limits | Article |
|-----------------------------------------------|-----------------------|---------------|-------------|------------------------|
| Operative cash in EFG SA | 4'342 | 0.4% | | UFAS journal n. 84/486 |
| Cash under mandate in EFG SA ¹ | 29'320 | 2.8% | 5.00% | 57 par. 2 |
| Total investments with the employer | 33'662 | | | |
| Total Assets (art 49 OPP2)² | 1'061'801 | 100.0% | | |

¹ See also note 6.3, total CPR and Active Division

² Total Assets of the Fondazione

In case of a bank's pension fund (see UFAS journal N° 84 /486), operating cash should not be calculated as "Investment with the employer" (for verification of the 5% limit see Art. 57 par. 2) and it shall not affect the Portfolio Manager's activity and performance.

Between the Fondazione and EFG there is **collateral contract**, which commits the Employer to guarantee the cash of the Fondazione deposited on the asset management current accounts (CPR and Active Division).

As of 31.12.2021 the collateral deposited amounts to CHF 31.070 mln, with a 105.98 % hedging of the invested capital with the Employer, against a minimum value of 105%.

6.9. Retrocessions

The Foundation only received retrocessions from EFG.

As of 1.7.2020 all investment funds are "retro-free".

7. Comments on other balance sheet and operating account positions

7.1. Other receivables

| | CHF/000 CPR | CHF/000 Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|-----------------------------|----------------|----------------------------|-----------------------|-----------------------|
| Credits for withholding Tax | 1'859 | 632 | 2'491 | 2'751 |
| Credits towards reinsurer | - | 1'026 | 1'026 | 1'214 |
| Other credits miscellaneous | - | 1 | 1 | -2 |
| Other receivables | 1'859 | 1'659 | 3'518 | 3'963 |

The refund of Credits for withholding tax as at 31.12.2020 took place at the end of April 2021.

The Credits towards reinsurer as at 31.12.2021 include the advance payment of risk insurance premiums for 2022 paid in advance in December based on an interim invoice of CHF 0.950 mln.

7.2. Prepayments and accrued income

As of 31.12.2021, like at 31.12.2020, there are no "prepayments and accrued income".

7.3. Accrued liabilities and deferred income

| | CHF/000 CPR | CHF/000 Active Division | CHF/000 31.12.2021 | CHF/000 31.12.2020 |
|-----------------------------------------------------------|----------------|----------------------------|-----------------------|-----------------------|
| Deferred income from revenues pertaining to future period | 253 | 1 | 254 | 262 |
| Replacement value of Open derivatives | - | - | - | 5'208 |
| Invoices to be received and other accrued liabilities | 25 | 163 | 188 | 178 |
| Accrued liabilities and deferred income | 278 | 164 | 442 | 5'648 |

The item "Accrued liabilities and deferred income" is decreased by CHF 5.206 mln. The significant change is mainly due to the closure of the short futures contracts open as at 31.12.2020 (see note 6.5).

8. Requirements of the Supervisory Authority

By decision of 19.11.2021, the Supervisory Authority *acknowledged* the 2020 annual report.

On 18.6.2021, the Supervisory Authority confirmed the *formal assessment* of the following documents:

- "Pension fund regulation", plans 1 and 2, approved by the Foundation Board on 23.11.2020, with validity from 1.1.2021;
- "Regulation of actuarial provisions", approved by the Foundation Board on 29.1.2021, with validity from 31.12.2020;
- "Investment regulation", approved by the Foundation Board on 29.1.2021, with validity from 1.1.2021.

The following documents were also sent to the Supervisory Authority, for which no *formal assessment* confirmation has yet been received:

- on 5.10.2021 the new "Investment regulation", approved by the Foundation Board on 27.9.2021, with immediate validity;
- on 2.12.2021 the new "Regulation of actuarial provisions", approved by the Foundation Board on 22.11.2021, with validity from 31.12.2021;
- on 2.12.2021 the new "Organization regulation", approved by the Foundation Board on 22.11.2021, with immediate validity;
- on 16.12.2021, the transfer contract at 1.1.2022 between Fondo and Fondazione ex art. 98LFus;
- on 17.12.2021 the new "Pension fund regulation", approved by the Foundation Board on 15.12.2021, with validity from 1.1.2022.

9. Further information regarding the financial situation

During 2021 the Foundation Board has informed more than once active employees and pensioners about the situation of the Fondazione and the Fondo (hereinafter the Fondazioni EFG).

Specifically:

- On 5.1.2021, the pension certificates for the fiscal year 2020 were sent to all pension recipients.
- With a communication dated 13.1.2021, all active insureds and pensioners were informed about an important change regarding the new organizational structure of the Fondazioni EFG and the consequent creation of the internal CPR in the Fondazione.
- With communication dated 29.1.2021, all active insureds and pensioners were informed about the publication on the internal and public company portal, of the new Pension fund regulations valid from 1.1.2021. Transparency was given on the coverage ratio and performance for the year 2020 and the decisions of the Foundation Board were communicated regarding the interest rates for the year 2021 and the rate used for the projections of the remuneration of vested benefits in the pension certificates. Active insureds were also informed that the publication of the 2021 certificates will take place during the month of May.
- With communication dated 7.5.2021, all active employees were informed of the publication within the Fusion application of their pension certificate valid for the year 2021 and the related reading guide.
- On 20.5.2021 detailed information on the annual report 2020 was released and made available to all active employees and pensioners respectively by posting on the company's web portal and public website.
- On 25.5.2021 all active employees, pensioners and those who left in the two-year period 2019-2020 were informed about the partial liquidation procedure of the Fondazione as of 31 December 2020.
- On 16.9.2021 Giorgio Pradelli (CEO EFG International) and Ioanna Archimandriti (Head of HR EFG International) informed all EFG active employees that from 1.1.2022 the EFG pension funds (Fondazione, Fondo and FCT) will be harmonized in the EFG pension plan.
- On 17.9.2021, all EFG active employees were informed of the main features of the harmonized EFG pension plan in force since 1.1.2022 (for details see note 3.3).
- On 21.9.2021, all active EFG employees with salaries exceeding CHF 145'000 were informed of the characteristics of the new FCT 1e pension plan in force since 1.1.2022, as well as the options available for the management of the vested benefit present in the Fondo at 31.12.2021.
- During the "Townhalls" of 4, 5, 6 and 21 October 2021, for the employees of Ticino, Geneva and Zurich respectively, information sessions were organized on the harmonization process of the EFG pension funds and on the implementation of the EFG 1e plan. The information material projected, as well as a list of frequently asked questions and answers, were then published on the company portal to encourage the greatest possible distribution of information.
- On 15.10.2021, the "comparison certificates" as at 31.12.2021 were published for all active employees between the pension situation in the current plan compared to the harmonized plan, with the various options possible for individuals with salaries exceeding CHF 145'000. The formalities required of employees by 15.11.2021 were also detailed (see also note 10).
- During the "Townhalls" of 29.10.2021 and 5.11.2021, detailed information sessions were organized on the operating methods of the FCT 1e plan, in favour of employees with salaries exceeding CHF 145'000, to consciously guide their choices on the profile with which to invest their pension assets from 1.1.2022 in the FCT 1e fund.
- On 17.11.2021 the six subjects of the Fondo (all under the age of 55), who did not provide the required choices by 15.11.2021, were informed by registered letter about the automatic transfer of their vested benefits from the Fondo to FCT plan 1e from 1.1.2022.
- On 29.11.2021, the current members of the Fondazione's Delegates' Meeting, given the exceptional events that occurred in 2021, were informed of the extension of their mandate until 31.12.2022.
- On 10.1.2022 all Fondo's employees were informed of the publication, within the Fusion application, of their exit certificate as of 1.1.2022 concerning the transfer of their vested benefit to the chosen pension fund.
- With communication dated 18.2.2022, active employees and pensioners were informed of the publication of the new Pension fund regulation that came into force on 1.1.2022 on the company's web portal and public website. Emphasis was placed on the reduction in the risk contribution rates for active employees and employers resulting from the implementation of the "Pensioners' Ring-Fencing" project and the renegotiation of reinsurance contracts. Transparency was provided on the coverage ratio and performance for the year 2021 and the new rule was announced whereby,

from 2022 onwards, the interest on savings capital will be defined by the Board at the end of the year. In the event of withdrawal or retirement during the year to November 2022, the retirement savings will be remunerated at an interest rate of 0.25%. It was also pointed out that the additional interest rate of 0.25% / 0.50% for lower salary brackets is no longer in force as of 1.1.2022. Finally, it was informed that the 2022 certificates will be published by the end of May and the rate used for the projections will be 1.75%.

9.1. Underfunding / measures taken (article 44 OPP2, paragraph 2)

In 2021 there are no recapitalization measures since not necessary.

In the event of future deterioration in the coverage ratio, the “Steering Committee Pension Funds EFG” (note 3.3) will evaluate any recapitalization measure of the current employer Pension funds as a whole..

9.2. Waiver of use by the employer of the ECR

The ECR EFG of the CPR as at 31.12.2021 amounts to CHF 53.872 mln. See note 5.9 for details on its creation, remuneration and possible use.

As at 31.12.2021, EFG has not waived the use of this reserve.

9.3. Partial liquidations

The “Regulation on partial and full liquidation and merger” establishes that the conditions for a partial liquidation are fulfilled:

- a) in case of staff reductions, if the number of **involuntary departures** of insured persons and their vested benefits are **at least 10%**. If the staff reduction takes place for the same reason during a period between one and two years, the conditions are also fulfilled;
- b) In case of **abandonment of entire sectors** by the employer or in case of **outsourcing** of entire sectors to other companies not affiliated to the Fondazione due to involuntary departures. In both cases the number of the insured persons and of their vested benefits must be **at least 5%**;
- c) If an **affiliation agreement is terminated**. In this case, the number of insured persons must be at least 5% of all active employees and pensioners (if the latter are affected by the termination of the affiliation agreement) and at least 5% of the vested benefits (including the Pensioners’ liabilities if the pensioners are affected by the termination of the affiliation agreement). At the time of termination, the affiliation agreement between the leaving company and the Fondazione must have been in force for at least two years.

In the two-year period 2019-2020 the requirements of a partial liquidation according to condition a) mentioned above were fulfilled.

With communication dated 25.5.2021 all eligible persons were informed about the partial liquidation process of the Fondazione on 31.12.2020.

As the coverage ratio of the Fondazione as at 31.12.2020 was **105.5%**, the partial liquidation **had no economic or financial impact**: as there were no free assets, there was no need for a distribution plan (in favour of the leavers), there was also no underfunding, so no deductions had to be made from the vested benefits already paid to the leavers (to protect the remaining insured).

For the year 2021, although the number of active insured members has further decreased (see note 1.6), none of the above three conditions is met.

9.4. Separate accounts

Not applicable.

9.5. Pledge of assets

Not applicable.

9.6. Joint liabilities and guarantees

Not applicable.

9.7. Pending legal proceedings

As at 31.12.2021 there were no active legal proceedings charged to the Fondazione.

9.8. Special business and asset transactions

Except the constitution of the Internal Pension Fund for pensioners (CPR) in the Fondazione on 1.1.2021, with the transfer contract pursuant to Article 98 of the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (LFus) (from the Fondo to the CPR of all assets and liabilities inherent to the pensioners as at 31.12.2020), which has been discussed in detail in the current annual report, no other special transactions or operation were completed in 2021.

10. Events after the balance sheet date

With the decisions of the Fondazione, Fondo and FCT Boards, fully supported by the Employer and Pension Fund Supervisory Authorities, the EFG pension funds in Switzerland have been harmonised in terms of contributions and insurance coverage as of 1.1.2022 (see note 3.3 for details).

As part of these changes, the new FCT 1e Pension Plan was introduced. The new FCT 1e plan offers employees greater flexibility and a range of options to benefit from market trends by choosing their own savings plan and making their individual investment decisions for a significant portion of their retirement savings.

All EFG employees with a gross annual salary of CHF 145'000 or more are insured from 2022 up to CHF 140'000 under the Fondazione or FCT base plan and for the remaining part under the new FCT 1e plan.

Members of the Fondo aged 55 or over on 31.12.2021 were irrevocably able to decide to insure their entire gross annual salary of CHF 145'000 or more in the Fondazione from 1.1.2022, up to a maximum of CHF 500'000 ("grandfathering").

For vested benefits accumulated in the Fondo up to 31.12.2021, insured persons were able to choose whether to transfer all or part of the capital to the new FCT 1e pension plan ("irrevocable opt-in") or to return it to the Fondazione ("irrevocable opt-out").

On 1.1.2022 the Fondo (Transferor) has **transferred** to the Fondazione (Receiver) a portion of assets and liabilities **pursuant to Article 98 of the LFus**. The assets and liabilities transferred refer to the active employees of the Fondo as at 31.12.2021 who have chosen the **irrevocable opt-out** or **grandfathering options**, whose rights and claims are transferred to the Receiver with effect from 1.1.2022. The transfer to the Fondazione took place in the Active Division.

The net assets transferred amounting to CHF 9.445 mln are valued at market value as at 31.12.2021, in accordance with Swiss GAAP RPC 26, approved by the auditors of the Transferor and the Receiver. The actuarial liabilities transferred are valued at 31.12.2021 by the Expert of the Transferor and the Receiver. The total value of the excess assets transferred amounts to CHF 1.

The situation of the Fondazione at 1.1.2022 is summarized in the following table.

| | CHF Fondazione 31.12.2021 | CHF Transfer from Fondo 1.1.2022 | CHF Fondazione 1.1.2022 |
|------------------------------------------------------------------|---------------------------------|----------------------------------------|-------------------------------|
| ASSETS | | | |
| Investments | 1'061'800'634 | 9'444'517 | 1'071'245'151 |
| Information system | 1 | - | 1 |
| Total assets | 1'061'800'635 | 9'444'517 | 1'071'245'152 |
| LIABILITIES | | | |
| Accounts payables | 240'501 | - | 240'501 |
| Accrued liabilities and deferred income | 442'305 | - | 442'305 |
| Employer Contribution Reserve (ECR) without waiver of use | 53'872'000 | - | 53'872'000 |
| Pension liabilities and actuarial provisions | 910'288'953 | 8'446'491 | 918'735'444 |
| Fluctuation reserve | 96'956'876 | 998'026 | 97'954'902 |
| Dotation capital and free funds / underfunding | - | - | - |
| Dotation capital | 10'000 | - | 10'000 |
| <i>Free funds / underfunding</i> | | | |
| Balance at the beginning of the period | -10'000 | - | -10'000 |
| Income surplus / (-) Expense surplus of the period | - | - | - |
| Balance at the end of the period | -10'000 | - | -10'000 |
| Total liabilities | 1'061'800'635 | 9'444'517 | 1'071'245'152 |

11. Report of the statutory auditor on the Financial Statements 2021



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To the Foundation Board of

Fondazione di Previdenza EFG SA, Lugano

Lugano, 9 May 2022

Report of the statutory auditor on the financial statements

As statutory auditor we have audited the financial statements of Fondazione di Previdenza EFG SA, which comprise the balance sheet, operating account and notes (pages 7 to 49), for the year ended 31 December 2021

Foundation Board's responsibility

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation's deed of formation and the regulations. This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibility of the expert in occupational benefits

In addition to the auditor the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with article 52e paragraph 1 of the Occupational Pensions Act (OPA) and article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and with the foundation's deed of formation and the regulations.

Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (article 52b OPA) and independence (article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by article 52c paragraph 1 OPA and article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organization, management and investments are applied.

We have assessed whether

- ▶ organization and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation
- ▶ funds are invested in accordance with legal and regulatory requirements
- ▶ the occupational pension accounts comply with legal requirements
- ▶ measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfill their duties of loyalty and disclosure of interests
- ▶ the discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions
- ▶ in the event of a funding gap, the pension fund has taken the necessary measures to restore full coverage
- ▶ the legally required information and reports have been given to the supervisory authority
- ▶ the pension fund's interests are safeguarded in disclosed transactions with related entities

We confirm that the applicable legal and statutory requirements have been met.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Erico Bertoli
Licensed audit expert



Michele Balestra
Licensed audit expert
(Auditor in charge)

Enclosure

- ▶ Financial statements (balance sheet, operating accounts and notes)

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