



J. SAFRA SARASIN



Regulations

J. Safra Sarasin Pillar 3a Foundation

April 2020

Regulations

Pursuant to Art. 2 of the Articles of Association of J. Safra Sarasin Pillar 3a Foundation (hereafter the “Foundation”), Basel, the following Regulations are issued:

In this document, the term “spouse/partner” includes married persons as well as registered partners and partners within the meaning of the Partnership Act (PartG).

A – General provisions

Art. 1 – Object

The Foundation operates individual, tied pensions to close pension shortfalls left by the 1st and 2nd pillars. To this end, the Foundation accepts deposits from members up to the maximum amounts defined by the Occupational Pensions Act (OPA) and the relevant implementing Ordinance (BPO3).

Art. 2 – Content of the Regulations

These Regulations govern the organisation and administration of the Foundation and the rights and obligations of members in relation to the Foundation.

Art. 3 – The member

The member may choose between account-linked and/or securities-linked investments.

The member joins the Foundation upon signing the application to conclude a pension agreement. For a pension agreement to be concluded, the member must be in employment and covered by the first pillar (OASI/IV). If the member is temporarily unemployed, they can pay contributions to the Foundation, as long as they receive unemployment insurance benefits.

Membership of the Foundation is not possible where

- the member is not receiving earned income;
- their taxable income consists only of, for example, income from securities, income from property or maintenance payments
- they are not yet insured under the OASI (minors below the age of 18) or has already reached official re-

tirement age under the OASI, or retirement age plus five years if he is not in employment,

- they are resident abroad (possible if he is employed in Switzerland and insured under the first pillar).

B – Organisation of the Foundation

Art. 4 – Board of Trustees

Under the Deed of the Foundation, management of the Foundation rests with the Board of Trustees. It consists of at least five expert members. The members are appointed by the Founder. At least one member of the Board of Trustees shall not belong to the Founder, nor be active in the business management or asset management of the Founder, nor be a beneficial owner of the Founder or of companies entrusted with the business management or asset management of the Founder. These independent members are chosen directly by the Board of Trustees.

The Board of Trustees elects the chairman and the vice-chairman from among its members. Otherwise, the Board of Trustees is self-constituting.

The Board of Trustees meets whenever necessary at the invitation of the chairman. Any member may demand in writing that the chairman call a meeting of the Board of Trustees. The Board of Trustees meets at least once per year.

The term of office of the Board of Trustees is three years, with the possibility of re-election according to Art. 4 of the Articles of Association.

The Board of Trustees is authorised to pass resolutions provided a majority of its members are present at the meeting. Resolutions are adopted by a majority vote of the members present. The chairman also votes. In the event of a tied vote, the chairman's vote counts twice. Circular resolutions are permitted, provided no member demands that the proceedings be held in person. All resolutions are to be recorded in minutes, to be signed by the chairman and by the minutes secretary.

The Board of Trustees looks after all the business of the Foundation, particularly its asset management, and makes the final decision on all issues of concern to the Foundation with due observance of legal requirements, save as otherwise stipulated in these Regulations. In justified individual cases, whilst respecting the rights of beneficiaries and observing legal requirements, it may reach decisions that diverge from the Regulations.

The Board of Trustees may appoint a Management Board, a Board of Administration and special committees. It may delegate certain tasks to these bodies, particularly an Investment Committee, provided they are not reserved by law or these Regulations for the Board of Trustees.

If the Board of Trustees delegates tasks to an Investment Committee, it shall issue Rules of Procedure governing its organisation, tasks and competencies.

It shall define investment guidelines for the management of the Foundation assets and client assets.

Art. 5 – Management Board

The Board of Trustees transfers the management of day-to-day business to the Management Board. It describes its tasks and competencies in special Organisational Regulations.

Day-to-day business is handled by the Management Board and the Board of Administration under the supervision of the chairman of the Board of Trustees.

The Managing Director is responsible, in particular, for the implementation of the resolutions of the Board of Trustees in cooperation with the Board of Administration. The Managing Director presides over the Board of Administration and monitors its activities.

The Board of Trustees mandates and appoints the persons who are entitled to represent the Foundation, and decides on the nature of their signing powers.

Art. 6 – Auditor

The Board of Trustees appoints an Auditor for the annual audit of the management, accounting and investment activities. The audit mandate shall be granted for periods of one financial year.

The Auditor shall present a written report on its audit to the Board of Trustees.

Art. 7 – Cost coverage

The administrative costs of the Foundation are covered:

- a) by contributions from the founder company;
- b) by a cost contribution from the members of the pension scheme;

- c) by drawing on the available assets of the Foundation.

The Board of Trustees shall issue a fee schedule for fees and expenses.

Art. 8 – Financial year

The financial year of the Foundation is the calendar year. The accounts are prepared as at 31 December each year and are presented to the appropriate supervisory authority following approval by the Board of Trustees and auditing by the Auditor.

C – Account management

Art. 9 – Segregation of assets / Information

A separate account is kept for each member of the pension scheme. The pension assets are made up of the member's deposits and transfers from tied private pensions of other recognised institutions.

The member receives confirmation from the Foundation after opening the pillar 3a account. Up to three accounts can be opened with the Foundation for the same member, but the total deposits must not exceed the annual maximum. Existing credit balances cannot be divided subsequently.

The following and other amounts are credited to the pillar 3a account:

- Members' deposits
- transfers from tied private pensions of other institutions;
- contributed divorce settlements;
- interest;
- sale proceeds of securities investments.

The following are charged to the pillar 3a account:

- Transfers to 3a pension funds;
- withdrawals by the account holder as permitted by law;
- divorce settlements;
- purchase amounts for securities investments;
- members' cost contributions pursuant to Art. 7.

For each member as at 31 December, a statement is prepared showing the pillar 3a credit balance (client account and custody account), and certificates are issued in respect of deposits made for presentation to the tax authority.

Upon request, the Foundation shall inform the member of the amount available for use under the scheme to promote home ownership. The Foundation shall provide members with further information on request, in accordance with the supervisory regulations. Any member may demand that the Foundation provide them with all data administered by the Foundation relating to them personally.

Art. 10 – Interest

The Board of Trustees determines, in accordance with legal requirements, the rate at which the pillar 3a accounts bear interest in line with the market.

The client can also be charged negative interest.

Deposits bear interest as of the value date. Interest is credited to the member's account at 31 December each year, whereupon it is added to the pension assets and continues to bear interest together with the latter. If the member leaves the Foundation during the year, the interest rate for the current year is calculated pro rata up to the date of withdrawal. The applicable rate of interest will be published on the website.

Art. 11 – Freedom of choice

Under the law and the agreements between the member and the Foundation, the member is free to choose from and, where applicable switch between, the legally permitted forms of pension investment in which the tied capital is invested.

Art. 12 – Investment of Foundation assets

The assets of the Foundation are invested by the Board of Trustees in accordance with the relevant legal requirements. The Foundation invests the member's deposits at interest. The member can acquire units (whole units or fractions) in a collective securities portfolio. The Board of Trustees issues corresponding guidelines which are named Annex 1 and Annex 2 and form an integral part of the Regulations.

Art. 13 – Purchase and redemption of units in collective investments

The member can acquire and redeem such units on dates fixed by the Board of Trustees (except during the first and last weeks of the accounting year). Whole units or fractions are traded. A fee may be charged and debited to the pillar 3a account upon the acquisition of units of collective investments.

Art. 14 – Closing the client account and custody account

Closing of the client account in the case of a cash disbursement pursuant to OPO3 Art. 3 (2) and (3) automatically results in the closure of the custody account. If closure takes place by reason of age according to OPO3 Art. 3 (1), the securities holdings, if deliverable, may be transferred from the member's 3a custody account to their private assets.

Art. 15 – Access to individual pension assets

On reaching the statutory age limit or, at the earliest, five years prior to that date, the member is entitled to have access to the assets. Later disbursement is permitted up to five years after reaching the age limit, as long as the member is in employment. They may also use the assets to purchase and build residential property for their own use, to acquire interests in residential property for their own use or to repay a mortgage on a residential property for their own use. This benefit can only be claimed once every five years, and the written consent of the spouse/partner is required in every case.

Early termination is possible only in the following cases:

- a) where the member draws a full disability pension under the Swiss disability insurance scheme and the disability risk is not additionally insured;
- b) where the member uses the pension assets to buy into a tax-exempt occupational pension scheme or requests their transfer to another pillar 3a foundation;
- c) where the member is leaving Switzerland for good;
- d) where the member becomes self-employed and is no longer obliged to belong to an occupational pension scheme, or takes up another type of self-employment;
- e) where the pension assets are less than the current maximum tax-deductible annual contribution.

The member or beneficiary shall make all disclosures and present all documents to the Foundation that are necessary to assert a claim for disbursement of the pension assets. The Foundation reserves the right to obtain further clarifications.

Married members and registered partners must obtain the written consent of the spouse/partner for disbursement pursuant to Article 15 (c) to (e). In this case the signature

of the spouse/partner must be officially certified (by a notary or local authority).

Disbursement of pension assets is subject to taxation according to the regulations applicable at the time of disbursement (federal withholding tax, income tax, other withholding tax, etc.). Upon disbursement of the assets, the Foundation shall discharge its tax obligations by reporting the taxable benefit to the tax authority and, where applicable, making a withholding tax deduction.

Art. 16 – Pension benefit / beneficiary rules

Pension benefit is payable:

- upon reaching the age limit, out of the pension assets;
- in case of disability (pursuant to Art. 15 (2) of the Regulations), out of the pension assets and – if term insurance is held – also out of the entitlement to relevant insurance benefit;
- in the event of death, out of the pension assets and – if term insurance is held – also out of the entitlement to relevant insurance benefit.

Beneficiaries entitled to receive pension are:

- a) on reaching the qualifying age, the member;
- b) after their death, the following persons in the order of priority as listed (numbers 1 to 5):
 1. the surviving spouse/partner;
 2. the direct descendants and natural persons for whose maintenance the member was primarily responsible; or a person who was co-habiting with the member for an unbroken period of at least five years prior to their death or who has to provide for the maintenance of one or more joint children;
 3. the member's parents;
 4. the member's siblings;
 5. other heirs, legal heirs on the basis of legal succession and appointed heirs on the basis of testamentary dispositions (will and contract of inheritance).

The member can nominate one or more beneficiaries from among those listed in letter b, number 2, and specify their entitlements in more detail.

The member has the right to change the order of beneficiaries under letter b, numbers 3 to 5, and specify their entitlements in more detail.

Where the member does not specify the entitlements of beneficiaries in the same group (numbers 2 to 5), the Foundation will divide the pension assets equally among the persons concerned.

Details of the beneficiaries must be lodged with the Foundation in writing using the appropriate form by the member.

The (civil) partnership must be registered in writing with the Pillar 3a Foundation in the form of an officially certified partnership agreement. A specimen agreement drafted by the Foundation should be used for this purpose, which must be signed by both partners and forwarded to the Foundation while both partners are still alive.

The Foundation must be notified immediately in writing if there is any amendment or nullification of the partnership. If the amendment or nullification of partnership is notified too late, or not at all, to the Pillar 3a Foundation, the Foundation shall not be held liable for benefits already paid out.

In the event of marriage or if the partnership is nullified there is no longer any entitlement to a lump sum payment pursuant to Art. 16 para 2, letter b, point 2 of the Regulations.

If a further risk benefit (death/disability) is insured, this benefit shall be regulated by separate beneficiary rules.

The pension assets no longer bear interest at latest five years after the member reaches the statutory age limit or from the time of death.

The beneficiary is not entitled to claim benefit if they deliberately caused the member's death. In such a case, the beneficiary will be passed over.

D – Relations between members and the Foundation

Art. 17 – Assignment, offsetting and pledging

The pension assets cannot be assigned, offset against other claims or pledged before maturity, subject however to the exceptions permitted under the Swiss Federal Act on the Promotion of Home Ownership Using Funds in Occupational Pension Schemes. The written consent of the spouse/partner is likewise obligatory in such cases.

If matrimonial assets are liquidated owing to divorce or other circumstances, the assets may be wholly or partially assigned or awarded to the spouse/partner by the court. In this case, the court officially informs the Foundation of the amount to be transferred, with all necessary details concerning the maintenance of pension entitlement.

Art. 18 – Dormant pension assets

When the pension assets mature, if the Foundation has not received clear instructions from the member concerning their disbursement or if it not clear who the beneficiaries are, the Foundation will continue to hold the assets until further notice.

Ten years after the statutory retirement age, these assets become part of the available Foundation assets.

Art. 19 – Insurance

The Foundation offers no cover of its own against the risks of disability and death. Upon request, it will find an insurer specialising in this area.

Art. 20 – Members' personal details

Members shall notify the Foundation of any changes relevant to their relationship with the Foundation or changes of postal address.

The Foundation declines all liability for the consequences of inadequate, late or inaccurate notification. All correspondence to the Foundation must be addressed to its place of domicile. The Foundation sends communications and documents for members to their last known address and as such are considered to be delivered with legal effect. The date of sending shall be deemed to be the date of the copies or mailing lists in the Bank's possession.

Complaints about instructions given to the Foundation and communications from the Foundation to the member

or beneficiary must be made by the applicant or addressee immediately upon receipt of the notification, and at latest within 14 days, otherwise the Foundation will assume it has acted correctly.

Art. 21 – Reporting duties of the Foundation

The Foundation adheres to Swiss duties of documentation and disclosure. Any further obligations concern only the member in question.

Art. 22 – Liability

Where a member fails to fulfil their legal, contractual and regulatory obligations, the Foundation is not liable for the consequences.

Art. 23 – Changes

The Board of Trustees can modify these Regulations whilst preserving the acquired rights of members. The Foundation will inform members of substantial changes to the Regulations and the legal framework in an appropriate form.

Art. 24 – Omissions in the Regulations

Where these Regulations fail to include provisions for particular situations, the Board of Trustees shall adopt a provision in line with the aims of the Foundation.

Art. 25 – Disputes, jurisdiction

The Regulations are governed by Swiss law. In the event of disputes between the member and the Foundation, the courts of Basel-Stadt have jurisdiction.

In case of disputes as to entitlements, the Foundation is authorised to deposit the assets in accordance with Articles 96 and 472 et seq. of the Swiss Code of Obligations.

Art. 26 – Entry into force

These Regulations come into force on 1 April 2020 and replaces the Regulations of 1 June 2017 and all previous versions.

Annex 1: Corporate governance / minor gifts

The following provisions apply, where applicable, to all forms of investment (Annex 2).

Art. 1 – Corporate Governance – integrity of asset management for the Board of Trustees, Management Board and Investment Committee

1.1 – Exercise of shareholder rights

Voting rights are exercised for directly held shares of Swiss companies quoted on domestic or foreign stock exchanges. For directly held shares of Swiss companies, votes are generally cast in favour of the motions of the management boards of the companies concerned. Divergent voting shall be decided by the Board of Trustees. Exercise of voting rights is delegated to the Management Board.

Exercise of voting rights is waived in the case of foreign companies.

1.2 – Integrity of responsible persons

Persons entrusted with asset management must have a good reputation and guarantee good business practice. They have a fiduciary duty of care and in their work must safeguard the interests of the Foundation's policyholders.

Individuals and institutions entrusted with asset management must be competent to guarantee compliance with Art. 51b (1) OPA and Art. 48g to 48l OPO2; external individuals and institutions must also comply with Art. 48f (3) OPO2. It must be possible to terminate asset management agreements no later than five years after they were concluded at no disadvantage to the Foundation.

External individuals entrusted with asset management or beneficial owners of companies entrusted with such tasks may not be represented on the Board of Trustees.

All legal transactions performed by the Foundation must conform to usual market conditions. In the case of substantial transactions (global custody agreements, contracts for investment advice, administration and services, purchase/sale of real estate and property management contracts, etc.) with related parties, competitive bids must be obtained and the award must be entirely open.

Own-account transactions: Individuals and institutions entrusted with asset management must act in the Foundation's interest. In particular, they must not:

- exploit knowledge of orders placed by the Foundation concerning the previous, parallel or immediately subsequent performance of concurrent own-account transactions (front / parallel / after running);
- deal in a security or investment as long as the Foundation deals in such security or investment and where this may place the Foundation at a disadvantage; participation in such transactions in another form is tantamount to dealing;
- engage in churning, i.e. reallocating the Foundation's portfolios without any economic reason in the Foundation's interest.

Personnel changes in the Board of Trustees, the Management Board, the Board of Administration or asset management must be notified to the competent supervisory authority immediately.

Surrender of pecuniary benefits: Individuals and institutions entrusted with the management of the Foundation's assets must clearly define the type, manner and amount of compensation in a written agreement. They must surrender to the Foundation any further pecuniary benefits that they receive in connection with the exercise of their work for the Foundation.

The guidelines relating to minor gifts are defined in Article 2 below.

1.3 Disclosure

Individuals and institutions entrusted with asset management must disclose their vested interests to the Foundation each year. These include, in particular, beneficial ownership of companies having a business relationship with the Foundation. In the case of the Board of Trustees, this disclosure is made to the Auditor.

Each year, individuals and institutions entrusted with the management of the Foundation's assets must make a

written declaration to the Board of Trustees stating that they have surrendered to the Foundation any pecuniary benefits not agreed in writing with the Foundation (Article 48k OPO2 – see also Article 2 below).

Art. 2 – Minor gifts

Minor gifts and usual occasional gifts need not be disclosed, the following rules being applicable:

Minor gifts and usual occasional gifts (including invitations) are one-off gifts worth no more than CHF 200 per instance and CHF 1,000 per business partner per year. Minor gifts and usual occasional gifts are permitted and not subject to disclosure.

Invitations to events which are mainly for the Foundation's benefit, such as professional seminars, are considered equivalent to occasional gifts, provided they do not take place more than once per month. Acceptable events are usually limited to one day, do not allow for an accompanying person and are reachable by car or public transport. They may be followed by a social event in the middle of the day or in the evening.

Gifts and invitations exceeding the limits per instance or per year referred to in paragraphs 1 and 2 may be allowed if approved by the Board of Trustees. They must be declared.

Pecuniary advantages in the form of cash benefits (vouchers, allowances) exceeding an amount of CHF 100 per year, as well as kick-backs, retrocessions and similar payments that are not based on a written agreement with the Board of Trustees, and private invitations for no apparent business purpose (e.g. to concerts, exhibitions, etc.), must be surrendered to the Foundation. The Foundation is entitled to call in such cash benefits and apply corresponding sanctions where appropriate.

Art. 3 – Changes

The Board of Trustees of the J. Safra Sarasin Pillar 3a Foundation can make amendments or additions to this guideline at any time.

Art. 4 – Entry into force

This guideline comes into force on 1 June 2017 and replaces all previous rules in this regard.

Annex 2: Collective asset management guideline

Pursuant to Art. 2 of the Articles of Association and Art. 12 of the Regulations of J. Safra Sarasin Pillar 3a Foundation (hereafter the “Foundation”), the following provisions apply:

Art. 1 – Definition of assets

The assets comprise the available Foundation assets and the client assets. These guidelines apply both to the available Foundation assets and to the client assets.

Art. 2 – Investment requirements

The assets are to be managed in accordance with recognised principles, above all in compliance with the statutory investment rules imposed by the Federal Law on Occupational Retirement, Survivors’ and Disability Pension Plans (OPA) and corresponding regulations, in particular OPO2, whereby not only the security of the investment but also an adequate rate of return and the liquidity requirements of the Foundation must be taken into consideration.

Art. 3 – Permitted investments

Investments are mainly chosen from subfunds of the J. Safra Sarasin investment foundations. The relevant investment guidelines and supplementary rules of the corresponding subfunds of the J. Safra Sarasin investment foundations are applicable and form an integral part of these guidelines.

With the consent of the Board of Trustees, subfunds of other investment foundations belonging to the Conference of Managers of Investment Foundations (KGASt) and subject to its quality standards may also be included in the investment universe. Investments subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA) or licensed for sale in Switzerland may also be approved.

It is permitted to invest in sustainable investments.

Alternative investments are possible provided they are recognised as an asset class under OPO2.

Other investments are only permitted with the express approval of the Board of Trustees.

Art. 4 – Units

The Foundation acquires units in collective investments in its own name and for the account of the member, in accordance with the member’s instructions. The units are managed in a custody account assigned to the member’s client account.

The units have no fixed nominal value and are not documented in the form of securities.

For the part of the pension assets invested in units, the member is guaranteed neither a minimum rate of interest nor preservation of the capital value. The investment risk is borne by the member.

Art. 5 – Additional provisions

The provisions of the guideline in Annex 1, particularly those relating to corporate governance and minor gifts, are furthermore applicable.

Art. 6 – Changes

The Board of Trustees of the J. Safra Sarasin Pillar 3a Foundation can make amendments or additions to this guideline at any time.

Art. 7 – Entry into force

This guideline comes into force on 1 June 2017 and replaces all previous regulations in this regard.

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