

Partial Liquidation Regulations

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The present regulation constitutes a translation of the original German version. In the event of any discrepancies between the German text and this translation, only the German original shall be deemed authoritative.

1 General provisions

Art. 1 Basic principles

- 1 The Johann Jakob Sulzer Foundation (hereinafter referred to as JJS) is an open joint institution in which the risks are borne jointly by all affiliated companies. It has a joint coverage ratio. In consideration of these circumstances and based on the provisions of the BVG, FZG and BVV 2, in particular Articles 53b and 53d BVG, Articles 18a and 19 FZG and Article 27g-h BVV 2, the Board of Trustees issues these regulations.
- 2 These regulations govern the requirements and procedure for partial liquidation.

2 Principles and prerequisites of partial liquidation

Art. 2 Prerequisites of partial liquidation

- 1 The requirements for a partial liquidation are met,
 - a) in the event of a significant reduction in the workforce of a company affiliated to the JJS, provided that this is the result of an economically justified reduction in the workforce and that at least 2 percent of the total number of active insured persons leave the JJS involuntarily and the pension capital of all active insured persons is reduced by at least 2 percent as a result, or in the event of a significant reduction in the workforce of several companies affiliated to the JJS, provided that this is the result of an economically justified reduction in the workforce and that at least 10 percent of the total number of active insured persons leave the JJS involuntarily within a calendar year and the pension capital of all active insured persons is reduced by at least 10 percent as a result.
 - b) in the event of a restructuring of a company affiliated to the JJS, provided that at least 1 percent of the total number of active insured persons leave the JJS involuntarily and that the pension capital of all active insured persons is reduced by at least 1 percent as a result, or in the event of the restructuring of several companies affiliated to the JJS, provided that at least 5 percent of the total number of active insured persons leave the JJS involuntarily within a calendar year and that the pension capital of all active insured persons is reduced by at least 5 percent as a result. A restructuring occurs when previous areas of activity of an affiliated company are merged, discontinued, sold, outsourced or changed in some other way.
 - c) if an affiliation contract is terminated after a term of at least two years, provided that at least 1 percent of the total number of active insured persons or 1 percent of the total number of pensioners leave the JJS and that the pension capital of all active insured persons or the pension capital of all pensioners is reduced by at least 1 percent as a result. If several affiliation contracts are simultaneously terminated that are attributable to the same economic event and thus internally related, it is sufficient if a total of 5 percent of the entire portfolio of active insured persons and pensioners leave the JJS and the pension capital of all active insured persons and pensioners is reduced by at least 5 percent as a result. If the pensioners remain in the JJS for any reason, the aforementioned values are based on the total portfolio or pension capital of the active insured persons. The partial termination of an affiliation contract after a term of at least two years as a result of a transfer of business (asset deal) will lead to a partial liquidation if at least 5 percent, but no less than 2 of the active insured persons of the affiliated company remain as a group in the JJS under a different or new affiliation contract or transfer to the same new pension fund.
- 2 A departure is deemed to be involuntary if the employment relationship of an actively insured person is terminated by the employer and the person is not offered a reasonable transfer. Departures for other reasons, such as the expiry of fixed-term employment contracts, terminations related to the employee's person (e.g. disciplinary or performance reasons), amicable termination of employment contracts and transfers to the pensioner portfolio due to early or statutory retirement, death or disability are not taken into account when assessing the partial liquidation requirements.

Art. 3 Time frame and balance sheet date

- 1 The Board of Trustees shall determine the relevant date or time frame for specifying the group of persons affected by a partial liquidation (departing group). This will depend on the event and the departures of the active insured persons and, if applicable, pensioners. When applying Article 2 paragraph 1 letter c, pensioners will also be taken into account in the number of departures if they do not remain with the JJS.
- 2 The balance sheet date of the partial liquidation applied to assess JJS's financial position is defined as the end of the calendar year closest to the beginning of the implementation of the partial liquidation.

Art. 4 Collective and individual departures

- 1 In the event of a partial liquidation, the insured will be entitled to the following funds:
 - a) In the event of an individual departure, the individual in question will be entitled to a share of the disposable assets.
 - b) In the event of a collective departure, the departing persons will be collectively entitled pro rata to the actuarial provisions and fluctuation reserves as well as to their collective entitlement to the disposable assets.
- 2 In the event of a collective departure, the Board of Trustees shall decide on the collective entitlement to the actuarial provisions and fluctuation reserves.
- 3 There will be no collective entitlement to the actuarial provisions and fluctuation reserves if the partial liquidation was caused by the group of persons that has departed collectively.
- 4 A collective departure is defined as a group of at least two active insured persons or, where applicable, pensioners, who transfer to the same new pension fund as a result of a partial liquidation due to restructuring or the termination of an affiliation agreement. All other departures will be deemed to be individual departures.
- 5 If possible, collective departures will be regulated in transfer agreements.

3 Implementation of partial liquidation

Art. 5 Determination of disposable assets

- 1 The commercial balance sheet (annual financial statements including balance sheet, income statement and notes) is the basis for determining the disposable assets and the actuarial balance sheet prepared by the occupational pensions expert on the same date (partial liquidation balance sheet) as well as any additional provisions for the remaining group, which indicate JJS's actual financial situation at disposal values (market values). The annual financial statements audited by the auditors and prepared in accordance with SWISS GAAP FER 26 as at the balance sheet date of the partial liquidation shall be authoritative.
- 2 Assets and liabilities are valued and provisions and reserves created in accordance with professional, consistently applied principles.

Art. 6 Transfer of disposable assets (distribution plan)

- 1 During a partial liquidation, individuals departing from the pension plan will be individually entitled to the disposable assets, while departing groups of insured persons will be collectively entitled to the same (see Art. 4).
- 2 The disposable assets are recorded as a percentage of the pension capital including actuarial provisions. The share of disposable assets available to active insured persons and pensioners leaving the company is equivalent to this percentage, applied to their termination benefits (individual departures) or their pension capital, including actuarial provisions (collective departures and pensioners leaving the company).
- 3 Entry benefits and vested benefits transferred as a result of divorce as well as purchase sums (voluntary contributions, deposits, repayments of advance withdrawals for home ownership and repurchases after divorce) paid in within the last two years before the balance sheet date relevant for the partial liquidation will be deducted from the termination benefits for the calculation of the share of the disposable assets.

- 4 Advance withdrawals for home ownership and funds transferred as a result of divorce are added to the termination benefits for the calculation of the share of disposable assets if the withdrawal or transfer took place within the last two years before the balance sheet date relevant for the partial liquidation and the withdrawal or transfer has not yet been repaid.

Art. 7 Transfer of actuarial provisions and value fluctuation reserves

- 1 In the event of a partial liquidation involving a collective withdrawal, there is a collective proportionate entitlement to the technical provisions and the value fluctuation reserves (cf. Art. 4).
- 2 The pro rata allocation of an actuarial provision may be deviated from or waived entirely if the partial liquidation has a particular impact on JJS's structure and leads to a change in the provision requirement affecting the remaining group (cf. Art. 5).
- 3 When calculating the entitlement, appropriate account must be taken of the contribution made by the departing collective to the formation of actuarial provisions and value fluctuation reserves. However, the departing collective is entitled to these reserves only insofar as actuarial risks are also transferred. Entitlement to fluctuation reserves corresponds pro rata to the entitlement to the pension capital including actuarial provisions.
- 4 Entitlement to the actuarial provisions and fluctuation reserves is transferred collectively to the new pension fund.
- 5 Funds are generally transferred in the form of a cash payment. Where justified and with the agreement of the receiving pension fund, the Board of Trustees may also determine a different form of transfer.

Art. 8 Adjustment in the event of material change

If the assets or liabilities change by more than 5 percent between the balance sheet date of the partial liquidation and the transfer of the funds (during the year based on a monthly estimate of the coverage ratio in accordance with the specifications of the recognised occupational pensions expert, at the end of the year based on the annual financial statements audited by the auditors), the actuarial provisions, value fluctuation reserves and disposable assets or the shortfall to be transferred will be adjusted accordingly.

Art. 9 Offsetting a shortfall

- 1 If there is a shortfall pursuant to Article 44 BVV 2 on the balance sheet date of the partial liquidation, this may be deducted from the termination benefit on a pro rata and individual basis. If the unreduced termination benefit has already been transferred, the active insured person must reimburse the deduction.
- 2 The shortfall is recorded as a percentage of the pension capital including actuarial provisions. The share of the shortfall available to active insured persons and pensioners leaving the company is equivalent to this percentage, applied to their termination benefits (individual departures) or their retirement capital, including actuarial provisions (collective departures and pensioners leaving the company).
- 3 Entry benefits and vested benefits transferred as a result of divorce as well as purchase sums (voluntary contributions, deposits, repayments of advance withdrawals for home ownership and repurchases after divorce) paid in within the last two years before the balance sheet date relevant for the partial liquidation are not taken into account when calculating the share of the shortfall.

Art. 10 Transfer of pensioners

- 1 In the event of a collective withdrawal pursuant to Article 4, the pensioners attributable to the relevant collective shall in principle follow this collective. Article 53e paragraph 4^{bis} BVG shall be applied by analogy.
- 2 Should the collective remain with the JJS under a different or new affiliation contract, the pensioners attributable to the collective in question will be assigned to the collective's affiliation contract.
- 3 In the event of the complete or partial termination of an affiliation contract, the corresponding provisions of the affiliation contract and of Article 53e paragraphs 4, 4^{bis} and 5 BVG remain reserved. If the partial liquidation occurs due to the complete or partial termination of an affiliation contract (Art. 2 para. 1 lit. c) and the pensioners remain with the JJS, it will be considered whether additional actuarial provisions (cf. Art. 5) must be formed for them in order to safeguard the interests of the remaining group. If such actuarial provisions are required, they will be taken into account in the partial liquidation balance sheet. If the actuarial provisions are financed by the withdrawing company, the respective payments will also be taken into account in the partial liquidation balance sheet.

4 Procedure and implementation

Art. 11 Information and objections

- 1 The Board of Trustees shall determine whether the circumstances warrant a partial liquidation and decide whether a partial liquidation shall be put into effect. Specifically, it shall determine the event that led to the partial liquidation, the relevant date or time frame and balance sheet date within the meaning of Article 3, the disposable assets, the value fluctuation reserve and the actuarial provisions, the shortfall and its allocation, and the distribution plan.
- 2 JJS shall inform the active insured persons and pensioners of the partial liquidation in good time by publication in *JJS-News* and draw their attention to the possibility of inspecting the relevant commercial and actuarial balance sheet and distribution plan at JJS headquarters for a 30-day period from receipt of the information. Those concerned have a right of access to their personal calculations, but not to the individual data of other persons concerned.
- 3 Active insured persons and pensioners have the right to object to the Board of Trustees' decision during the 30-day inspection period. This objection must be made in writing and must state grounds. The Board of Trustees shall issue a decision with regard to any objections within a reasonable period.
- 4 Within 30 days of receiving the objection decision from the Board of Trustees, those concerned have the right to have the conditions, procedure and distribution plan reviewed and decided upon by the competent supervisory authority.
- 5 Pursuant to Article 74 BVG, an appeal against the supervisory authority's decision may lodged within 30 days. However, the appeal will have a suspensive effect only if the Federal Administrative Court so orders.

Art. 12 Execution and confirmation of the partial liquidation

- 1 The partial liquidation will be executed if no objections to the Board of Trustees are submitted within the 30-day period, or if all objections have been settled by mutual agreement.
- 2 If a request for review has been submitted to the supervisory authority, the partial liquidation will not be executed until a legally binding decision has been issued by the supervisory authority, or an appeal against the supervisory authority's decision is not granted suspensive effect.
- 3 The auditors will confirm the proper execution of the partial liquidation as part of the statutory annual reporting. This confirmation must be presented in the notes to the financial statements.

5 Final provisions

Art. 13 Duty to notify and cooperate

The employer is obliged to notify JJS immediately of any economic events that may lead to a partial liquidation and to provide it with all information required to execute a partial liquidation. Specifically, JJS must be informed of the reasons and context of the staff reduction, the names of the employees affected, the reason for the dismissals and the end of the employment relationships.

Art. 14 Costs

The costs incurred by JJS in executing the partial liquidation will be charged to the employer who initiated the partial liquidation in accordance with the Cost Regulations.

Art. 15 Amendments to the regulations

These Partial Liquidation Regulations may be amended by the Board of Trustees at any time, subject to approval by the supervisory authority.

Art. 16 Transitional provisions

- 1 If the partial liquidation event pursuant to Article 2 paragraph 1 letters a and b occurs after these Partial Liquidation Regulations come into force, these Regulations shall apply. The balance sheet date relevant for the partial liquidation is authoritative.

- 2 If an affiliation agreement is terminated pursuant to Article 2 paragraph 1 letter c after these Partial Liquidation Regulations enter into force, these Regulations shall apply. The date on which the contract is terminated shall be authoritative. If the contract is terminated on 31 December 2025 and the notice of termination was given before the present Partial Liquidation Regulations enter into force, the previous regulations shall apply if they are more advantageous for the active insured persons and pensioners concerned.

Art. 17 Entry into force

These Partial Liquidation Regulations were approved by the Board of Trustees at its meeting of 18 June 2025 and replace the Partial Liquidation Regulations dated 23 June 2015. They shall enter into force by resolution of the Board of Trustees upon approval by the supervisory authority.