

Annual report 2021

Vita Collective Foundation

Vita Collective Foundation

Key figures for 2020 **2021**

Pensioners¹⁾

5,013
5,827

Active members

138,654
142,493

Return on asset investments

5.35%
8.49%

Affiliated employers

22,927
23,682

Assets in CHF million

17,173
19,014

Maximum interest earned on
mandatory savings capital

1.50% **1.40%**

Maximum interest earned on
super-mandatory savings capital

1.50% **1.40%**

1) Pensioners on own balance sheet

Table of contents

Foreword

| | |
|--|---|
| “We’re committed to ensuring fair and secure retirement provision for all generations.” | 4 |
| Highlights of the year | 6 |

Balance sheet and operating statement

| | |
|----------------------------|----|
| Balance sheet | 9 |
| Operating statement | 10 |

Notes

| | |
|---|----|
| 1 Principles and organization | 13 |
| 2 Active insured and pensioners | 16 |
| 3 Achievement of purpose | 17 |
| 4 Valuation and accounting principles, consistency | 17 |
| 5 Actuarial risks / risk coverage / coverage ratio | 18 |
| 6 Investments and net investment result | 25 |
| 7 Other items in the balance sheet and operating statement | 35 |
| 8 Requirements of supervisory authority | 38 |
| 9 Additional information on the financial position | 38 |
| 10 Events after reporting date | 39 |

Report of the statutory auditor to the Foundation Board

| | |
|--|----|
| Report of the statutory auditor on the financial statements | 41 |
|--|----|



Dr. Marcel Oertig



Michael Christen



Dr. Werner Wüthrich

“We’re committed to ensuring fair and secure retirement provision for all generations.”

The topics of redistribution and the planned second pillar reforms were frequently discussed in the past year. Vita Collective Foundation is in favor of an urgent BVG revision so that the redistribution between the generations, which is alien to the system, can be stopped. We are already implementing specific measures within the scope of the options available to us: we have reduced the all-inclusive conversion rate and adjusted our pension model.

With total assets over 19 billion francs, Vita Collective Foundation is one of the biggest pension institutions in Switzerland. In 2021, the number of affiliated companies increased by 3.3% to 23,682 and the number of insured persons

by 2.8% to 142,493. Our broadly diversified investment strategy focusing on long-term stability is paying off, and we posted a net performance of 8.49% in 2021. The coverage ratio as of December 31, 2021 was 115%. The target value fluctuation reserve of 12% was thus fully funded by the end of the year.

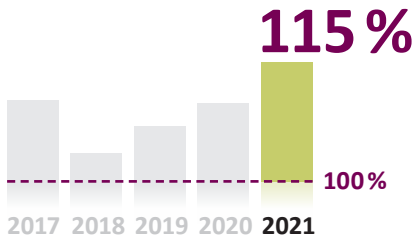
Re-elections for our Foundation Board (and its Chairman) were held in 2021. Tanja Siegenthaler, Maja Lütschg, Daniel Gianelli and Petra Arnold Schlüssel were re-elected as employee representatives, and Silvia Rose, Marcel Oertig and Peter Philipp as employer representatives. Claudia Zollinger was elected as a new employer representative. As a result, more women than men now sit on Vita Collective Foundation’s highest governing body for the first time. Together with the management, the members of the Foundation Board campaign for sustainability, responsible governance and intergenerational fairness in the occupational pensions business.

Dr. Marcel Oertig
President of the
Foundation Board

Michael Christen
President of the
Investment Commission

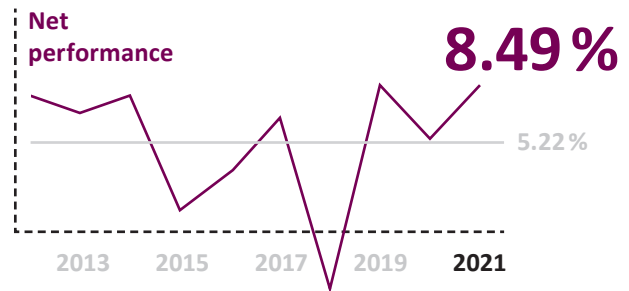
Dr. Werner Wüthrich
Managing Director

Vita Collective Foundation 2021



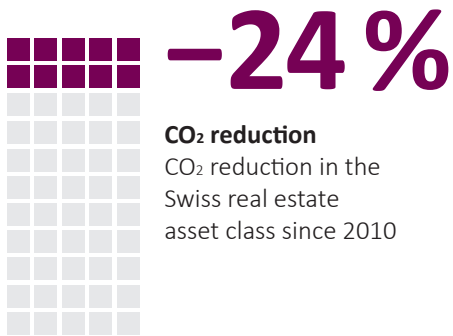
Coverage ratio

Development of coverage ratio over the last five years



Performance

Net performance over the last 10 years

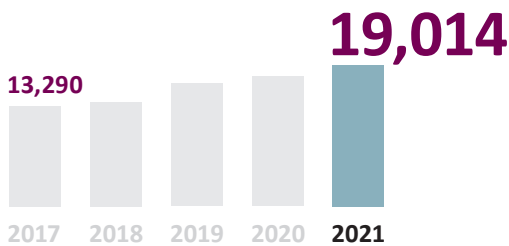
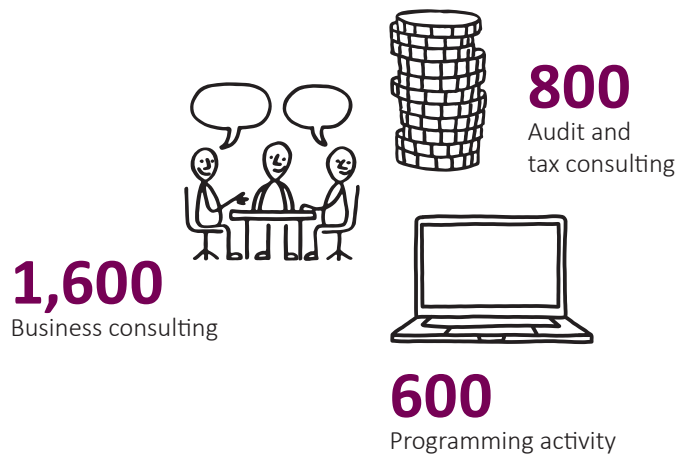


CO₂ reduction

CO₂ reduction in the Swiss real estate asset class since 2010

Who are our customers?

Distribution by sector (top three, rounded)



Total assets

Development of total assets in CHF million over the last five years



Reduction of redistribution

Reduction of all-inclusive conversion rate

Highlights of the year

A new pension model, even more sustainable investments and a forward-looking Foundation Board: Vita Collective Foundation achieved a lot in 2021, to ensure fair and secure occupational retirement provision for all generations.

Fairness

January

Vita Collective Foundation is committed to more intergenerational fairness: working towards an occupational pension system with less redistribution, it adjusted its retirement provision model and reduced the all-inclusive conversion rate once again.

www.vita.ch/retirement-provision-model



Senior Housing

March

Vita Collective Foundation invests strategically in impact-oriented housing and living space for growing old without any cares. In 2021, two new projects were acquired in Wetzikon and Churwalden.

www.vita.ch/seniorhousing



Governance

August

The processes and controls of SST Vita Dienstleistungs AG have been certified according to the ISAE-3000 standard since 2021. The company is in charge of managing Vita Collective Foundation.

Please refer to the governance report for more information.



Foundation Board

September

The Foundation Board of Vita Collective Foundation was re-elected in 2021. The Foundation Board now consists of eight instead of twelve members. For the first time, more women than men now sit on Vita Collective Foundation's highest governing body.

Investment strategy

November

Vita Collective Foundation revised its investment strategy in 2021. Among other things, it was decided to further reduce the foreign currency risks. This primarily improves the portfolio's stability.



Sustainability

December

Vita Collective Foundation has been a member of Climate Action 100+ and the Net Zero Asset Owner Alliance since the end of 2021. It has formulated a CO₂ reduction target for its equity portfolio and started investing in green bonds in 2022.

Please refer to the sustainability report for more information.

Balance sheet and operating statement

Balance sheet

Assets

| in CHF | Notes | 12 / 31 / 2021 | 12 / 31 / 2020 |
|--|------------|-----------------------|-----------------------|
| Investments | | 19,007,191,732 | 17,166,620,427 |
| Cash and cash equivalents and money market investments | 6.4 | 204,081,171 | 250,399,113 |
| Investments with the employer | 6.10 | 136,951,795 | 136,783,660 |
| Other receivables | 7.1 | 144,948,021 | 92,747,433 |
| Bonds | 6.4 | 5,606,602,543 | 5,382,105,590 |
| Equities | 6.4 | 5,975,195,330 | 5,319,184,389 |
| Real estate | 6.4 | 2,908,091,530 | 2,385,534,354 |
| Alternative investments | 6.4 | 2,397,814,373 | 2,136,436,679 |
| Infrastructure | 6.4 | 390,813,577 | 255,155,878 |
| Mortgages | 6.4 | 1,262,377,765 | 1,236,405,283 |
| Investments in affiliates | 6.4 | 100,000 | 100,000 |
| Foreign currency hedging | 6.6.2 | 89,040,229 | 68,326,735 |
| Hedging from derivatives transactions | 6.4 | -108,824,602 | -96,558,686 |
| Accrued income and deferred expenses | 7.2 | 7,056,957 | 6,484,869 |
| Total assets | | 19,014,248,689 | 17,173,105,296 |

Liabilities

| in CHF | Notes | 12 / 31 / 2021 | 12 / 31 / 2020 |
|---|-------------|-----------------------|-----------------------|
| Liabilities | | 433,329,105 | 466,072,863 |
| Vested benefits and pensions | 7.3 | 194,898,405 | 215,643,242 |
| Other liabilities | 7.3 | 238,430,701 | 250,429,621 |
| Accrued expenses and deferred income | 7.4 | 1,511,210 | 1,443,633 |
| Employers' contribution reserves | 6.10 | 158,432,451 | 149,997,177 |
| Pension capital and technical provisions | | 15,973,686,647 | 15,282,830,547 |
| Pension capital of active insured | 5.3.2 | 12,791,962,112 | 12,331,312,763 |
| Pension capital of pensioners | 5.4 | 2,397,720,243 | 2,156,997,174 |
| Technical provisions | 5.5 | 784,004,292 | 794,520,610 |
| Value fluctuation reserve | 6.3 | 1,916,842,398 | 916,969,833 |
| Uncommitted funds of pension schemes | 7.7 | 57,288,057 | 62,604,559 |
| Uncommitted funds of Foundation | | 473,108,821 | 293,136,684 |
| At beginning of period | | 293,136,684 | 0 |
| Expense surplus (-)/income surplus (+) | | 179,972,136 | 293,136,684 |
| Endowment capital | | 50,000 | 50,000 |
| Total liabilities | | 19,014,248,689 | 17,173,105,296 |

Operating statement

| in CHF | Notes | 01/01–12/31/2021 | 01/01–12/31/2020 |
|--|-------|------------------------|------------------------|
| Regular and other contributions and purchases | | 1,287,092,426 | 1,248,213,780 |
| Contributions by employees | | 512,840,658 | 499,647,765 |
| Contributions by employers | | 625,435,134 | 609,465,545 |
| Withdrawal from employers' contribution reserves to finance contributions | 6.10 | - 23,877,153 | - 28,496,991 |
| Withdrawal from uncommitted funds of pension schemes | 7.7 | - 4,653,462 | - 14,608,200 |
| Single contributions and purchase amounts | 5.3.2 | 139,750,749 | 150,823,986 |
| Capital contributions to employers' contribution reserves | 6.10 | 37,596,500 | 31,381,676 |
| Benefits brought into scheme | | 1,316,741,629 | 1,315,180,613 |
| Vested benefits | 5.3.2 | 1,274,435,972 | 1,264,132,060 |
| Deposits upon takeover of portfolios of insured to | | | |
| Value fluctuation reserve | | 30,999 | 794,973 |
| Uncommitted funds of pension schemes | 7.7 | 2,919,648 | 11,391,951 |
| Actuarial reserves of pensioners | 5.4 | 357,535 | 994,334 |
| Incoming advance withdrawals for home ownership promotion/divorce | 5.3.2 | 38,997,476 | 37,867,295 |
| Incoming contributions and benefits brought into scheme | | 2,603,834,055 | 2,563,394,393 |
| Regulatory benefits | | - 638,548,413 | - 585,468,850 |
| Retirement pensions | | - 219,607,369 | - 208,113,932 |
| Survivors' pensions | | - 19,040,335 | - 17,833,137 |
| Disability pensions | | - 46,038,973 | - 47,290,105 |
| Lump-sum payments on retirement | 5.3.2 | - 300,840,412 | - 246,779,053 |
| Lump-sum payments on death and disability | | - 53,021,324 | - 65,452,622 |
| Departure payments | | - 1,541,180,216 | - 1,908,651,447 |
| Vested benefits paid to departing insured | 5.3.2 | - 1,472,357,368 | - 1,828,076,054 |
| Transfer of additional funds upon collective withdrawal | | - 8,865,373 | - 14,241,619 |
| Advance withdrawals for home ownership promotion/divorce | 5.3.2 | - 56,613,164 | - 57,267,415 |
| Actuarial reserves for disability pensions on contract termination | | - 3,344,311 | - 9,066,360 |
| Outgoing benefits and advance withdrawals | | - 2,179,728,629 | - 2,494,120,297 |
| Reversal (+)/formation (-) of pension capital, technical provisions and contribution reserves | | - 693,974,872 | - 364,321,156 |
| Reversal (+)/formation (-) of pension capital of active insured | 5.3.2 | - 304,438,909 | 142,223,639 |
| Reversal (+)/formation (-) of pension capital of pensioners | 5.4 | - 240,723,069 | - 384,775,922 |
| Reversal (+)/formation (-) of technical provisions | 5.5 | 10,516,318 | 24,363,865 |
| Reversal (+)/formation (-) of uncommitted funds of pension schemes | 7.7 | 5,316,502 | 10,793,818 |
| Interest on savings capital | 5.3.2 | - 156,210,439 | - 160,708,427 |
| Reversal (+)/formation (-) of contribution reserves | 6.10 | - 8,435,274 | 3,781,871 |
| Brought forward | | - 269,869,446 | - 295,047,060 |

| in CHF | Notes | 01/01–12/31/2021 | 01/01–12/31/2020 |
|---|-------|----------------------|----------------------|
| Brought forward | | - 269,869,446 | - 295,047,060 |
| Income from insurance benefits | | 261,388,705 | 284,316,401 |
| Insurance benefits | | 247,422,995 | 270,002,489 |
| Profit shares from insurance policies | | 13,965,709 | 14,313,913 |
| Insurance costs | | - 240,371,740 | - 249,268,665 |
| Insurance premiums | | | |
| Risk premiums | | - 142,726,972 | - 141,683,043 |
| Cost premiums | | - 70,228,238 | - 69,223,730 |
| Security Fund contributions | | - 6,633,827 | - 6,484,172 |
| Single contributions to insurance companies | 5.3.2 | - 20,782,704 | - 31,877,720 |
| Net result from insurance activities | | - 248,852,482 | - 259,999,323 |
| Net result from investments | | 1,435,793,941 | 829,438,142 |
| Income from cash and cash equivalents and money market investments | 6.8 | - 154,946 | - 2,645,992 |
| Income from investments with the employer | 6.8 | 1,750,584 | 2,066,826 |
| Interest on vested benefits | 6.8 | - 4,361,046 | - 5,109,281 |
| Income from bonds | 6.8 | - 72,715,571 | 178,266,929 |
| Income from equities | 6.8 | 1,056,994,419 | 480,628,499 |
| Income from real estate | 6.8 | 321,312,052 | 46,597,207 |
| Income from alternative investments | 6.8 | 238,747,712 | - 28,507,888 |
| Income from infrastructure | 6.8 | 67,136,792 | 7,911,759 |
| Income from mortgages | 6.8 | 15,726,210 | 15,188,882 |
| Income from investments in affiliates | 6.8 | 850,000 | 0 |
| Income from currency hedging | 6.8 | - 42,818,507 | 233,198,187 |
| Asset management costs | 6.8 | - 146,673,758 | - 98,156,987 |
| Other income | | 1,184,735 | 2,501,191 |
| Income from services rendered | 7.5 | 1,184,735 | 1,216,049 |
| Other income | 7.5 | 0 | 1,285,141 |
| Other expenses | 7.6 | - 1,018,664 | - 228,441 |
| Administrative costs | | - 7,262,829 | - 7,249,450 |
| General administration | | - 6,292,690 | - 6,061,379 |
| Marketing and advertising | | - 632,957 | - 822,860 |
| Auditors and pension actuary | | - 181,447 | - 235,745 |
| Supervisory authorities | | - 155,734 | - 129,467 |
| Income surplus before formation of value fluctuation reserve | | 1,179,844,701 | 564,462,117 |
| Formation of value fluctuation reserve | 6.3 | - 999,872,565 | - 271,325,433 |
| Income surplus | | 179,972,136 | 293,136,684 |

Notes

1 Principles and organization

| | |
|---|---------------------------|
| First entry in Commercial Register / no. CH-020.7.001.096-8 | September 17, 2003 |
| Funding method | Defined contribution plan |

1.1 Legal form and purpose

Vita Collective Foundation is a foundation pursuant to Art. 80 et seq. of the Swiss Civil Code.

The purpose of the Foundation is to provide mandatory occupational pension plans for employees and employers as well as their surviving dependents against the consequences of old age, disability and death. Occupational pension plans are provided in accordance with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) of June 25, 1982, and its implementing ordinances. The Foundation can also provide occupational benefits coverage that exceeds the statutory minimum benefits, including assistance to alleviate the hardship caused by illness, accident, disability or unemployment.

1.2 BVG registration and Security Fund

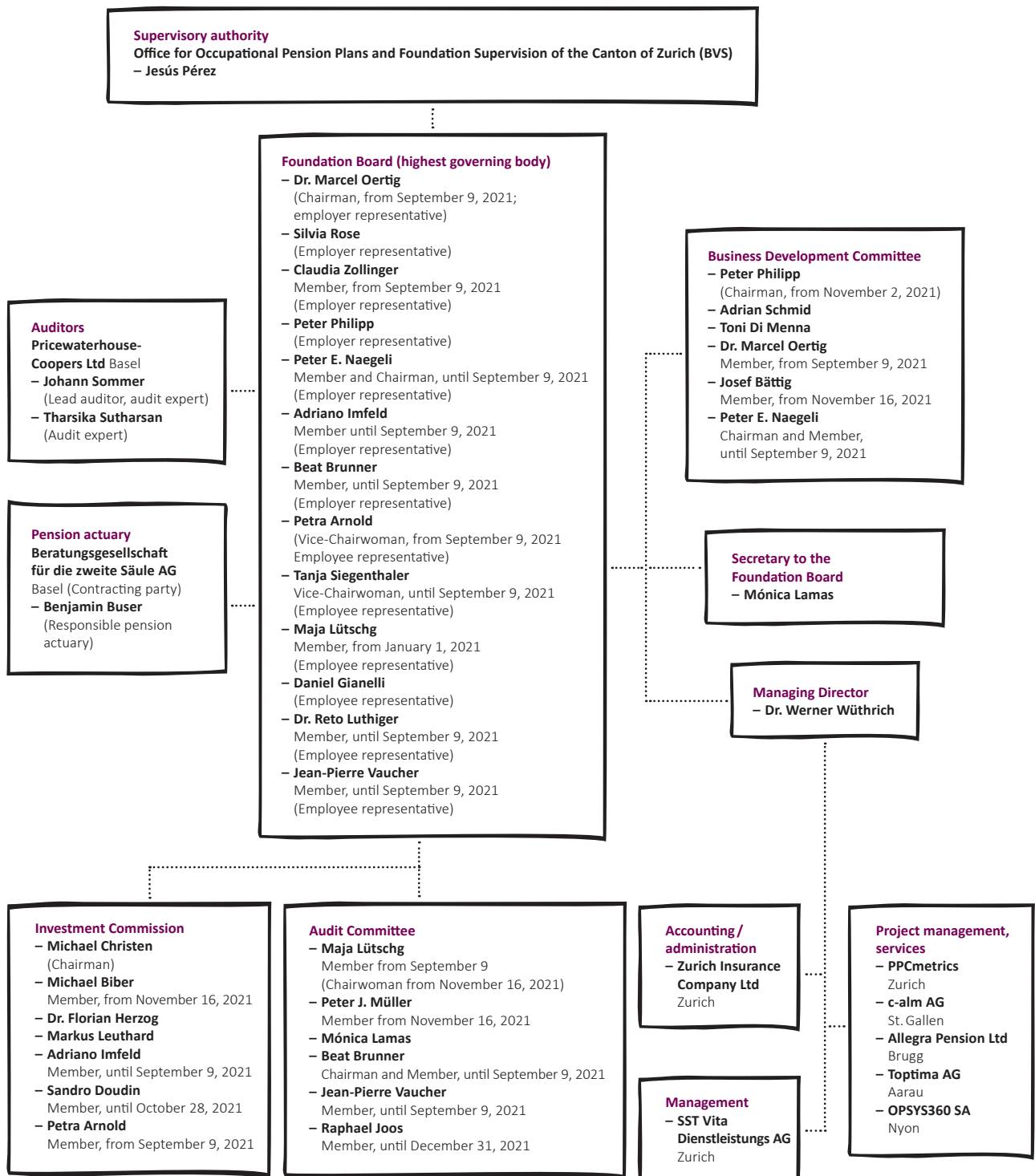
Vita Collective Foundation is registered (registration number ZH 1446) in accordance with the provisions of the BVG and affiliated with the Security Fund.

1.3 Deeds and regulations

Vita Collective Foundation has the legal form of a foundation and was established by public deed of June 13, 2003. The current deed, dated March 9, 2021, has been in force since August 27, 2021 (approval by supervisory authority).

| Valid regulations as at 12/31/2021 | Date of resolution | Entry into force | Version |
|---|--------------------|-------------------|-------------|
| Rules of organization | November 16, 2021 | November 1, 2021 | 2/2021 |
| Regulations on Foundation Board elections | June 8, 2021 | July 1, 2021 | 2/2021 |
| Pension regulations, basic | March 9, 2021 | January 1, 2021 | 2/2021 |
| Investment regulations | June 8, 2021 | January 1, 2021 | 1/2021 |
| Regulations on the formation of provisions | March 9, 2021 | December 31, 2020 | 1/2020/2021 |
| Regulations on partial liquidation | September 11, 2014 | January 20, 2015 | 1/2014 |
| Governance regulations | November 15, 2017 | January 1, 2018 | 1/2018 |
| Pension regulations, association | March 9, 2021 | January 1, 2021 | 1/2021 |
| Regulations on partial liquidation, association | September 8, 2015 | September 8, 2015 | 1/2015 |
| Rules of organization and regulations on elections, association | September 8, 2015 | January 1, 2016 | 1/2016 |

1.4 Highest governing and executive bodies, management and signatory powers



Foundation Board Committees

Until September 9, 2021, the Foundation Board had the following standing committees:

- a) Organization and Management Committee
- b) Business Development Committee
- c) Audit Committee
- d) Investment Committee

The Foundation Board used the 2021 election year as an opportunity to evaluate its target operating model (TOM). At the start of the new period of office, the Organization and Management Committee was dissolved and the Investment Committee was renamed the Investment Commission.

As a result, Vita Collective Foundation now has three standing committees:

- a) Audit Committee
- b) Business Development Committee
- c) Investment Commission

Signatory powers

The Organization and Management Committee appoints the persons who are authorized to sign on behalf of the Foundation. The members of the Foundation Board and the other authorized signatories are authorized to sign jointly with a minimum of two signatures.

1.5 Governance

1.5.1 Risk management, loyalty, transparency and control system

Governance of a collective foundation serves as a statutory and de facto regulatory framework.

It has to ensure that the foundation is correctly managed and controlled by clearly allocating tasks, powers, responsibility and control to the legal and governing bodies. The aim is to meet the needs of the diverse stakeholder groups within the multi-level structures of a collective foundation.

Governance, risk management and compliance should contribute equally to securing the consistent management and security of the collective foundation.

1.5.2 Risk management

Just like a company, a collective foundation is exposed to a diversity of risks. Vita Collective Foundation therefore introduced a holistic risk management system in 2017. The relevant risks are identified, analyzed and assessed. Causes are investigated and measures and controls are identified. A multi-level annual process is applied to monitor the risks. The risk management system is constantly adjusted to change.

1.5.3 Internal control system (ICS)

The ICS is concerned with operational risks and forms part of the risk management system of Vita Collective Foundation. Operating performance can jeopardize the achievement of defined business and process objectives. The material processes are recorded systematically and in detail so that they can be monitored logically with suitable controls.

1.6 Affiliated employers

| | 2021 | 2020 |
|-------------|--------|--------|
| As at 01/01 | 22,927 | 22,583 |
| Additions | 2,518 | 2,458 |
| Departures | -1,763 | -2,114 |
| As at 12/31 | 23,682 | 22,927 |

+755  IN 2021

2 Active insured and pensioners

2.1 As at 12/31

| | 12 / 31 / 2021 | | 12 / 31 / 2020 | |
|---------------------------------------|----------------|---------------------------|----------------|---------------------------|
| Total number of active members | 142,493 | | 138,654 | |
| Active insured | 137,170 | | 133,507 | |
| Occupationally disabled insured | 5,323 | | 5,147 | |
| Total number of pensioners | 16,722 | 5,827¹⁾ | 15,824 | 5,013¹⁾ |
| Retirement pensions | 11,388 | 5,511 | 10,781 | 4,728 |
| Retired persons' children's pensions | 225 | 193 | 212 | 175 |
| Spouses' pensions | 1,457 | 117 | 1,365 | 106 |
| Orphans' pensions | 351 | 6 | 324 | 4 |
| Disability pensions | 2,622 | 0 | 2,535 | 0 |
| Disabled persons' children's pensions | 679 | 0 | 607 | 0 |

1) of which pensioners included in the Foundation's balance sheet (from January 1, 2016)

2.2 Portfolio development

| Active insured | 2021 | 2020 |
|-----------------------|----------------|----------------|
| As at 01 / 01 | 133,507 | 136,404 |
| Entries | 32,591 | 31,768 |
| Retirements | -1,662 | -1,840 |
| Deaths | -166 | -185 |
| Departures/exits | -27,100 | -32,640 |
| As at 12 / 31 | 137,170 | 133,507 |

| | Retirement pensions | Retired persons' children's pensions | Spouses' pensions | Orphans' pensions | Disability pensions | Disabled persons' children's pensions |
|---------------------------------|----------------------------|---|--------------------------|--------------------------|----------------------------|--|
| As at 01 / 01 / 2020 | 9,992 | 195 | 1,263 | 290 | 2,507 | 555 |
| New pensions from own portfolio | 1,013 | 85 | 139 | 57 | 364 | 99 |
| Pensions from takeovers | 1 | 0 | 27 | 4 | 2 | 0 |
| Deaths | -215 | -6 | -49 | -3 | -54 | -13 |
| Departures/exits | -10 | -62 | -15 | -24 | -284 | -34 |
| As at 12 / 31 / 2020 | 10,781 | 212 | 1,365 | 324 | 2,535 | 607 |
| As at 01 / 01 / 2021 | 10,781 | 212 | 1,365 | 324 | 2,535 | 607 |
| New pensions from own portfolio | 838 | 76 | 123 | 59 | 353 | 101 |
| Pensions from takeovers | 28 | 0 | 46 | 0 | 19 | 1 |
| Deaths | -204 | -1 | -59 | -4 | -37 | -13 |
| Departures/exits | -55 | -62 | -18 | -28 | -248 | -17 |
| As at 12 / 31 / 2021 | 11,388 | 225 | 1,457 | 351 | 2,622 | 679 |

3 Achievement of purpose

3.1 Description of pension plans

The purpose of the Foundation is fulfilled in that employers willing to affiliate with the Foundation join the Foundation under affiliation contracts. With the affiliation contract, a pension fund is established.

The administration committee approves the pension regulations enacted by the Foundation Board. The administration committee also adopts a pension plan that sets out the type and scope

of the occupational benefits, the contributions of the insured and the employer, and the provisions specific to the pension fund. The administration committee enacts the pension regulations and pension plan.

3.2 Financing

Contributions are financed by the employers and the employees. The employers' contribution amounts to at least 50%.

4 Valuation and accounting principles, consistency

4.1 Confirmation of conformity of the accounts with Swiss GAAP FER 26

Accounting, reporting and valuation practices comply with the provisions of the Swiss Code of Obligations (OR) and the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The annual financial statements comprising the balance sheet, operating statement and notes portray the actual financial position of the Foundation as defined in the occupational benefits legislation and comply with the provisions of Swiss GAAP FER 26.

4.2 Accounting and valuation principles

The accounting and valuation principles follow the provisions of Art. 47, 48 and 48a of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2). The standards of Swiss GAAP FER 26 ("true and fair view") apply in all other respects. The following valuation principles are applied:

Securities and derivative financial instruments

Securities (bonds, equities, infrastructure, real estate and alternative investments) and derivative financial instruments are measured at market value.

Foreign currency translation

Assets and liabilities in foreign currency are measured at year-end rates. Any translation differences are recognized in the income statement.

Mortgages and investments in affiliates

Mortgages (direct investments – mortgages) and investments in affiliates are recognized at nominal value, less any impairment.

Pension capital and technical provisions

Pension capital and technical provisions are calculated by the pension actuary every year in accordance with accepted principles.

Other assets and liabilities

Other assets and liabilities are recognized in the balance sheet at nominal value.

All amounts in Swiss francs are rounded to the nearest franc in the annual financial statements and the notes. This may lead to small rounding differences.

4.3 Changes to valuation, bookkeeping and accounting principles

The valuation, bookkeeping and accounting principles did not change in any way.

5 Actuarial risks / risk coverage / coverage ratio

5.1 Type of risk coverage / reinsurance

The Foundation took out a group life insurance agreement with Zurich Life Insurance Company Ltd (Zurich Life) to cover the actuarial risks of death and disability. The Foundation is the policyholder and beneficiary. The Foundation bears the investment risk, and since January 1, 2016, it has also borne the risk of longevity.

The administrative costs incurred directly by the Foundation are included in the "Administrative costs" line item in the operating statement.

All other costs incurred by the Foundation are borne by Zurich Life and are covered by the cost premium. To fund this premium, the Foundation levies a cost contribution on all affiliated pension schemes.

The following table prepared by Zurich Life provides a breakdown of the cost premium:

| in CHF 1,000 | 2021 | 2020 |
|----------------------------------|---------------|---------------|
| Breakdown of cost premium | 70,228 | 69,224 |
| General administration | 41,791 | 50,318 |
| Marketing and advertising | 779 | 774 |
| Brokers and agents | 27,658 | 18,132 |

The costs for brokers and agents also include commission paid to Zurich's own sales force.

Together with the costs incurred directly by the Foundation (see operating statement), the total administrative costs are as follows (rounded):

| in CHF 1,000 | 2021 | 2020 |
|--|---------------|---------------|
| Breakdown of administrative costs | 77,491 | 76,473 |
| General administration | 48,084 | 56,379 |
| Marketing and advertising | 1,412 | 1,597 |
| Brokers and agents | 27,658 | 18,132 |
| Auditors and pension actuary | 181 | 236 |
| Supervisory authorities | 156 | 129 |

The asset management costs are reported in the operating statement and in note 6.9.

Surplus participation

According to Art. 68a section 2 para. 1 (a) BVG, profit shares from insurance contracts have to be credited to the savings assets of the insured. Deviation from this principle is only possible if the pension commission of the affiliated pension fund passes a corresponding resolution.

A partially autonomous collective foundation can only generate profit shares if the risk experience is positive. Art. 1.3 of the pension regulations of Vita Collective Foundation states that profit shares generated under the group life insurance agreement must be used in accordance with the decision of the Foundation Board.

The Foundation Board has decided: as there is no separate account for every individual pension fund, the profit shares are not allocated in accordance with a specific allocation key, but are credited as income to the operating account.

5.2 Assets and liabilities under insurance agreements

The Foundation's pension obligations can be divided into two categories:

- liabilities for retirement, spouses', orphans' and retired persons' children's pensions that are recognized in the Foundation's balance sheet from January 1, 2016 (see 5.4.)
- pensioner obligations, reinsured by Zurich Life Insurance Company Ltd; the relevant actuarial reserves are not shown in the Foundation's balance sheet

The actuarial reserves for the pension obligations under the group life insurance agreement with Zurich Life Insurance Company Ltd amount to:

| in CHF | 12 / 31 / 2021 | 12 / 31 / 2020 |
|---|----------------------|----------------------|
| Actuarial reserve for pensioners | 2,129,515,237 | 2,159,659,756 |
| Retirement pensions | 1,299,665,593 | 1,365,221,058 |
| Retired persons' children's pensions | 548,591 | 698,175 |
| Spouses' pensions | 259,062,409 | 246,087,627 |
| Orphans' pensions | 9,283,357 | 8,977,837 |
| Disability pensions | 300,991,757 | 285,688,337 |
| Disabled persons' children's pensions | 11,085,552 | 10,739,067 |
| Premium waivers | 248,877,977 | 242,247,655 |

5.3 Trend and interest on savings capital in the defined contribution scheme

5.3.1 Vita Classic pension model

Interest principles

Interest is paid on the retirement assets on the basis of the [Vita Classic pension model](#), which was introduced on January 1, 2021, with effect from 2022.

When it comes to interest payments, a distinction is made between the mandatory BVG benefits and the super-mandatory retirement benefits on the one hand, and between the basic interest and additional interest rates on the other. These rates apply for a full calendar year and are communicated [in advance](#). The additional interest is credited to the super-mandatory retirement assets.

How the model works

The **basic interest rate** equals the statutory minimum BVG interest rate.

The **additional interest rate** is calculated in three steps:

- 1. Calculation of maximum additional interest:**
 The maximum additional interest based on the coverage ratio is taken from the interest table at the end of November.
- 2. Calculation of the individual share (of the additional interest):** The individual share of the additional interest depends on the year of affiliation with Vita Collective Foundation and is stored in the value fluctuation memory. After five years of affiliation, the affiliation receives the maximum additional interest.
- 3. Calculation of the actual additional interest:**
 The actual additional interest is calculated by multiplying the maximum additional interest by the individual share of the formation of the value fluctuation reserve.

The interest table and detailed information on how the model works are provided at www.vita.ch/retirement-provision-model.

5.3.2 Trend and interest on savings capital

| in CHF | 2021 | 2020 |
|--|-----------------------|-----------------------|
| Total interest on savings capital | 1.00%–1.40% | 1.00%–1.50% |
| Interest on mandatory savings capital | 1.00% | 1.00% |
| Pension capital of active insured as at 01 / 01 | 12,331,312,763 | 12,312,827,975 |
| Formation (+) / reversal (-) of pension capital of active insured | 304,438,909 | -142,223,639 |
| Savings contributions | 926,806,826 | 899,756,798 |
| IV savings contributions | 28,583,868 | 28,961,680 |
| Single contributions and purchase amounts | 139,750,749 | 150,823,986 |
| Vested benefits | 1,073,342,354 | 986,209,301 |
| Vested benefits (takeover of portfolios) | 201,093,618 | 277,922,759 |
| Vested benefits paid to departing insured | -1,472,357,368 | -1,828,076,054 |
| of which difference pursuant to FZG Art. 17 ¹⁾ | 99,926 | 161,230 |
| Advance withdrawals for home ownership promotion / divorce | -56,613,164 | -57,267,415 |
| Incoming advance withdrawals for home ownership promotion / divorce | 38,997,476 | 37,867,295 |
| Lump-sum payments on retirement | -300,840,412 | -246,779,053 |
| Single contributions to insurance companies | -20,782,704 | -31,877,720 |
| of which pension purchase difference ¹⁾ | 0 | 51,910 |
| Transfer to pension capital of pensioners | -253,751,954 | -338,221,802 |
| Correction pension capital of active insured ²⁾ | 109,693 | -21,756,554 |
| Interest on savings capital | 156,210,439 | 160,708,427 |
| Pension capital of active insured as at 12 / 31 | 12,791,962,112 | 12,331,312,763 |
| of which BVG retirement assets | 6,881,928,142 | 6,668,747,473 |

1) Expenses and income charged to profit and loss that are not included in the operating statement in the item "Reversal (+) / formation (-) of pension capital for active insured".

2) The migration of the portfolio of insured to the new management system led to a correction to the reported pension capital for active insured; the claims of the individual insured are not affected.

5.4 Development of actuarial reserves for pensioners in the Foundation's balance sheet

| in CHF | 2021 | 2020 |
|--|---------------|---------------|
| Actuarial reserves for pensioners as at 01 / 01 on own balance sheet | 2,156,997,174 | 1,772,221,252 |
| Formation (+) / reversal (-) of actuarial reserves for pensioners | 240,723,069 | 384,775,922 |
| Pension benefits | - 121,282,020 | - 106,964,107 |
| Lump-sum payments on death | - 931,165 | - 338,952 |
| Transfer from pension capital of active insured | 253,751,954 | 338,221,802 |
| Pension purchases | 357,535 | 994,334 |
| Adjustment to pension actuary's calculation | 108,826,765 | 152,862,846 |
| Actuarial reserves for pensioners as at 12 / 31 on own balance sheet | 2,397,720,243 | 2,156,997,174 |

Until December 31, 2015, retirement pensions and the related survivors' pensions and retired persons' children's pensions were purchased from Zurich Life Insurance Company Ltd (actuarial reserves pursuant to note 5.2). The pension capital is calculated on the basis of the BVG 2020 Generation Tables and a technical interest rate of 1.50% (section 5.7). The Foundation Board decided not to increase pensions in 2021.

5.5 Composition, changes to and notes on technical provisions

| in CHF | 2021 | 2020 |
|--|--------------|--------------|
| Technical provisions as at 01 / 01 | 794,520,610 | 818,884,475 |
| Formation (+) / reversal (-) of technical provisions | - 10,516,318 | - 24,363,865 |
| Contributions to provision for retirement losses | 28,444,118 | 23,360,123 |
| Withdrawals from interest reserves | - 38,960,436 | - 47,723,988 |
| Technical provisions as at 12 / 31 | 784,004,292 | 794,520,610 |
| of which provisions for retirement losses | 745,043,856 | 716,599,738 |
| of which interest reserves | 38,960,436 | 77,920,872 |

The basis used for the calculation of the required technical provisions was audited by the pension actuary and documented in the regulations on the formation of provisions approved by the Foundation Board.

Provision for conversion rate adjustments (retirement losses)

As the regulatory conversion rates are higher than the conversion rates in the Foundation's actuarial tables, the Foundation suffers retirement losses. These losses are covered as follows by the provision for conversion rate adjustments:

- All active insured and all disabled insured from the age of 58 are taken into account.
- The amount of the provision equals the difference between the retirement assets extrapolated to the regular retirement age and the actuarial reserves needed to cover the regulatory retirement benefits, taking account of any lump-sum withdrawals of benefits. The resulting amount is discounted with the technical interest rate on the reference date for the calculation.
- To calculate the share of lump-sum withdrawals, the management's assumption based on statistics is applied that 40% of retirement benefits are drawn as lump-sum payments.

Provision for formation of interest reserves (according to previous model, effective until December 31, 2020)

The participation model (Vita Classic pension model) was adjusted from January 1, 2021 (see section 5.3.1). No new interest reserves were formed. The provision recognized in the 2021 annual financial statements will be used to pay the additional interest for 2022 to the eligible pension schemes.

Under the previous participation model, the annual interest reserves were used to pay additional interest on the retirement assets of all active insured of the eligible pension schemes. The annual interest reserve was raised on October 31 from the earnings that exceeded the value fluctuation reserve of 6%.

Until the full target fluctuation reserve of 6% had been accrued, the staggered interest model only made provision for payment of the minimum interest rate of 1.0% on the mandatory as well as the super-mandatory assets. The interest reserve model only led to an improvement in benefits after the target value fluctuation reserve of 6% had been accrued in full. Art. 46 BVV 2 had thus been observed.

The provision for the formation of interest reserves equaled the total of the interest reserves for the past four calendar years that had not yet been paid out and the interest reserve for the next calendar year.

Interest on retirement assets (under the previous model)

In terms of interest payments, a distinction was made between the mandatory BVG benefits and the super-mandatory retirement benefits on the one hand, and between the basic interest and additional interest rates on the other. These rates applied for a full calendar year and were communicated in advance.

The basic interest rates were determined on the basis of the Foundation's coverage ratio on October 31 of the previous year.

The additional interest rates were determined in accordance with the Foundation's interest model. This was defined by the financial position of the Foundation in the past five years. The additional interest was calculated for the mandatory and super-mandatory pension capital. Since January 1, 2017, the total additional interest has been credited to the super-mandatory pension capital.

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------------|--------------------|---------------------|---------------------|--------------------|
| Contributions to (+)/ withdrawals from (-) interest reserve | | | | | |
| For 2017 | -38,960,436 | -38,960,436 | -38,960,436 | -38,960,436 | 194,802,180 |
| For 2018 | 0 | 0 | 0 | 0 | |
| For 2019 | 0 | 0 | 0 | | |
| For 2020 | 0 | 0 | | | |
| For 2021 | 0 | | | | |
| Contributions (+)/ withdrawals (-) | -38,960,436 | -47,723,988 | -121,757,272 | -121,757,272 | 112,005,344 |
| Balance of interest reserve | 38,960,436 | 77,920,872 | 125,644,860 | 247,402,132 | 369,159,404 |

5.6 Last actuarial report of June 8, 2022

In this report, the pension actuary determines that:

Confirmation by pension actuary

As accredited pension actuary, we prepared the Foundation's actuarial balance sheet and determined, based on the documents provided to us in accordance with Art. 52e para. 1 BVG, that

- the technical interest rate and applied actuarial tables are appropriate;
- the pension institution can provide assurance as at the reporting date that it can fulfill its obligations;
- the regulatory actuarial provisions on benefits and financing correspond to the statutory provisions;
- the measures implemented to cover the actuarial risks are sufficient.

5.7 Actuarial tables and other actuarial assumptions

| | |
|-------------------------|----------------------------|
| Actuarial tables | BVG 2020 Generation Tables |
| Technical interest rate | 1.50% |

The Foundation's regulations on the formation of provisions, valid from December 31, 2020, apply.

5.8 Coverage ratio pursuant to Art. 44 BVV 2

A funding deficiency refers to a situation in which a pension fund does not have sufficient pension assets on the reporting date to cover its future pension liabilities as calculated by the pension actuary.

| in CHF | 12/31/2021 | 12/31/2020 |
|---|-----------------------|-----------------------|
| Accrued pension assets | 18,363,687,866 | 16,492,987,065 |
| Gross assets (total assets) | 19,014,248,689 | 17,173,105,296 |
| Liabilities | -433,329,105 | -466,072,863 |
| Accrued expenses and deferred income | -1,511,210 | -1,443,633 |
| Employers' contribution reserves | -158,432,451 | -149,997,177 |
| Uncommitted funds of pension schemes | -57,288,057 | -62,604,559 |
| Actuarial pension capital | 15,973,686,647 | 15,282,830,547 |
| Coverage ratio pursuant to Art. 44 BVV 2 | 115.0% | 107.9% |

6 Investments and net investment result

6.1 Organization of investment activities, investment advisors, asset managers and investment regulations

As the highest governing body, the Foundation Board is responsible for the investments. It defines the asset management organization and the powers of the units to whom asset management has been delegated in investment regulations.

The Foundation Board determines the investment strategy with the advisory support of the Investment Commission. The Foundation Board delegates the implementation of the investment strategy and the monitoring of the investments to the Managing Director and the Investment Commission.

Mandates, custodian banks

| | |
|--|---|
| Collective investments | Zurich Investment Foundation Zurich Invest Ltd Capvis Equity Partners Ltd Credit Suisse Funds AG Rye Harbour CLO, Ltd |
| Asset management, derivatives and US Treasuries | Cardano Risk Management B. V., Rotterdam (NL) The Dutch Authority for the Financial Markets (AFM) |
| Mortgages | Zurich Invest AG, Zurich Swiss Financial Market Supervisory Authority (FINMA) |
| Investment advisory service | Zurich Invest AG, Zurich SIGLO Capital Advisors AG, Zurich PPCmetrics AG, Zurich c-alm AG, St. Gallen |
| Investment controlling | Complementa AG, St. Gallen |
| Custodian banks / global custodian | UBS Switzerland AG, Zurich |

Requirements to be met by managers and asset managers in the occupational pension business pursuant to Art. 48f BVV 2

Only natural persons or legal entities who are qualified for this task and who are organized in such a manner that they meet the requirements of Art. 51b para. 1 BVG and the rules of Art. 48g to 48l BVV 2 can be subject to Art. 6.1 of the investment regulations. The provisions of Art. 6.3 to 6.8 of the investment regulations must be observed. The relevant provisions of the rules of organization also apply.

Loyalty declaration

Vita Collective Foundation is subject to the ASIP charter. As a result, Vita Collective Foundation has adopted governance regulations designed to ensure compliance with the BVG provisions on loyalty and integrity. The members of the governing bodies, the employees of SST Vita Dienstleistungs AG and the external partners who are responsible for the investment, management and control of the pension assets have undertaken to comply with the statutory and regulatory provisions. They sign a declaration every year confirming their compliance with the obligations of integrity and loyalty (Art. 51 BVG and Art. 48f to 48l BVV 2) as well as the Foundation's regulations regarding pecuniary advantages, interest alliances and own-account transactions.

Exercise of voting rights

Vita Collective Foundation actively exercises its voting rights in larger Swiss and foreign companies to protect the interests of its insured, and publishes its voting record on its website at www.vita.ch.

Financial Market Infrastructure Act (FMIA)

The FMIA makes a distinction between small and large financial counterparties. The threshold for a small financial counterparty is CHF 8 billion.

As a pension institution, Vita Collective Foundation qualifies as a financial counterparty. It falls well below the above threshold and is thus classified as a small financial counterparty.

The focus of the FMIA falls on the following duties: the duty to mitigate risks, the duty to provide accounts, and the duty to trade on platforms. Since January 1, 2018, a reporting duty has also applied. Vita Collective Foundation has delegated these tasks to Cardano Risk Management B. V. The delegation and related tasks are set out in the asset management agreement between Vita Collective Foundation and Cardano Risk Management B. V.

6.2 Expanded investment options pursuant to Art. 50 para. 4 BVV 2

The expanded investment options were not exercised in 2021.

6.3 Target and calculation of value fluctuation reserve

Due to the adjustment of the participation model (Vita Classic pension model), the target value fluctuation reserve was set at 12% from January 1, 2021.

| in CHF | 12/31/2021 | 12/31/2020 |
|---|----------------------|--------------------|
| Value fluctuation reserve – target | 1,916,842,398 | 916,969,833 |
| Target as % of pension obligations | 12.0% | 6.0% |
| Value fluctuation reserve – current | 1,916,842,398 | 916,969,833 |
| Value fluctuation reserve as at 01/01 | 916,969,833 | 645,644,400 |
| Formation (+)/reversal (-) of value fluctuation reserve | 999,872,565 | 271,325,433 |

Calculation methods

The target for the value fluctuation reserve (in percent) is calculated in accordance with the value-at-risk concept, based on normal distribution which takes a holistic approach to the risks and makes provision for the portfolio's diversification effect. The target value fluctuation reserve is defined on the basis of the investment strategy adopted by the Foundation Board. The following parameters apply to the calculation:

- time frame: 1 year
- targeted level of security: 95%

6.4 Investments by asset class

| | 12 / 31 / 2021 | | Strategy | Band-width | 12 / 31 / 2020 | | BVV 2 limit |
|---|-----------------------|---------------|-------------|-------------|-----------------------|---------------|-------------|
| | in CHF | in % | | | in CHF | in % | |
| Cash and cash equivalents and money market investments | 204,081,171 | 1.09 | 1.0 | 0–5 | 250,399,113 | 1.48 | |
| Current accounts with banks, post office | 199,533,768 | 1.07 | | | 240,295,068 | 1.42 | |
| Money market – collective investments | 4,547,403 | 0.02 | | | 10,104,046 | 0.06 | |
| Bonds – collective investments | 5,606,602,543 | 29.94 | 29.0 | | 5,382,105,590 | 31.78 | |
| Swiss bonds | 1,908,259,842 | 10.19 | 10.0 | 7–13 | 1,213,132,859 | 7.16 | |
| Foreign bonds | 3,698,342,701 | 19.75 | 19.0 | 13–25 | 4,168,972,731 | 24.61 | |
| Equities – collective investments | 5,975,195,330 | 31.91 | 30.0 | | 5,319,184,389 | 31.41 | 50 |
| Swiss equities | 1,199,419,065 | 6.41 | 6.0 | 4–8 | 1,007,265,302 | 5.95 | |
| Foreign equities | 4,775,776,265 | 25.50 | 24.0 | 19–29 | 4,311,919,087 | 25.46 | |
| Real estate – collective investments | 2,908,091,530 | 15.53 | 15.0 | | 2,385,534,354 | 14.08 | 30 |
| Swiss real estate | 1,900,990,788 | 10.15 | 10.0 | 5–17 | 1,558,859,901 | 9.20 | |
| Foreign real estate | 1,007,100,742 | 5.38 | 5.0 | 2–8 | 826,674,453 | 4.88 | |
| Alternative investments – collective investments | 2,397,814,373 | 12.81 | 15.0 | | 2,136,436,679 | 12.61 | 15 |
| Hedge funds | 778,870,984 | 4.16 | 6.0 | 4–8 | 916,858,456 | 5.41 | |
| Collateralized loan obligations ¹⁾ | 0 | 0.00 | | | 88,358,150 | 0.52 | |
| Private equity | 613,831,718 | 3.28 | 3.0 | 1–5 | 414,344,550 | 2.45 | |
| Insurance-linked strategies ¹⁾ | 0 | 0.00 | | | 55,225,028 | 0.33 | |
| Options | 36,786,401 | 0.20 | | | 32,101,777 | 0.19 | |
| Senior loans (unhedged) | 678,523,295 | 3.62 | 4.0 | 2–6 | 629,548,719 | 3.72 | |
| Direct lending | 289,801,975 | 1.55 | 2.0 | 0–4 | 0 | 0.00 | |
| Infrastructure | 390,813,577 | 2.09 | 3.0 | | 255,155,878 | 1.51 | 10 |
| Infrastructure | 390,813,577 | 2.09 | 3.0 | 0–8 | 255,155,878 | 1.51 | |
| Mortgages | 1,262,377,765 | 6.74 | 7.0 | 3–11 | 1,236,405,283 | 7.30 | 50 |
| Mortgages – collective investments | 161,527,356 | 0.86 | | | 160,174,882 | 0.95 | |
| Mortgages – direct investments | 1,100,850,409 | 5.88 | | | 1,076,230,401 | 6.35 | |
| Investments in affiliates | 100,000 | 0.00 | | | 100,000 | 0.00 | |
| Foreign currency hedging | 89,040,229 | 0.48 | | | 68,326,735 | 0.40 | |
| Hedging from derivatives transactions | –108,824,602 | –0.58 | | | –96,558,686 | –0.57 | |
| Total investments | 18,725,291,916 | 100.00 | | | 16,937,089,334 | 100.00 | |
| Other assets | 288,956,773 | | | | 236,015,962 | | |
| Investments with the employer | 136,951,795 | | | | 136,783,660 | | |
| Other receivables | 144,948,021 | | | | 92,747,433 | | |
| Accrued income and deferred expenses | 7,056,957 | | | | 6,484,869 | | |
| Total assets | 19,014,248,689 | | | | 17,173,105,296 | | |
| Equities | 5,975,195,330 | 31.91 | | | 5,319,184,389 | 31.41 | 50 |
| Unhedged foreign currency | 3,687,009,978 | 19.69 | | | 2,865,755,515 | 16.92 | 30 |

1) According to the decision of the Foundation Board of November 17, 2020, investments in insurance-linked strategies and in CLO that still exist but no longer have an investment allocation under the strategic asset allocation as at January 1, 2021, are assigned to the direct lending allocation until their maturity/divestment. The market value as at December 31, 2021, was CHF 10,719,951.08 for insurance-linked strategies and CHF 84,649,406.43 for collateralized loan obligations.

“Russia exposure”

The “Russia exposure” of Vita Collective Foundation across all asset classes was less than 0.2% of all investments as at December 31, 2021.

Limits pursuant to BVV 2

The limits prescribed for investments by Art. 54, 54a, 54b and 55a, 55b, 55c and 55e BVV 2 were observed on December 31, 2021.

Investments in affiliates

In order to provide services in the occupational pension business, Vita Collective Foundation owns 100% of SST Vita Dienstleistungs AG (share capital of CHF 100,000). The capital is included in the investments.

Real estate investments

Investments in real estate are made through the following vehicles:

| | | |
|---|------------------------------|-------------------|
| Real Estate Switzerland Residential | Zurich Investment Foundation | ISIN CH0018192903 |
| Real Estate Switzerland Residential Retirement | Zurich Investment Foundation | ISIN CH0291438379 |
| Zurich Invest Fund Real Estate Direct Switzerland | Zurich Invest Ltd | ISIN CH0433089270 |
| CSA Real Estate Switzerland | CS Investment Foundation | ISIN CH0013123002 |
| Real Estate Switzerland Commercial | Zurich Investment Foundation | ISIN CH0032598069 |
| Real Estate Indirect Global Passive | Zurich Investment Foundation | ISIN CH0029744171 |
| Real Estate Europe Direct | Zurich Investment Foundation | ISIN CH0183503272 |
| Real Estate USA | Zurich Investment Foundation | ISIN CH0448058799 |

6.5 Current (pending) capital commitments

On the reporting date, capital commitments were pending for the following investments:

| in CHF | 2021 | 2020 |
|--|---------------|---------------|
| CapVis III (Private Equity) | 0.6 million | 0.6 million |
| CapVis IV (Private Equity) | 0 million | 0.3 million |
| CapVis V (Private Equity) | 6 million | 8.3 million |
| Schroder Adevq Real Assets Harvested Resources L. P. (Schroder Adevq Management Ltd) | 0 million | 7.4 million |
| Private Equity I (Zurich Investment Foundation) | 64.6 million | 65.9 million |
| Private Equity II (Zurich Investment Foundation) | 29.6 million | 31.0 million |
| Private Equity III (Zurich Investment Foundation) | 81.9 million | 127.9 million |
| Private Equity IV (Zurich Investment Foundation) | 150.4 million | 205.2 million |
| Infrastructure I (Zurich Investment Foundation) | 0.6 million | 0.6 million |
| Infrastructure II (Zurich Investment Foundation) | 6.9 million | 10.5 million |
| Infrastructure III (Zurich Investment Foundation) | 154.3 million | 165.8 million |
| ILS Life (Zurich Investment Foundation) | 0 million | 73.6 million |
| Real Estate USA (Zurich Investment Foundation) | 18.2 million | 82.2 million |
| Zurich Invest Middle Market Lending Europe I (Zurich Investment Foundation) | 80.8 million | 270.5 million |
| Private Equity Co-Investments I (Zurich Investment Foundation) | 192.4 million | 0 million |

6.6 Open derivative contracts

Derivative contracts were in use on the reporting date in accordance with the provisions of Art. 56a BVV 2.

6.6.1 Collateral received / provided

A collateral management process has been introduced owing to new regulatory requirements (EMIR and FMIA). According to this process, the

counterparty risk arising from unrealized gains and losses on over-the-counter (OTC) derivative transactions between market players is settled in cash (collateral) every day.

6.6.2 Currency hedging

With reference to the Foundation Board's rules on foreign currency hedging, the following currency hedges were outstanding on December 31, 2021:

| | 12 / 31 / 2021 | 12 / 31 / 2020 |
|--------------------------------|----------------------|----------------------|
| Total foreign currency | | |
| Equivalent in CHF | 6,434,292,073 | 5,328,660,784 |
| Market value in CHF | 6,345,251,844 | 5,260,334,049 |
| Unrealized gains in CHF | 89,040,229 | 68,326,735 |
| of: | | |
| Equivalent in CHF | 1,886,634,851 | 1,579,293,507 |
| Amount in EUR | 1,754,600,000 | 1,472,600,000 |
| Exchange rate on 12 / 31 | 1.038228 | 1.081042 |
| Market value in CHF | 1,821,674,857 | 1,591,942,214 |
| Unrealized gains in CHF | 64,959,994 | - 12,648,707 |
| Equivalent in CHF | 3,699,212,310 | 3,058,307,528 |
| Amount in USD | 4,055,000,000 | 3,358,300,000 |
| Exchange rate on 12 / 31 | 0.911807 | 0.883851 |
| Market value in CHF | 3,697,378,570 | 2,968,238,283 |
| Unrealized gains in CHF | 1,833,740 | 90,069,245 |
| Equivalent in CHF | 368,129,439 | 340,479,865 |
| Amount in GBP | 292,200,000 | 287,600,000 |
| Exchange rate on 12 / 31 | 1.232471 | 1.207114 |
| Market value in CHF | 360,127,981 | 347,166,055 |
| Unrealized gains in CHF | 8,001,458 | - 6,686,190 |
| Equivalent in CHF | 261,969,719 | 193,018,530 |
| Amount in YEN | 32,120,000,000 | 22,380,000,000 |
| Exchange rate on 12 / 31 | 0.007915 | 0.008562 |
| Market value in CHF | 254,241,868 | 191,615,893 |
| Unrealized gains in CHF | 7,727,851 | 1,402,637 |
| Equivalent in CHF | 48,427,088 | 38,405,967 |
| Amount in SEK | 456,000,000 | 369,600,000 |
| Exchange rate on 12 / 31 | 0.100770 | 0.106864 |
| Market value in CHF | 45,951,056 | 39,496,828 |
| Unrealized gains in CHF | 2,476,032 | - 1,090,861 |
| Equivalent in CHF | 47,912,227 | 44,873,831 |
| Amount in DKK | 333,500,000 | 310,400,000 |
| Exchange rate on 12 / 31 | 0.139495 | 0.145362 |
| Market value in CHF | 46,521,582 | 45,120,482 |
| Unrealized gains in CHF | 1,390,645 | - 246,652 |
| Equivalent in CHF | 86,569,439 | 74,281,556 |
| Amount in AUD | 127,400,000 | 112,800,000 |
| Exchange rate on 12 / 31 | 0.662406 | 0.680446 |
| Market value in CHF | 84,390,542 | 76,754,294 |
| Unrealized gains in CHF | 2,178,897 | - 2,472,738 |
| Equivalent in CHF | 35,437,000 | 0 |
| Amount in HKD | 299,500,000 | 0 |
| Exchange rate on 12 / 31 | 0.116746 | 0.000000 |
| Market value in CHF | 34,965,390 | 0 |
| Unrealized gains in CHF | 471,610 | 0 |

6.6.3 Open derivative contracts

| Market value | 2021 | 2020 |
|---------------------------------|-------------------|-------------------|
| Derivatives on Swiss equities | 7,357,280 | 6,420,355 |
| Derivatives on foreign equities | 29,429,121 | 25,681,421 |
| Total | 36,786,401 | 32,101,777 |

Obligation to provide cover – commitment-reducing derivatives

Commitment-reducing derivatives are covered by their corresponding underlyings. Vita Collective Foundation used the following indices with the relevant weighting to cover the underlyings. This well-diversified allocation mostly maps the portfolio of Vita Collective Foundation. The underlyings are available.

| Index Weighting | 2021 | 2020 |
|---------------------|------|------|
| S & P 500 | 34% | 34% |
| Euro Stoxx Index 50 | 10% | 10% |
| FTSE 100 | 6% | 6% |
| Topix | 8% | 8% |
| MSCI EM | 22% | 22% |
| Swiss Market Index | 20% | 20% |

Counting of derivatives to check maximum limits

These put options are asymmetric derivatives that are not credited to the underlyings.

Counterparty risk of derivatives

All of the 10 open derivative contracts are OTC transactions with a total replacement value of CHF 36,786,401; transactions were executed with the following counterparties:

| Counterparties | 2021 | 2020 |
|-----------------------------|-------------------|-------------------|
| Goldman Sachs International | 16,969,330 | 3,775,628 |
| BNP Paribas S. A | 14,113,127 | 56,873 |
| UBS Inc. | 3,377,139 | 10,941,324 |
| Bank of America Corporation | 1,200,483 | 0 |
| HSBC Bank PLC | 939,084 | 8,689,071 |
| Credit Suisse AG | 187,239 | 8,638,882 |
| Total | 36,786,401 | 32,101,777 |

Use of derivatives during the financial year

Derivatives were used in the Swiss equities and foreign equities asset classes throughout the year. All derivatives were covered at all times and never led to a commitment that exceeded the maximum limit pursuant to Art. 54 BVV 2.

6.7 Market value and contracting parties for securities lending

The Foundation did not engage in any securities lending in the past financial year.

6.8 Net investment result

| in CHF | 01/01–12/31/2021 | 01/01–12/31/2020 |
|---|----------------------|--------------------|
| Interest | -2,925,110 | -4,022,029 |
| Income from cash and cash equivalents | -314,648 | -979,574 |
| Income from investments with the employer | 1,750,584 | 2,066,826 |
| Interest on vested benefits | -4,361,046 | -5,109,281 |
| Money market – collective investments | 159,701 | -1,666,418 |
| Bonds – collective investments | -72,715,571 | 178,266,929 |
| Swiss bonds | -24,478,758 | 6,011,599 |
| Foreign bonds | -48,236,813 | 172,255,330 |
| Equities – collective investments | 1,056,994,419 | 480,628,499 |
| Swiss equities | 244,575,564 | 39,949,389 |
| Foreign equities | 812,418,855 | 440,679,110 |
| Real estate – collective investments | 321,312,052 | 46,597,207 |
| Swiss real estate | 150,512,910 | 80,613,774 |
| Foreign real estate | 170,799,142 | -34,016,567 |
| Alternative investments – collective investments | 238,747,712 | -28,507,888 |
| Hedge funds | 55,473,974 | -83,513,254 |
| Private equity | 214,930,212 | 11,615,907 |
| Senior loans, global | 53,927,795 | -26,241,817 |
| Collateralized loan obligations ¹⁾ | 0 | 342,498 |
| Insurance-linked strategies ¹⁾ | 0 | 808,704 |
| Options | -78,217,876 | 68,480,074 |
| Direct lending | -7,366,394 | 0 |
| Infrastructure | 67,136,792 | 7,911,759 |
| Infrastructure | 67,136,792 | 7,911,759 |
| Mortgages | 15,726,210 | 15,188,882 |
| Mortgages – collective investments | 1,804,751 | 767,390 |
| Mortgage interest | 13,921,458 | 14,421,493 |
| Investments in affiliates | 850,000 | 0 |
| Investments in affiliates | 850,000 | 0 |
| Income from currency hedging | -42,818,507 | 233,198,187 |
| Asset management costs | -146,673,758 | -98,156,987 |
| TER, expenses and other asset management costs | -144,437,437 | -95,424,014 |
| Management of mortgages | -2,236,321 | -2,732,973 |
| Net investment result | 1,435,793,941 | 829,438,142 |
| Net performance²⁾ | 8.49% | 5.35% |

1) According to the decision of the Foundation Board of November 17, 2020, investments in insurance-linked strategies and in CLO that still exist but no longer have an investment allocation under the strategic asset allocation as at January 1, 2021, are assigned to the direct lending allocation until their maturity/divestment. The income in the 2021 accounting year was CHF 748,714.58 for insurance-linked strategies and CHF -3,068,486.14 for collateralized loan obligations.

2) TTWR = True Time-Weighted Rate of Return: calculation of portfolio performance that does not take account of the capital inflows and outflows during the reporting period (source: Zurich Invest Ltd). The 2020 annual report reported a gross return of 5.55%.

6.9 Asset management costs pursuant to Art. 48a BVV 2

| Investments | 12 / 31 / 2021 | 12 / 31 / 2020 |
|---|-----------------------|-----------------------|
| Total investments | 19,007,191,732 | 17,166,620,427 |
| of which: cost-transparent investments | 18,999,035,994 | 17,166,620,427 |
| Cost-transparent investments in relation to total investments – cost transparency ratio | 99.96 % | 100.00 % |

| Non-transparent collective investments | 12 / 31 / 2021 | 12 / 31 / 2020 |
|--|----------------|----------------|
| Private Equity Co-Investments I – Zurich Investment Foundation – ISIN: CH0566742331 | | |
| Market value | 8,155,738 | 0 |
| Number of units | 9,015 | 0 |

| Asset management costs | 2021 | 2020 |
|---|--------------------|-------------------|
| Directly recognized asset management costs | 7,732,223 | 6,629,093 |
| Total for all cost indicators in CHF for collective investments | 138,941,534 | 91,527,894 |
| Asset management costs recognized in operating statement | 146,673,758 | 98,156,987 |
| End balance for invested capital | 18,725,291,916 | 16,937,089,334 |
| as % of cost-transparent investments | 0.77 % | 0.57 % |

The directly recognized asset management costs include direct investment mandates, investment-relevant project costs incl. advisory fees, the fees for the members of the Investment Commission and personnel costs relating to the persons at Foundation level who are directly involved in the management of the assets.

In addition to the fixed and performance-related portfolio management fees charged at the level of the fund of funds and target funds, the total costs for collective investment schemes include additional costs and services.

Approx. 68.3% (previous year: 55.3%) of the reported “Total for all cost indicators for collective investments” refers to alternative investments, 19.7% (previous year: 30.0%) to bonds and equities, and 11.9% (previous year: 14.7%) to real estate investments.

6.10 Investments with employers and employers' contribution reserves

| in CHF | 12 / 31 / 2021 | 12 / 31 / 2020 |
|--|--------------------|--------------------|
| Interest on arrears on employers' current accounts | 2.50 % | 5.00 % |
| Investments with the employer | 136,951,795 | 136,783,660 |
| Employers' current accounts | 139,128,778 | 139,722,583 |
| Allowance for bad debts | -2,176,983 | -2,938,922 |

| in CHF | 2021 | 2020 |
|---|--------------------|--------------------|
| Interest on employers' contribution reserves | 0.00 % | 0.00 % |
| Employers' contribution reserves – as at 01 / 01 | 149,997,177 | 153,779,048 |
| Capital contributions to employers' contribution reserves | | |
| from contracts taken over | 738,170 | 385,602 |
| by employers | 36,858,329 | 30,996,074 |
| Withdrawals from employers' contribution reserves | | |
| from contract terminations | -5,284,095 | -6,671,030 |
| to finance contributions by the employer | -23,877,153 | -28,496,991 |
| Reconciliation | 23 | 4,474 |
| Employers' contribution reserves – as at 12 / 31 | 158,432,451 | 149,997,177 |

6.11 Contractual agreements regarding retrocessions

Vita Collective Foundation primarily invests the pension assets in investment groups (collective investments) managed by Zurich Investment Foundation. For managing the individual investment groups and the institutional funds used for this purpose, Zurich Invest Ltd (the manager of Zurich Investment Foundation) is paid a management fee from the institutional funds. No retrocessions are paid.

7 Other items in the balance sheet and operating statement

7.1 Other receivables

| in CHF | 12/31/2021 | 12/31/2020 |
|---|--------------------|-------------------|
| Other receivables | 144,948,021 | 92,747,433 |
| Current accounts with Zurich Life Insurance Company Ltd | 101,917,191 | 38,019,141 |
| Receivables from Security Fund | 5,372,383 | 4,803,686 |
| Mortgage receivables | 494,101 | 906,624 |
| Prepaid benefits to insured | 4,273,527 | 3,326,017 |
| Withholding tax credits | 31,512,199 | 15,288,345 |
| Other receivables | 1,378,619 | 30,403,619 |

7.2 Accrued income and deferred expenses

| in CHF | 12/31/2021 | 12/31/2020 |
|--|------------------|------------------|
| Accrued income and deferred expenses | 7,056,957 | 6,484,869 |
| Management fee discount for collective investments | 4,883,426 | 4,140,124 |
| Accrued interest on mortgages | 225,253 | 376,475 |
| Accrued interest on bonds | 1'808'339 | 1'968'270 |
| Other accruals | 139'940 | 0 |

7.3 Liabilities

| in CHF | 12/31/2021 | 12/31/2020 |
|---|--------------------|--------------------|
| Vested benefits and pensions | 194,898,405 | 215,643,242 |
| Other liabilities | 238,430,701 | 250,429,621 |
| Current account overdrafts with SST Vita Dienstleistungs AG | 256,518 | 705,249 |
| Incoming payments not yet processed | 88,494,171 | 92,543,202 |
| Prepaid contributions and pending benefits | 148,924,458 | 156,333,016 |
| Other liabilities (withholding taxes) | 755,553 | 848,154 |

7.4 Accrued expenses and deferred income

| in CHF | 12/31/2021 | 12/31/2020 |
|---|------------------|------------------|
| Accrued expenses and deferred income | 1,511,210 | 1,443,633 |
| Administrative costs | 1,511,210 | 1,443,633 |

7.5 Other income

| in CHF | 01/01–12/31/2021 | 01/01–12/31/2020 |
|--|------------------|------------------|
| Other income | 1,184,735 | 2,501,191 |
| Fees according to cost regulations | 1,159,368 | 1,111,808 |
| Provision for withholding tax | 25,367 | 104,242 |
| Extraordinary restructuring of liabilities | 0 | 1,285,141 |

7.6 Other expenses

| in CHF | 01/01–12/31/2021 | 01/01–12/31/2020 |
|--|-------------------|------------------|
| Other expenses | -1,018,664 | -228,441 |
| Restructuring of accounts receivable and mutation losses | -1,018,664 | -228,441 |

7.7 Changes to and interest on pension schemes' uncommitted funds

| in CHF | 2021 | 2020 |
|---|-------------------|-------------------|
| Interest on uncommitted funds | 0.00% | 0.00% |
| Uncommitted funds (pension accounts) as at 01 / 01 | 62,604,559 | 73,398,377 |
| Capital contributions to uncommitted funds (pension accounts) | 0 | 0 |
| from contracts taken over | 2,919,648 | 11,391,951 |
| Withdrawals from uncommitted funds (pension accounts) | | |
| from contract terminations | -3,581,279 | -7,570,589 |
| for improvement of pension benefits | -4,653,462 | -14,608,200 |
| Reconciliation | -1,409 | -6,980 |
| Uncommitted funds (pension accounts) as at 12 / 31 | 57,288,057 | 62,604,559 |

8 Requirements of supervisory authority

The supervisory authority confirmed by letter of July 23, 2021, that it has taken note of the 2020 annual financial statements. The comments of the supervisory authority were taken into account and implemented in this annual report.

9 Additional information on the financial position

Report on partial liquidations of pension funds

The Foundation's regulations on partial liquidation require employers to inform the Foundation without delay of any workforce reduction or restructuring that could lead to a partial liquidation. If the conditions for a partial liquidation are met, the administration committee of the relevant pension fund must pass a declaratory resolution to trigger the partial liquidation process.

In the 2021 financial year, the affiliated employers informed the Foundation of nine decisions that led to the partial liquidation of an affiliated pension fund. The partial liquidation procedure for five pension funds had not yet been finalized by December 31, 2021.

10 Events after reporting date

No events after the reporting date have come to light that could have a material impact on the assessment of the 2021 annual financial statements.

Report of the statutory auditor on the financial statements

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Sammelstiftung Vita, which comprise the balance sheet, operating accounts and notes (on pages 9 to 39), for the year ended December 31, 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 internal controls 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 controls 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 controls. An audit also includes evaluating the appropriateness of 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 December 31, 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 organisation, management and investments are applied.

We have assessed whether

- organisation and management comply with the legal and regulatory requirements and whether internal controls exist that are 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 fulfil their duties of loyalty and disclosure of interests;

- the available funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- 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 and regulatory requirements have been met.

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

PricewaterhouseCoopers AG

Johann Sommer
Audit expert
Auditor in charge

Tharsika Sutharsan
Audit expert

Basel, June 8, 2022

Other reports of Vita Collective Foundation

- **Sustainability Report 2021**
- **Governance Report 2021**

Vita Collective Foundation

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