the ecological-ethical pension fund

Nest Collective Foundation

Investment Regulations

Effective as of 1 July 2026

Nest Sammelstiftung
Molkenstrasse 21
8004 Zurich

044 444 57 57
info@nest-info.ch

Nest Fondation collective
10, rue de Berne
1201 Geneva

022 345 07 77
info@nest-info.ch

1.	**Principles**	**3**
2.	**General guidelines**	**4**
3.	**Organisation, responsibilities and competences**	**4**
3.1	Board of Trustees (BoT)	5
3.2	Investment committee (IC)	5
3.3	Head of the investment division	6
3.4	Head of the real estate division	7
3.5	External investment controller	8
3.6	Global custodian	8
3.7	Asset managers	8
4.	**Monitoring and reporting**	**9**
5.	**Governance**	**10**
6.	**Exercise of shareholder rights**	**10**
7.	**Final provisions and entry into force**	**11**

Appendix

Appendix 1	Strategic asset structure	12
Appendix 2	Valuation principles	14
Appendix 3	Value fluctuation reserves	14
Appendix 4	Investment guidelines	14
Appendix 5	Asset management costs	18
Appendix 6	Swiss Financial Market Infrastructure Act (FinfraG/FinfraV)	18

If there are any discrepancies or contradictions between the language versions, the German version shall prevail.

1. Principles

1.1 In accordance with the legal requirements (Art. 51a para. 2 letters m and n BVG [Swiss Federal Law on Occupational Retirement, Survivors' and Disability Benefit Plans], Art. 49a paras. 1 and 2 BVV 2 [Ordinance 2 to the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Benefit Plans]), these Investment Regulations set out the objectives, principles, guidelines, responsibilities and competences that shall be complied with in the management of the assets of the Nest Collective Foundation (hereinafter referred to as the "Foundation"). Key competences and responsibilities are governed by the internal rules of procedure.

1.2 These Investment Regulations shall apply to the governing bodies, committees and individuals specified therein, to all persons at the Foundation who are entrusted with the management of assets and to the external service providers who are entrusted with asset management services.

1.3 The management of the assets shall focus exclusively on the interests of the beneficiaries, with sustainability constituting an integral part of the investment process.

1.4 Asset management shall ensure that the financial stability of the Foundation is sustained in the long term. In the event of underfunding, the supreme body shall cooperate with the occupational benefits expert to examine measures within the meaning of Art. 65d BVG aimed at restoring the financial equilibrium.

1.5 Apart from economic criteria, investments shall also be selected on the basis of ecological and social criteria. They shall contribute to the overall structural change towards a sustainable economy and society. Sustainability principles and their implementation are set out in the Foundation's sustainability concept. Investments with specific links in the following areas are prohibited (list is not exhaustive):

- Nuclear energy
- Coal
- Genetic engineering in agriculture
- Controversial genetic engineering in medicine
- Arms
- Support of oppressive regimes
- Money laundering
- Corruption
- Violation of fundamental labour and human rights
- Child labour and forced labour
- Inadequate compensation of indigenous people / biopiracy
- Alcohol, tobacco, pornography, gambling

Should the sustainable investment principles be amended, the assembly of delegates shall, if possible, be given the opportunity to express its opinion in a consultative vote.

1.6 Pursuant to Art. 50 BVV 2, the assets shall be managed such that

- the Foundation is in a position to pay out at any time and on schedule the benefits it guarantees and will guarantee in the future,

- the Foundation's risk capacity, i.e. its financial situation, as well as the structure and stability of the number of beneficiaries, is taken into account at all times,
- the total return (current income plus changes in value) is maximised in line with the risk capacity and sustainability profile,
- all types of risks (including market risks, liquidity risks, counterparty risks, operational risks, sustainability risks) are taken into account,
- the principle of appropriate risk spreading is complied with, and
- expected returns are in line with the market.

2. General guidelines

2.1 All statutory investment regulations and provisions, specifically the provisions of the BVG and BVV 2, the directives and recommendations of the competent authorities and, where applicable, the trading rules deriving from FinfraG (Swiss Financial Market Infrastructure Act) / FinfraV (Swiss Financial Market Infrastructure Ordinance) shall be complied with at all times. Should an extension of investment options pursuant to Art. 50 para. 4 BVV 2 be utilised, the requisite justifications shall be provided.

2.2 The Foundation's Board of Trustees hereby issues the Investment Regulations, which are tailored to the Foundation's specific needs and particularly to its risk capacity, within the framework of the applicable statutory provisions.

2.3 The determination of the strategic asset structure shall take account of the Foundation's risk capacity as well as the long-term risk and return profiles of the various asset classes and their diversifying effects.

2.4 The strategic asset structure shall be reviewed on a regular basis and in the case of extraordinary events, and shall be adjusted if necessary. In this context, medium to long-term consistency between the investment of assets and the Foundation's obligations shall be ensured (Art. 51a para. 2 letter n BVG). The current strategic asset structure is set out in Appendix 1. The relevant guidelines and limits generally refer to market values (cf. Appendix 2) including recognition of the economic exposure via the use of derivatives (cf. Appendix 4).

3. Organisation, responsibilities and competences

The organisational management structure of the Foundation's asset management comprises the following seven levels:

a. Board of Trustees
b. Investment committee
c. Head of the investment division
d. Head of the real estate division
e. Investment controller
f. Global custodian
g. Asset managers

3.1 Board of Trustees (BoT)

In accordance with Art. 51a BVG, the Board of Trustees assumes overall responsibility for the organisation, implementation and monitoring of the investments and performs the non-transferable and inalienable duties pursuant to Art. 51a para. 2 BVG.

The Board is responsible for defining the objectives and principles of asset management and for implementing and monitoring the investment process.

The duties, competences and responsibilities of the Board of Trustees in the asset investment field are set out in the internal rules of procedure.

3.2 Investment committee (IC)

The Board of Trustees appoints the members and the executive board of the investment committee. The investment committee members are approved annually by the Board of Trustees.

3.2.1 Main responsibilities and competences

The investment committee

a. is responsible for the implementation and control of the strategic asset structure in accordance with the Regulations, including compliance with the defined bandwidths and the investment guidelines, the tactical asset allocation, the rebalancing process and the choice of asset managers, as well as the achievement of the sustainability objectives for the investments pursuant to the sustainability concept.

b. decides on the asset managers and on the advisors assisting in the selection of the asset managers and the investment consultants the Foundation will work with and briefs the Board of Trustees. The committee governs the asset managers' activities by means of clearly defined management mandates and specific mandate guidelines.

c. prepares all investment-relevant resolutions for the Board of Trustees (incl. decision-making basis for the definition on the long-term asset structure).

d. proposes candidates for the positions of asset-liability management advisor, investment controller and global custodian to the Board of Trustees.

e. reviews the Investment Regulations at regular intervals to determine any necessary modifications, adjustments or additions and submits a request for any amendments to the Board of Trustees.

f. issues the mandate guidelines for the management of the direct real estate investments and approves direct property purchases and sales, investments in property portfolios and land register transactions as well as the annual real estate budget (incl. refurbishments) and selects the external real estate appraiser at the request of the head of the investment division.

g. monitors the activities of the asset managers and addresses the recommendations of the investment controller on a regular basis.

h. monitors the liquidity and investment plan prepared by the head of the investment division.

i. issues mortgage regulations.

j. reports any pecuniary advantages (BVV 2, Article 48l, para. 2) it enjoys, requires all individuals and institutions entrusted with investment and management responsibilities to submit an annual written declaration of personal pecuniary advantages and reports to the Board of Trustees.

k. ensures compliance with the trading rules pursuant to FinfraG/FinfraV in connection with the use of the subordinated derivatives and submits regular reports on the subject to the Board of Trustees. The

committee verifies on a regular basis that the threshold pursuant to Art. 88 para. 2 FinfraV is not exceeded (cf. Appendix 6).

3.2.2 Constitution/meetings/decision-making

The investment committee

a. is composed of at least four members who possess the appropriate professional skills. The head of the investment division and the CEO attend the meetings of the investment committee in an advisory capacity. Members of the investment committee may not simultaneously serve the Foundation as asset managers.

b. meets at least four times a year and may be convened at any time by the executive board, by two members of the investment committee or by the Board of Trustees.

c. holds a quorum when the majority of its members are present.

d. takes its decisions by a simple majority of the votes cast, with abstentions counting as votes cast. Decisions by circular must be unanimous.

3.3 Head of the investment division

The head of the investment division

a. is responsible for the timely and correct implementation of the allocation of funds to the individual asset classes as decided by the investment committee.

b. implements the resolutions of the investment committee.

c. takes minutes, organises, coordinates and prepares meetings and documents for the investment committee.

d. is responsible for the allocation of funds to the individual asset management mandates, commitment planning, preparation of the investment budget, liquidity planning, liquidity management and liquidity control.

e. works together with the head of the real estate division to submit applications to the investment committee regarding the purchase and sale of real estate and regarding land registry transactions.

f. works together with the head of the real estate division to submit the application for the annual real estate budget (including refurbishments) to the investment committee and suggests an external real estate appraiser.

g. approves the insurance coverage of the direct real estate investments as well as extraordinary expenses outside the real estate budget up to CHF 1 million p.a. for immediate measures, including the subsequent notification of the investment committee, and approves tenancy agreements with annual rents of CHF 250,000 or above at the request of the head of the real estate division.

h. monitors the activities of the head of the real estate division, including the choice of external service providers.

i. monitors and ensures that investment activities comply with the respective requirements and provisions under the Regulations and the law.

j. acts as contact for banks and asset managers and conducts the asset manager/mandate selection process in accordance with a mandate defined by the investment committee.

k. negotiates contracts with external mandate holders, submits them to the executive board of the investment committee for prior written approval and informs the investment committee about the negotiated

contracts, in particular in regard of the respective investment guidelines. The head of the investment division shall inform the Board of Trustees of any amendments of the contracts with the investment controller and global custodian.

l. is responsible for the administrative implementation of the provisions under the law and the Regulations pertaining to the exercise of the Foundation's shareholder rights in accordance with para. 6.

m. handles the investment accounting, investment reporting and controlling documents.

n. arranges for the initiation of capital calls as part of the commitments to private market investments approved by the investment committee.

o. is responsible for the administrative and operational implementation of the provisions under the law and the Regulations pertaining to compliance with the trading rules pursuant to FinfraG/FinfraV (see Appendix 6) and submits regular reports thereon to the investment committee.

3.4 Head of the real estate division

The head of the real estate division

a. is responsible for compliance with the mandate guidelines adopted by the investment committee and implements the decisions of the investment committee.

b. submits applications to the head of the investment division regarding the purchase and sale of real estate, investments in real estate portfolios and land registry transactions.

c. submits applications to the head of the investment division regarding the insurance coverage of the direct real estate investments, extraordinary expenses outside the real estate budget of up to CHF 1 million p.a. for immediate measures and tenancy agreements with annual rents of CHF 250,000 or above.

d. decides on the expenses within the approved budget.

e. develops and implements property strategies.

f. chooses the external service providers (excluding real estate appraisers) in accordance with a structured process defined by the investment committee and negotiates their contracts.

g. manages and monitors the external service providers.

h. monitors the rental and real estate market, identifies suitable properties for acquisition and ensures their suitability via a structured selection process and risk-return analysis..

i. assists the investment division in finalising the direct real estate investment component for the assembly of delegates and for the preparation of meetings of the Board of Trustees and the investment committee.

j. is supported by the head of investments in important contractual negotiations regarding the purchase and/or sale of real estate portfolios, real estate, development properties (value including possible development) and project developments and is authorised to represent the Foundation in any land registry or real estate transactions. The head of the division may also delegate this responsibility to his or her staff. The following legal transactions require an additional resolution by the investment committee: The purchase and/or sale of land, the encumbrance of land with mortgages as well as land assignments which comprise more than 20 percent of the surface area.

3.5 External investment controller

The responsibilities of the external investment controller are governed by a written mandate agreement.

The external investment controller

a. may neither act as asset manager nor as custodian.

b. assists the Board of Trustees and the investment committee in monitoring the implementation of the strategic asset structure incl. monitoring compliance with the strategic bandwidths, the legal requirements and the supervision of the asset managers.

c. serves as a point of contact for the Board of Trustees and the investment committee with regard to investment monitoring and control.

3.6 Global custodian

The global custodian is specifically responsible for

a. the custody of the securities.

b. the handling of all securities transactions, including coupon settlements and corporate actions.

c. the recovery of withholding taxes and the maintenance of the revenue register (stamp duties).

d. ensuring correct business transactions between the global custodian and the investment division as well as the external service providers mandated by the Foundation.

e. the handling of the entire securities administration in compliance with all deadlines.

f. the compilation and preparation of all information required for the presentation of the investment results (performance reporting) for the attention of the investment division and the investment controller.

g. the management of securities accounting procedures that meet all audit requirements.

3.7 Asset managers

a. Asset management shall be entrusted exclusively to individuals and institutions that meet the requirements of Art. 48f para. 2 BVV 2..

b. Asset managers shall be selected with all due care and following a transparent, systematic asset manager/mandate selection process defined by the investment committee. The selection process shall proceed under competitive conditions and includes, among other factors, comparisons of prospective providers' experience (both individuals and companies), performance, risk, costs, processes, sustainability, transparency and governance. The main considerations in the selection process shall be recorded in writing for each case.

c. The responsibilities of the external asset managers are governed by a written management agreement.

4. Monitoring and reporting

a. The investments and their management shall be monitored on an ongoing basis. Reports on the various areas monitored shall be submitted at regular intervals and shall be tailored to the respective recipients to ensure that the responsible bodies have access to relevant information.

b. Reporting shall ensure that the individual authority levels obtain information in a manner that allows them to exercise the responsibilities assigned to them. In the case of extraordinary events, the investment committee or the head of the investment division shall notify the Board of Trustees without delay.

c. The following information concept applies within the investment organisation:

Frequency	Author	Recipient	Subject
Monthly	Head of the investment division or custodian	Investment committee	Custodian's investment report: Comprehensive overview of the entire investment portfolio including return, currency exposure, risk analysis
	Head of the investment division	Board of Trustees Investment committee	Investment reporting for the investments division: coverage ratio, return and return attribution, allocation and bandwidths, pension fund comparison, portfolio risks, manager oversight
Every quarter	Asset managers	Head of the investment division	Performance contribution and report on changes in debtor rating of bonds
	Investment controller	Board of Trustees Investment committee	Investment Controlling Report: Compliance with Investment Regulations Evaluation of investment activities Evaluation of performance and risks incurred Performance attribution Recommended action
	Head of the investment division (on behalf of the investment committee)	Board of Trustees	Compliance with guidelines Report on investment activities Performance report
	Head of the real estate division	Head of the investment division	Report on (investment) activities
Annually	Head of the real estate division	Board of Trustees and Investment committee	Total return, net return and gains yield compared to the benchmark Percentages of residential, commercial and mixed Trends in rent default, vacancy and debt financing ratios

	Investment committee /head of the investment division	Board of Trustees	Disclosure of pecuniary advantages and retrocessions (loyalty declarations) Compliance with trading rules pursuant to FinfraG/FinfraV
	Head of the investment division	Board of Trustees	Report on asset management costs
	Head of the investment division (on behalf of the Board of Trustees)	Beneficiaries Board of Trustees and beneficiaries	Investment activities and investment performance in the past year Foundation's voting and election practice at annual general meetings
After meeting	Investment committee	Board of Trustees	Minutes
Where necessary	Head of the investment division	Investment committee	Activity report

5. Governance

The Foundation shall take appropriate organisational measures to implement the provisions governing the integrity and loyalty of persons in charge pursuant to Art. 51b, 51c and 53a BVG, Art. 48f–48l and 49a para. 2 letter c BVV 2 and the ASIP Charter. These measures are set out in separate integrity and loyalty regulations.

6. Exercise of shareholder rights

(Art. 95 para. 3 letter a BV, Art. 49a para. 2 letter b BVV 2, VegüV)

a. Voting and election rights ("shareholder rights") shall be exercised with regard to directly held shares in Swiss companies. In the case of investments that do not fall under the provisions of VegüV (Art. 22) but nevertheless allow for the expression of a voting preference, the investment committee shall decide on the procedure pursuant to the principles set out in the sustainability concept.

b. Shareholder rights shall be exercised in the interests of the beneficiaries. This is ensured if the voting and election practice contributes to the long-term prosperity of the Foundation with regard to Art. 71 para. 1 BVG. Further principles for exercising shareholder rights are governed by the sustainability concept.

c. The Board of Trustees shall delegate the responsibility for the voting decision to the investment committee within the framework of these Regulations. The investment committee shall determine the procedure and ensure that shareholder rights are exercised in accordance with the legal requirements, these Regulations and the sustainability concept.

d. The Foundation may avail itself of analyses and voting recommendations by voting advisors or delegate these to corporate governance experts for the purpose of reaching a decision on the exercise of its shareholder rights.

e. The head of the investment division shall regularly report to the Board of Trustees on the Foundation's voting and election practice in the context of the Sustainability Report.

f. The Board of Trustees shall ensure that the beneficiaries are notified of the Foundation's voting and election practice at least once a year.

7. Final provisions and entry into force

These Investment Regulations shall supersede the Investment Regulations dated 1 January 2026 and shall enter into force on 1 July 2026.

Appendix 1 Strategic asset structure

1. Strategy

Asset class pursuant to BVV 2		Strategy		BVV 2 thresholds	
	Lower bandwidth	Target structure	Upper bandwidth	Max.	Extension
Liquidity	**0.0%**	**1.0%**	**7.0%**	100%	No
Total nominal values	**20.0%**	**29.0%**	**38.0%**	100%	No
Bonds CHF	9.0%	12.0%	15.0%		No
Mortgages CHF	2.0%	5.0%	8.0%		No
Foreign currency bonds	9.0%	12.0%	15.0%		No
Total equities	**22.5%**	**31.0%**	**39.5%**	50%	No
Swiss equities	2.5%	4.0%	5.5%		
Global equities	17.0%	21.0%	25.0%		
Global equities, small caps	1.5%	3.0%	4.5%		
Emerging markets equities	1.5%	3.0%	4.5%		
Total real estate	**18.0%**	**25.0%**	**32.0%**	30%	Yes
Swiss real estate	18.0%	25.0%	32.0%		
Global real estate	0%	0%	3.0%		
Total infrastructure	**0.0%**	**4.0%**	**6.0%**	10%	
Total alternative investments	**4.0%**	**10.0%**	**17.0%**	15%	Yes
Private equity	2.0%	4.0%	7.0%		
Insurance-linked securities	1.0%	3.0%	5.0%		
Private debt	1.0%	3.0%	5.0%		
Total		**100%**			
Total listed and unlisted equities	24.5%	39.0%	52.5%		
Total alternative investments pursuant to BVV 2 (incl. those within the other asset classes)	4.0%	10.0%	17.0%		Yes
Thereof foreign currencies		53.0%			
Currency hedge		40.0%			
Total foreign currencies after currency hedge	**8.0%**	**13.0%**	**18.0%**	30%	No

If a statutory maximum limit is exceeded in the asset management context, such excess shall be conclusively disclosed in the notes to the annual accounts pursuant to Art. 50 para. 4 BVV 2, on consideration of the principles set out in Art. 50 paras. 1–3 BVV 2.

To verify the BVV 2 maximum limits, the investments are allocated to the corresponding asset classes in accordance with Art. 53 BVV 2.

2. Tactical bandwidths

a. A range is set for each class depending on its share in the strategy, as shown in the table above.

b. The upper and lower tactical bandwidths define the maximum permissible deviations from the strategic target structure. They represent intervention points. The portfolio holdings must remain within the lower and upper bandwidths as a matter of principle.

c. Compliance with the tactical bandwidths shall be reviewed at least once a quarter.

d. Where a violation of the bandwidths is identified, appropriate reallocations shall be made to bring the asset structure back into the bandwidth range. This action shall be taken within 6 months of the bandwidth violation. Special liquidity characteristics of the various asset classes shall be taken into account.

3. Guidelines and strategic benchmark

A transparent market index shall be defined as a benchmark for each asset class. A comparative index specific to the Foundation is calculated with the help of these indices and the neutral weighting according to the strategic asset structure.

Asset class	**Benchmark**
Liquidity	FTSE CHF 3m Eurodeposit
Bonds CHF	Swiss Bond Index Total AAA-BBB TR
Mortgages CHF	45% mortgage reference rate minus 35 basis points
55% SBI Domestic AAA-A 1–3Y TR plus 50 basis points	
Foreign currency bonds	50% Bloomberg Global Aggregate Index TR
50% Bloomberg Aggregate Corporate Index TR	
Swiss equities	Swiss Performance Index TR
Global equities	MSCI World ex Switzerland TR net
Global equities, small caps	MSCI World Small Caps ex Switzerland TR net
Emerging markets equities	MSCI Emerging Markets Index TR net
Swiss real estate	87% KGAST Immo-Index
13% SXI Real Estate Funds Broad Index TR	
Global real estate	FTSE EPRA/NAREIT Global Developed Real Estate Index TR
Infrastructure	Portfolio return = benchmark1

Appendix 2 Valuation principles

2.1 The so-called economic exposure is decisive when it comes to compliance with the strategic asset structure pursuant to Appendix 1, i.e. all assets shall be measured at market value as at the balance sheet date and the economic exposure of the derivatives shall be taken into account. The prices established by the custodians are authoritative. In all other respects, the provisions of Art. 48 BVV 2 and Swiss GAAP FER No. 26 para. 3 shall apply.

2.2 Non-traded investments are measured using standardised valuation methods (e.g. DCF method) without recognition of hidden reserves or smoothing effects. For this purpose, the values shall be established by independent external valuers. Deferred taxes, however, shall be taken into account.

Appendix 3 Value fluctuation reserves

3.1 Value fluctuation reserves are formed on the liabilities side of the commercial balance sheet to compensate for value fluctuations on the assets side and to ensure the necessary interest on liabilities.

3.2 The requisite target level of the value fluctuation reserves is determined according to the so-called value-at-risk method, which takes account of the expected risk attributes relating to the asset classes (volatility, correlation) and their expected returns (risk-free interest rate plus risk premiums), based on the Foundation's specific strategic asset structure. The value fluctuation reserve must generate, with reasonable certainty, a target return that is at least equal to the interest on the retirement capital. The target level of the value fluctuation reserve is expressed as a percentage of the liabilities.

3.3 The Board of Trustees shall review the appropriateness of the target level on a regular basis and in the case of extraordinary events and, if necessary, adjust and record it in the minutes. The defined target level shall be disclosed in the notes to the annual accounts. The relevant target amount is a safety level of at least 95 percent over one year. The structure of the member portfolio and its development shall be taken into account in the determination of the safety level. Any modifications of the basic principles shall be explained in the notes to the annual accounts in compliance with the requirements of Swiss GAAP FER 26.

Appendix 4 Investment guidelines

4.1 Principles

a. The legal requirements regarding the investment of assets pursuant to Art. 49–59 BVV 2 shall be complied with.

b. Investments may not lead to any call liability for the Foundation (Art. 50 para. 4 BVV 2).

c. Depending on the asset class, the investments shall be diversified across countries, sectors, securities, projects, geographical location, type of use, size, counterparties, risks and events. The investments may not contain any leverage, except in the cases specified in Art. 53 para. 5 BVV 2. Assigning these cases to the alternative investments is mandatory.

d. Individual investments and collective investments pursuant to Art. 56 BVV 2 are permissible.

e. Currency hedging is principally performed via a currency overlay. Specific currency hedges are permissible in the context of investment vehicles and shall be taken into account in the currency overlay.

4.2 Investments in employers' companies

a. To the extent that they are tied up to cover vested benefits and current pensions, the Foundation's assets, less liabilities and accrued expenses, may not be invested in employers' companies without being secured.

b. Unsecured investments and participating interests in employers' companies may not exceed a total of 5 percent of the assets.

c. Investments in an employer's unlisted securities as well as mortgage loans and loans in favour of an employer shall be submitted to the Board of Trustees for its prior approval.

d. The provisions of Art. 57 and Art. 58 BVV 2 shall be complied with at all times.

4.3 Securities lending

a. Securities lending is prohibited in the case of both direct and collective investments.

4.4 Repurchase agreements

a. Repurchase agreements are prohibited in the case of both direct and collective investments.

4.5 Guidelines for the different asset classes

Asset class	Management guidelines
Liquidity	**Investment vehicles:** Pension accounts, current accounts, time deposits, fiduciary investments or money market funds **Rating:** Good rating, at least a short-term A-1 or a long-term A- or comparable, counterparty risk shall be diversified. The minimum average rating must be BBB or higher. **Restrictions:** No instruments containing optional features such as caps, floors or swaptions.
Bonds CHF	**Investment vehicles:** Collective investments (BVV 2, Art. 56), diversified direct mandate. **Rating:** At least 90% must have a minimum rating of BBB- (Baa3) or comparable. In the event of a downgrade below BBB-, the securities must be sold within six months. The minimum average rating must be BBB or higher. **Restrictions:** Max. 10 percentage points above the respective index weighting per debtor. Max. 15% above the respective index weighting in the case of receivables from covered mortgage institutions (Pfandbriefbank and Pfandbriefzentrale). Swiss government bonds are not subject to any restrictions. **BVV 2:** The percentage of receivables that do not comply with Art. 53 para. 1 letter b items 1–8 BVV 2 may not exceed the percentage of these alternative receivables within the index by more than 5 percentage points.

Asset class	Management guidelines
Mortgages CHF	**Investment vehicles:** Collective investments (BVV 2, Art. 56), diversified direct mandate (CHF and domestic only) and direct mortgages in CHF pursuant to separate mortgage regulations. **Rating:** Maximum loan-to-value ratio of 80 percent for residential properties and 70% for commercial properties in the allocation. The ratio is determined on the basis of the market value according to an assessment by an external appraiser or the current purchase price, with the lower of the two values prevailing. **Restrictions:** The encumbered property must be located in Switzerland. Eligible options include mortgage loans on residential and commercial properties, building land, buildings under building law and condominiums in Switzerland. **BVV 2:** The same guidelines apply to employees, members of governing bodies, mandated natural or legal entities of the Foundation or related parties.
Foreign currency bonds	**Investment vehicles:** Collective investments (BVV 2, Art. 56), diversified direct mandate **Rating:** At least 90 percent must have a minimum rating of BBB- (Baa3) or comparable. In the event of a downgrade below BBB-, the securities must be sold within six months. The minimum average rating must be BBB or higher. **Restrictions:** Receivables per debtor may not be more than 10 percentage points above the respective index weighting. In the case of receivables from debtors with a first-class credit rating (sovereigns with a rating of AAA), this limit may be raised to 20%. **BVV 2:** The proportion of receivables that do not comply with Art. 53 para. 1 letter b items 1–8 BVV 2 may not exceed the proportion of these alternative receivables within the index by more than 5 percentage points.
Swiss equities **Global equities** **Small cap equities** **EM equities**	**Investment vehicles:** Collective investments (BVV 2, Art. 56), diversified direct mandate **Restrictions:** Max. 10% above index weighting per company, no acquisition of unlisted securities.
Swiss real estate	**Investment vehicles:** Collective investments (BVV 2, Art. 56), direct real estate investments **Restrictions:** Restrictions regarding direct real estate investments: max. 15% per individual property, min. share of residential properties 60%, max. share of building land, project developments and properties under construction 20%, max. share of building lease properties 15%, no participations, infrastructure buildings, investments in land used for agricultural purposes, properties run by operating companies (hotels, shopping centres, retirement homes, etc.) or luxury properties (defined, inter alia, as properties containing flats with more than 200 m2 or single-family houses with more than 300 m2). **BVV 2:** Properties with a permanent loan-to-value ratio of more than 30% of the market value, etc. are not permitted.

Asset class	Management guidelines
Global real estate	**Investment vehicles:** Collective investments (BVV 2, Art. 56), limited partnerships **BVV 2:** Properties with a permanent loan-to-value ratio of more than 50 percent of the market value, etc. are not permitted.
Infrastructure	**Investment vehicles:** Collective investments (BVV 2, Art. 56), including limited partnerships, diversified certificates, direct investments only within mandates. **BVV 2:** Products with call liabilities are not permitted, however, a predefined investment sum (commitment) with a call right within a defined period (capital call) does not count as a call liability.
Alternative investments (private equity, private debt and insurance-linked securities)	**BVV 2:** In the event of the use of undiversified alternative investment instruments, a justification for the extension must be given in accordance with Art. 50 para. 4 BVV 2. Products with call liabilities are not permitted, however, a predefined investment sum (commitment) with a call right within a defined period (capital call) does not count as a call liability. Investments in assets that cannot be assigned to an asset class pursuant to Art. 53 para. 1 letters a–d BVV 2, especially receivables pursuant to Art. 53 para. 3 (e.g. collective investments in real estate with a permanent loan-to-value ratio of more than 50% of the market value, etc.) are permissible subject to compliance with the above investment restrictions.
Private equity	**Investment vehicles:** Collective investments (BVV 2, Art. 56), limited partnerships, direct participations, direct investments within mandates. **Restrictions:** Max. 20% of the assets of this investment category may be invested in direct participations
Insurance-linked securities	**Investment vehicles:** Collective investments (BVV 2, Art. 56), limited partnerships **Restrictions:** Max. 10% in life settlements, max. 60% in illiquid investments.
Private debt	**Investment vehicles:** Collective investments (BVV 2, Art. 56), limited partnerships, direct investments **Restrictions:** Max. 5% in direct investments; a fundamental credit assessment is mandatory. The Board of Trustees shall be notified prior to the direct lending decision and has a power of veto. Max. 60% in illiquid investments.
Currency overlay	**Investment objective:** Reduction of currency exposure **Investment vehicles:** Forward foreign exchange transactions (FX futures, FX forwards), foreign exchange swaps (FX swaps) and listed currency options with a term of up to one year. Longer maturities and other derivatives are permitted as part of the collective investments. **Benchmark:** Calculation based on the Foundation's strategic asset and currency allocation and a rebalancing exercise at the end of the month. To this end, AUD, CAD, DKK, EUR, GBP, HKD, JPY, NOK, SEK and USD are hedged equitably (identical hedge ratio) using 1-month forward rates (WM Reuters mid rates) to ensure that the Foundation achieves a predefined percentage of CHF in the total assets.

Asset class	Management guidelines
Derivatives	**Investment objective:** Derivative financial instruments are exclusively deployed in a supplementary role, i.e. to reduce risk or ensure more efficient management. **Investment vehicles:** Standard derivatives such as futures, forwards, options or swaps only. **Diversification:** Counterparty risks shall be minimised. **BVV 2:** The provisions under Art. 56a BVV 2 and the respective professional recommendations of the competent authorities shall be fully complied with at all times. All obligations that may arise upon exercise shall be fully covered at all times either by liquidity (in the case of transactions that increase exposure) or by underlying investments (in the case of transactions that reduce exposure). Both the creation of leverage at the level of the total assets (= hidden borrowing) and the short sale of underlying investments are strictly prohibited.

Appendix 5 Asset management costs

a. Asset management costs shall be monitored and optimised on a regular basis. This applies to both visible costs, such as management fees, and hidden costs, such as transaction costs.

b. The breakdown of asset management costs pursuant to Art. 48a BVV 2 is performed in accordance with OAK BV directive W-02/2013 "Disclosure of asset management costs".

Appendix 6 Swiss Financial Market Infrastructure Act (FinfraG/FinfraV)

Pursuant to Art. 93 para. 2 letter g FinfraG, the Foundation is classified as a financial counterparty (FC). Since the Foundation does not meet the threshold (average gross positions of all outstanding OTC derivatives transactions pursuant to Art. 100 FinfraG and 88 ff. FinfraV), it is considered to be a small financial counterparty (FC-).

The use of derivative instruments is governed by the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act,

FinfraG). Different market conduct requirements apply depending on the respective derivative. The Foundation may not directly employ currency forwards or currency swaps (provided that real settlement is guaranteed) unless they are exclusively subject to the reporting requirement vis-à-vis the trade repository (Art. 84 FinfraV and Art. 104 ff FinfraG) that is incumbent on the larger financial counterparty (FC+).