



Regulations on provisions and reserves

Vita Classic

Vita Collective Foundation, Zurich

Regulations on provisions and reserves

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1 Objective

These regulations determine the rules for recognizing provisions and fluctuation reserves pursuant to Art. 48e of the Occupational Pension Ordinance (OPP 2). In connection with this, the Swiss Accounting and Reporting Recommendations, Swiss GAAP ARR 26, shall be taken into consideration, and the principle of consistency observed. Specialist guideline no. 2 of the Swiss Chamber of Pension Fund Experts (FRP 2) is also taken into account.

These regulations only apply to provisions and fluctuation reserves that are to be formed at the collective foundation level if necessary. These regulations do not apply to provisions and reserves at the level of the affiliated pension schemes.

2 Definitions

Pension capital and provisions for hedging the foundation obligations are calculated according to accepted underwriting principles and presented on the liabilities side of the balance sheet.

The purpose of *pension capital* is to recognize the individual legal entitlements of active insured persons and the capital required to finance current pensions and pension entitlements for own account. *Underwriting reserves* concern the obligations to provide pension capital and its financing; *non-underwriting reserves* concern those liabilities that are not associated directly with the fulfillment of pension obligations.

The value fluctuation reserve is recognized for the market-specific risks underlying the asset investments (including real estate) in order to support the lasting fulfillment of the benefit commitments. For the calculation of the cover ratio pursuant to Art. 44 of the Occupational Pension Ordinance (OPP 2), it is not allocated to the pension capital required for the underwriting. With respect to the target size of the value fluctuation reserve, please refer to the investment regulations.

3 Underwriting principles

The technical basis for autonomously borne risks is determined by the Foundation Board on the basis of a recommendation by the occupational retirement provision expert. In the case of re-insured benefits, the respective technical principles of the insurance are taken into account.

Guaranteed minimum interest rate

The guaranteed minimum interest rate is set at a reasonable level below the effective return on assets in the long term to ensure it can be maintained over a longer period.

Current principles

The biometric principles of the BVG 2020 Generation Tables are used. The guaranteed minimum interest rate has been 1.75% since November 1, 2024. Both are disclosed in the notes to the annual financial statements.

4 Provisions/reserves

4.1 Types of provisions/reserves

Based on the Swiss Accounting and Reporting Recommendations GAAP ARR 26 and the Professional Guideline 2 of the Swiss Chamber of Pension Fund Experts (FRP 2), the following actuarial liabilities are recognized in the annual financial statements or provided if required:

- A. Pension capital of the active insured
- B. Pension capital of pensioners
- C. *Underwriting reserves* Reserve for the conversion rate (retirement losses)
- D. *Non-underwriting reserves* Non-underwriting liabilities (e.g. litigation risk)

The pension capital and underwriting reserves are calculated annually by the occupational retirement provision expert using the static method.

4.2 Pension capital of the active insured

The pension capital corresponds to the total termination benefits of the active insured persons as at the balance sheet date.

4.3 Pension capital of pensioners

The pension capital corresponds to the present value of the current and accrued pensions.

4.4 Reserve for the conversion rate (retirement losses)

If the regulatory pension benefits upon retirement, taking into account their financing, are too high in comparison to the underwriting principles of the Foundation, this will lead to retirement losses. The level of the reserves is to be calculated annually by the occupational retirement provision expert according to the following principles:

- All active and passive insured persons aged 58 and over are included in the calculations.
- The retirement benefits are extrapolated to the reference age and the gains/losses resulting from the transition to retirement are calculated taking into account the retirement behavior (share of capital option) and the statutory minimum benefits. The amount thus determined is discounted on the calculation date at the guaranteed minimum interest rate.
- In addition, one-off capital settlements are also taken into account appropriately. The occupational retirement provision actuary may adjust this assumption based on actual experience.
- A future conversion rate reduction is taken into account in the calculation.

4.5 Non-underwriting reserves

The Foundation Board may create provisions or reserves for contingent liabilities of the Foundation (especially for pending litigation).

5 Responsibilities and changes

The Foundation Board may decide at any time to recognize new reserves that are not listed in the regulation. In this case, these must be explained in the notes to the annual financial statements in accordance with the rules on the formation of reserves. If such reserves are formed on a permanent basis, they must be defined in the regulations.

6 Effective date

These regulations enter into force retroactively on November 1, 2024.

They replace the regulations on provisions and reserves dated December 31, 2020.

They can be modified by the Foundation Board at any time.

Zurich, March 6, 2025

Vita Collective Foundation

The Foundation Board

In the event of any inconsistency between this translation and the original German text, only the German version is legally binding.