

# Vested Benefits Accounts – Terms and Conditions

As of August 2020

## 1. Purpose

The purpose of the vested benefits account is to maintain the retirement savings capital accrued with an occupational pension plan pursuant to the Ordinance on Vesting in Pension Plans (OLP).

At the planholder's request, death and disability risks may be covered as a supplement to the benefits governed by these Terms and Conditions. If the Foundation agrees to this request, it shall provide the planholder with a supplement to these Terms and Conditions which specifies the insured benefits. The relevant insurance premiums shall be debited from the vested benefits account every year.

In order to fulfill its obligations, the Foundation shall make use of the services of Banque Cantonale Vaudoise (hereafter "BCV") and possibly other related or unrelated organizations or institutions.

## 2. Structure and functioning

The Foundation is set up in accordance with the annexed Statutes.

## 3. Types of investment

Vested termination benefits may be deposited in a vested benefits savings account and/or invested in collective investment schemes (i.e., investment funds).

Such investments are governed by the annexed Supplementary Terms and Conditions for Investments in Securities.

## 4. Opening a vested benefits account

Vested benefits accounts may only be opened in the form of a savings account. Planholders may request information on investing in investment funds.

## 5. Transfers

The Foundation shall accept deposits only in the form of vested termination benefits. No other kind of deposit is permitted.

Vested termination benefits that are to be used to purchase fund units shall first be deposited in the vested benefits savings account and kept there until the investment date or no later than the 20th day of the following month.

## 6. The Foundation's duties

The Foundation shall draw up an annual statement of the planholder's vested termination benefits.

## 7. Retirement benefits

Retirement benefits shall be paid in the form of a lump sum. The planholder must make a written request to the Foundation to receive the retirement benefits. In general, the planholder is eligible for the retirement benefits at the normal retirement age stipulated in the Occupational Retirement, Survivors' and Disability Pension Plan Act (LPP). Retirement benefits may be paid out no earlier than five years before normal retirement age and no later than five years after normal retirement age.

## 8. Disability or death benefits

If the planholder is entitled to a full disability pension (AI) and does not have supplementary cover for death and disability risks as described in Section 1, the planholder may request payment of the accrued retirement savings capital.

Upon the planholder's death, the retirement savings capital shall be paid to the beneficiaries below in the following order of precedence:

1. the beneficiaries stipulated in Articles 19, 19a and 20 of the LPP, or failing them
2. persons substantially dependent on the deceased for maintenance, or the person who cohabited with the deceased for an uninterrupted period of at least five years immediately preceding the death or who must support one or more of the couple's children, or failing them
3. the planholder's children who do not meet the conditions of Article 20 of the LPP, failing them the planholder's parents, failing them the planholder's brothers and sisters, or failing them
4. the legal heirs, excluding public entities.

The planholder may specify in writing the entitlements of each beneficiary and include under Section 8.1 beneficiaries that are listed under 8.2. The planholder must inform the Foundation of any

changes in writing. If the Foundation does not receive any written instructions, the various beneficiaries falling within the same category shall be paid in equal proportions.

Persons listed under Section 8.2 have three months from the death of the planholder to announce themselves to the Foundation and be recognized as beneficiaries by providing the relevant documents. In all cases, the Foundation reserves the right to request additional information and to demand from the applicant the documents that it deems necessary to establish the applicant's entitlement to the benefits.

## 9. Early withdrawal

The planholder is entitled to make an early withdrawal of the retirement savings capital within the limits specified by law if:

- a) he/she uses all or part of the savings capital to make a voluntary purchase in an occupational pension plan or to take up another form of occupational pension provision,
- b) he/she leaves Switzerland permanently, subject to Article 25f of the Swiss Federal Vested Termination Benefits Act (LFLP),
- c) he/she becomes self-employed and is no longer subject to compulsory occupational pension insurance. The withdrawal may be made only within 12 months of becoming self-employed,
- d) he/she uses the savings capital pursuant to the Ordinance on the Use of Pension Assets for the Encouragement of Home Ownership,
- e) the savings capital is less than the amount of the planholder's annual contributions to his/her previous occupational pension plan.

A vested benefits account invested in investment funds may be closed only at the end of a calendar month, and the Foundation may defer payment for a maximum of 60 days.

Pursuant to Article 11 of the LFLP, the Foundation shall transfer the vested benefits to the pension fund responsible for providing said benefits upon the pension fund's request, without requiring the planholder's prior consent.

## 10. Notice period for account withdrawals

In accordance with FINMA's provisions on liquidity risks for banks, BCV may require 31 days' notice for all withdrawals from vested benefits accounts. In such case, the Foundation shall require the same 31-day notice period for account withdrawals.

## 11. Fees

In addition to a flat annual management fee, a charge will be levied for transfers from one type of account to another (from the second transaction within the same calendar year), for withdrawals concerning the use of pension assets for home ownership encouragement, for the partial or total dissolution of the vested benefits account, and for inquiries made to establish the planholder's address or beneficiaries. The fee schedule is available on request from the Foundation and on the BCV website.

There may also be a processing fee for extraordinary administrative tasks.

## 12. Planholder's and beneficiaries' duties

The planholder must inform the Foundation of any change in address or civil status. The Foundation disclaims all liability for the consequences arising from a planholder's omission or failure to provide sufficient information in this regard.

Regulatory benefits are only awarded upon the planholder's or beneficiaries' expressed request. This request must be accompanied by the normal documents necessary to demonstrate benefit entitlement. If the planholder is married, benefits may be paid out in cash only with the spouse's written consent.

## 13. Assignment and pledge

Benefit entitlement may not be assigned or pledged before the benefit falls due.

A pledge is permitted within the limits specified in the Ordinance on the Use of Pension Assets for the Encouragement of Home Ownership.

In the event of divorce, the court may decide that part of the planholder's vested termination benefits should be transferred to the ex-spouse's occupational pension plan and that this amount should be deducted from the ex-spouse's divorce claims intended to guarantee retirement savings.

#### **14. Governing law and jurisdiction**

All disputes relating to the application or execution of these Terms and Conditions shall be governed by Swiss law. The place of jurisdiction for all legal proceedings shall be Lausanne.

#### **15. Registered civil partnerships**

A registered partner is treated as a spouse under the Registered Civil Partnerships Act (Lpart). A registered partnership is treated as a marriage, and the court dissolution of a registered partnership is treated as a divorce.

#### **16. Use of data**

To fulfill its obligations under these Terms and Conditions, the Foundation may use the services of third parties such as BCV and/or other financial institutions. The planholder accepts that BCV and/or other financial institutions shall have access to his/her data insofar as this is necessary for them to fulfill their obligations. Moreover, the planholder agrees that his/her data may be used by BCV to provide services. In addition, the planholder acknowledges that the Foundation may be required by law to disclose information to duly authorized third parties. Data-protection provisions are set out in detail in the corresponding section of BCV's General Conditions.

#### **17. Amendments**

The Pension Board reserves the right to amend these Terms and Conditions at any time. The planholder and the Regulatory Authority shall be informed of amendments in an appropriate manner.

Amendments to the legal provisions on which these Terms and Conditions are based shall prevail and, from their entry into force, are applicable to these Terms and Conditions.

#### **18. Liability**

The Foundation shall not be held liable for the planholder's failure to meet his/her legal, contractual or regulatory obligations.

#### **19. The Foundation's reporting requirement**

The Foundation complies with all filing and reporting requirements in Switzerland. Planholders are responsible for meeting any filing or reporting requirements imposed by foreign authorities; the Foundation disclaims all liability, and cannot provide assistance, in this regard.

#### **20. Tax compliance**

The planholder undertakes to meet all tax obligations incumbent on the planholder relating to all of the planholder's taxable assets and income arising from the planholder's relationship with the Foundation throughout that relationship.

The planholder releases the Foundation from its confidentiality obligations with respect to the competent Swiss and foreign authorities and authorizes the Foundation to send the necessary information to those authorities at their request or, if Swiss legislation or agreements between Switzerland and the planholder's home country provide for an exchange of information or require such information to be disclosed, on its own initiative.

#### **21. Residence and nationality**

In keeping with changes to the law, the Foundation reserves the right not to purchase fund units for individuals who are not resident in Switzerland or who are not exclusively Swiss nationals and to require such individuals to sell fund units. The Foundation requests the fund units be sold within 30 days. If the sale does not take place within this period, the Foundation issues the sell order and credits the amount to the planholder's retirement savings account.

#### **22. Integrity and loyalty of managers**

All persons responsible for the management of the Foundation, as well as the institutions or persons responsible for wealth management, undertake to comply with the provisions concerning integrity and loyalty set forth in Articles 48f et seq. of the Swiss Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (OPP 2).

#### **23. Entry into force**

These Terms and Conditions enter into force on 1 August 2020 and supersede all previous terms and conditions.

# Supplementary Terms and Conditions for Investments in Investment Funds

## 1. Purpose

The planholder may deposit all or a part of his/her vested termination benefits in a vested benefits savings account and/or a vested benefits securities account (i.e., a vested benefits account invested in investment funds).

Articles 19 and 19a of the Ordinance on Vesting in Pension Plans (OLP) apply.

## 2. Principles

Pursuant to the Statutes, the Pension Board is responsible for managing the assets and establishing the objectives and principles within the framework of the law.

The Pension Board is responsible for the lawful management of the vested termination benefits under the LPP, OPP 2, LFLP, and OLP. Vested benefits shall be invested with financial intermediaries such as banks, investment fund managers, and investment foundations whose wealth managers are subject to FINMA oversight.

The Pension Board ensures that assets are managed in the planholder's financial interest, with the aim of earning a return that corresponds to the level of risk taken.

## 3. Types of investment and return on accounts

The vested benefits savings account yields a fixed rate of interest set by the Pension Board according to the interest rates offered by BCV. The Foundation shall inform planholders in advance of any changes by circular, through brochures available at BCV offices or by any other means that the Foundation deems appropriate, including by updating the "Vested Benefits account" page on BCV's website. All changes to the Foundation's terms and conditions appearing on bank statements sent to the planholder shall be binding on planholders, unless they expressly contest the changes in writing, sent to the Foundation within one month following the announcement.

These accounts are held entirely with BCV.

Capital in a vested benefits securities account is invested, pursuant to Article 19a of the OLP, only in investment funds that are subject to FINMA supervision, distributed in Switzerland with FINMA's authorization, or issued by a Swiss investment foundation.

The Foundation makes use of the full range of investment possibilities within the meaning of Article 50.4 of the OPP 2, depending on which type of investment planholders choose. For vested benefits savings accounts, the portion of the Foundation's funds held as cash with BCV could reach 100%. For vested benefits securities accounts, the portion of the Foundation's funds held as equities or foreign currencies could reach 80% and 50%, respectively.

**Investment risk is borne by the planholder; neither the value of the invested capital nor a minimum interest rate is guaranteed.**

## 4. Choice of investment fund

The Pension Board determines which investment funds the planholder may choose from. Only collective investments that comply with the OPP 2 are offered.

The Pension Board may change the investment vehicles at any time. The planholder shall be informed of any such change and any new investment options available.

## 5. Information on investments

Interim and annual reports, prospectuses, contracts and simplified prospectuses concerning investment funds managed or distributed by BCV may be obtained from BCV or from the fund manager G rifonds SA or their websites. For other investment funds, the planholder must contact the fund manager directly.

At least once a year, the planholder shall receive an account statement and, where applicable, a securities account statement containing the value of the planholder's assets.

## 6. Fund units and securities account

The Foundation shall, in its name and on the planholder's behalf, acquire fund units in accordance with the planholder's instructions with regard to investments authorized in Section 3 above. Fund units shall be held in a securities account linked to the planholder's vested benefits account.

## 7. Buying and selling fund units

The planholder may buy or sell fund units on the dates specified by the Foundation (the "transaction dates" specified in the application form to change category). Buy and sell orders must be sent to the Foundation in writing. In the absence of clear instructions, vested termination benefits shall remain in the vested benefits savings account.

Vested termination benefits to be used to purchase fund units shall first be deposited in the vested benefits savings account and kept there until the investment date or no later than the 20th day of the following month.

In the event of a withdrawal pursuant to Sections 7 through 9 of the Vested Benefits Accounts Terms and Conditions, the Foundation shall sell fund units in proportion to the amount required. The Foundation shall set the date for the sale of fund units. Proceeds from the sale of fund units shall be deposited in the vested benefits savings account to be used in accordance with its intended purpose.

## 8. Evaluation

Buy and sell orders shall be executed on the first transaction date (pursuant to Section 7 above) following receipt of the order by the Foundation, provided that the order can be processed within this timeframe. Otherwise, they shall be executed on the next eligible transaction date.

For investments in investment funds, the prices of individual shares are published in the financial press as well as on the BCV website and/or the relevant fund manager's website.

## 9. Fees

The investment fee schedule is available on the BCV website and/or relevant fund manager's website. For all other fees, Section 11 of the Vested Benefits Accounts Terms and Conditions apply.

## 10. Oversight

A report detailing investments and their performance shall be drawn up and submitted to the members of the Pension Board at each of its meetings.

## 11. Exercising shareholder rights

The Foundation invests only in investment funds that are open to other institutions. The planholder can obtain information on the exercise of shareholder voting rights directly from the fund manager.

## 12. Other provisions

In all other respects, the Vested Benefits Accounts Terms and Conditions apply.

## 13. Amendments

The Pension Board reserves the right to amend these Supplementary Terms and Conditions at any time. The planholder and the Regulatory Authority shall be informed of amendments in an appropriate manner.

Amendments to the corresponding legal provisions on which these Terms and Conditions are based shall prevail and, from their entry into force, are applicable to these Terms and Conditions.

## 14. Entry into force

These Terms and Conditions enter into force on 1 August 2020 and supersede all previous terms and conditions.

# Statutes

## 1. Name

Under Articles 80 et seq. of the Civil Code and Articles 10 et seq. of the Ordinance on Vesting in Pension Plans, a foundation has been set up under the name of "Fondation de libre passage de la Banque Cantonale Vaudoise" (the "Foundation").

## 2. Headquarters and term

The Foundation has its headquarters in Lausanne, at BCV's place of domicile.

The Foundation was created for an indefinite period.

## 3. Purpose

The purpose of the Foundation is to manage vested benefits accounts in accordance with Articles 10 et seq. of the Ordinance on Vesting in Pension Plans.

## 4. Resources

The Foundation has initial capital of CHF 20,000 (twenty thousand francs).

The capital can be increased through:

- vested termination benefits transferred by occupational pension plans on behalf of planholders;
- interest earned on assets;
- benefits from third parties, including insurance companies with which the Foundation has entered into a contract;
- gifts, bequests or other forms of donation.

## 5. Pension Board

The Pension Board is the governing body of the Fund.

The Board comprises at least three members. It is appointed by BCV. In addition to the members appointed by BCV, the Pension Board shall appoint at least one external member who is not a representative of BCV and who is not involved in the Foundation's administrative management or asset management. This member must have no economic ties to BCV, to the company in charge of the Foundation's administrative management or to the company in charge of the Foundation's asset management.

Members of the Pension Board are appointed for a period of four years. Each member may be re-elected. External members of the Pension Board shall be appointed to renewable, one-year terms.

The Pension Board's decisions are taken by simple majority of the members present. The Chairperson casts the deciding vote in the event of a tie.

The Pension Board's powers include the following:

- it represents the Foundation;
- it is responsible for management and prepares an annual report;
- it manages the assets in accordance with the law;
- it issues the terms and conditions governing vested benefits accounts and can amend them at any time subject to the approval of the Regulatory Authority;
- it approves the Foundation's annual accounts;
- if necessary, it acts as the policyholder in insurance contracts with recognized life insurance companies in Switzerland.

The Pension Board may delegate all or part of its administrative tasks to a manager. It appoints the manager.

The Pension Board meets as often as necessary, but no less than once per year. It can make decisions by correspondence. In such situations, a unanimous decision is required.

The Pension Board is responsible for its own functioning, appoints a chairperson and the individuals with the power to sign for the Foundation, and determines the rules governing signing authority.

## 6. Relationship with planholders

The relationship with planholders is defined in the Terms and Conditions Governing Vested Benefits Accounts.

## 7. Audit

The Pension Board appoints an auditor, which audits the management, accounts and investments every year.

## 8. Dissolution

The Foundation may be dissolved in the cases provided for by law. The Foundation's assets will be used in accordance with the purpose defined in these Statutes and cannot be used for any other purpose.

These Statutes were adopted on 22 December 1997 and amended on 1 January 2015 and 1 January 2018.