INVESTMENT REGULATIONS

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PREAMBLE

In accordance with Articles 65 and 71 of the Federal Law on Occupational, Old Age, Survivors and Disability Insurance (LPP), 48^{e} to 48^{l} and 49 to 59 of the Ordinance on Occupational, Old Age Survivors and Disability Insurance (OPP2), the Board of Trustees issues the following regulations on the investment of the Foundation's assets...
The Investment Regulations of the Collective de Prévoyance – Copré, hereinafter the Foundation, determine the objective and principles as well as the methods of monitoring the asset investment activity. They are laid down by the Board of Trustees.

I OBJECTIVES AND GENERAL PRINCIPLES

The Foundation shall manage its assets in such a way as to guarantee security, the spreading of risks, an adequate return on investment and the coverage of the estimated need for liquidities, according to an active, documented, and current process.

The security is evaluated by taking account of all the assets and liabilities, the prevailing financial situation as well as the structure and foreseeable future evolution of its insured persons.

The Foundation respects the principle of an appropriate distribution of risks. The assets are split between different categories of investment as well as between several economic regions and sectors.

The Foundation applies to its portfolio the criteria of responsibility and sustainability. As such it favours investments that respect good governance, including the notions of environmental protection and social responsibility, while complying with the applicable laws and regulations and in the interest of its affiliates and insured persons. It ensures that its representatives and agents respect these principles with regard to Copré's investments.

The Board of Trustees obtains information on existing and potential risks by consulting with the specialists it deems to be the most apt to enlighten it according to the circumstances: experts, auditors, actuaries, legal advisors, investment advisors, banks etc. It may at its own initiative carry out congruence analyses of the assets/liabilities of the institution.

II INVESTMENT DIRECTIVES

The investment of the Foundation's assets is subject to the directives set out in the present investment regulations and their appendices. The responsibility for the strategic allocation of the assets as well as the results of the management falls to the Board of Trustees. The strategic allocation of assets is presented in Appendix 2.1.

All investments listed in art. 53 OPP2 are authorised.

Covering exchange risks is authorised, as is the use of derivatives, structured products or futures provided they are used to cover risks or optimise returns. Transactions on non-covered options are not authorised.

Investments in foreign real estate, commodities or emerging markets are authorised within the limits set in Appendix 1.

The Board of Trustees may decide to borrow funds from third parties to meet cash flow requirements or refinance real estate activities, within the limits set in Art. 54b, para 2, OPP2.

Debts not specified in Article 53 para 1, letter b of the OPP2 are considered as alternative investments.

Alternative investments are generally made in the form of diversified collective investments, diversified certificates or diversified structured products. Exceptionally and on the explicit authorisation of the Board of Trustees, direct investments are also possible.

The maximum limits per debtor are those set in Art. 54 OPP2.

Securities lending is not authorised.

III ORGANISATION

1. Tasks of the Board of Trustees

Responsibility for managing the Foundation's assets falls to the Board of Trustees, which approves the investment regulations and their modifications, and sets the strategic allocation of the assets as well as the fluctuation margins authorised.

The Board of Trustees nominates the Investment Committee in line with Art. 29 of the Organisation Regulations. Its competences are defined in the present Regulations in compliance with Art. 30 of the Organisation Regulations.

The Board of Trustees decides on the possible delegation of the management of all or part of the movable and real estate assets to managers outside the Foundation.

2. Tasks of the Investment Committee

The members of the Investment Committee are nominated for a period of 4 years. Their mandate is renewable. The mandates of the members of the Investment Committee who also sit on the Board of Trustees or are employees of the Foundation shall expire on the same date for both functions. Unless otherwise decided by the Board of Trustees, the end of the mandate as member of the Board or the termination of employment implies the end of the mandate as member of the Investment Committee. The Investment Committee may call upon specialised agents.

The Investment Committee:

- monitors the day-to-day management of assets and real estate investments, which are under the responsibility of the CIO,
- meets as often as necessary, but at least four times per year, to evaluate the situation of the portfolio and monitor its evolution and conformity with the strategy,
- monitors respect of the application of the Investment Regulations and of the decisions of the Board of Trustees,
- selects direct or indirect instruments for investing in traditional and alternative investments, and ensures their monitoring,
- organises the selection process for external asset managers and other agents involved in asset management,
- proposes to the Board of Trustees revisions of the Investment Regulations,
- proposes to the Board of Trustees any modification to the strategic allocation,
- proposes to the Board of Trustees the specialised agents,
- nominates its chairman itself, chosen from among its members.

3. Tasks of the Chairman of the Investment Committee

The Chairman of the Investment Committee:

- convenes the Committee as often as necessary, but at least four times per year,
- ensures that minutes are taken at each committee meeting and communicated, after approval, to the Board of Trustees.

4. Tasks of the CIO

- Ensure the day-to-day management of assets and real estate investments,
- Inform the members of the Board of Trustees of the management results at least on a quarterly basis,
- Ensure the liaison with external service providers and partners.

IV EXERCISE OF THE VOTING RIGHT ATTACHED TO THE SHARES

In the event of holding shares directly, the Foundation shall apply the provisions of the ORAb in this sense:

1. The voting right is exercised for the shares in Swiss companies held directly.
2. The Investment Committee decides on the voting behaviour and exercises the voting right directly. The voting right is exercised in the interests of the affiliates and insured persons. The sustainable prosperity of the pension fund is a central factor. Proposals are evaluated with a long-term perspective.
3. Copré's voting behaviour shall be made public on its website, in the form of an annual report.

V INTEGRITY AND LOYALTY OF MANAGERS, FINANCIAL ADVANTAGES AND CONFLICTS OF INTEREST

1. The Foundation shall authorise the internal and external persons who manage and administer the Fund's assets to conclude transactions for their own account, provided they respect the rules defined in Art. 48j OPP2.
2. Except by prior authorisation from the Board of Trustees, transactions carried out by third parties for their own account with the Foundation's assets shall not be authorised.
3. Persons and institutions entrusted with the management and administration of the pension fund, as well as the asset and real estate managers shall inform the Investment Committee, by 31 January of the current year, of all the gifts and financial benefits, of whatever nature, of a value exceeding CHF 500 received in the course of the previous year. The Investment Committee then rules on the admissibility and assignment of such gifts and financial benefits.
4. The external asset and real estate managers undertake to comply with the principles of integrity and loyalty, and to ensure that their staff also respect them.
5. The financial asset managers must be banks in the sense of the Federal Law of 8 November 1934 on banks, i.e., either securities traders in the sense of the Federal Law of 24 March 1995 on stock exchanges, or fund managements and managers of collective investment funds in the sense of the Federal Law of 23 June 2006 on collective investments, or intermediaries operating abroad subject to equivalent surveillance on the part of the recognised foreign surveillance authority.
6. The asset managers must provide evidence of their affiliation to a professional association which has issued rules of deontology that have been approved by the Board of Trustees.
7. In addition, the organs of the Foundation and the sub-contractors shall ensure that Articles 51b LPP and 48f to 48l OPP2 are respected at all times.

VI ENTRY INTO FORCE

The present regulations cancel and replace the regulations that entered into force on 1 November 2019. They apply as of 1 December 2020.

Approved by the Board of Trustees on 17 November 2020.

On behalf of the Board of Trustees

Claude Roch	Robert Fiechter
The Chairman	The Vice-Chairman

Geneva, 17 November 2020

Appendices :

APPENDIX 1	Investment strategy, asset allocation grid	24.09.2018	01.10.2018
APPENDIX 2	Investment strategy, extension of investment rules	13.03.2015	01.01.2015
APPENDIX 3	Rules for setting up the value fluctuation reserve	27.01.2020	01.12.2019
APPENDIX 4	Real estate management policy	24.09.2018	01.10.2018
APPENDIX 4.1	Method of valuation of buildings	11.12.2017	31.12.2017
APPENDIX 4.2	General and specific examination criteria for property purchasing and selling decisions	24.09.2018	01.10.2018

APPENDIX 1 - INVESTMENT STRATEGY

ASSET ALLOCATION GRID (%)

Limits per asset class

	Strategy	**Minimum** fluctuation **margin**	**Maximum** fluctuation **margin**
Liquidities (CC / CT / Pl. fid.)	**2**	0	45
Bonds in CHF (deb. CH and/or foreign)	**9**	6.5	19
Bonds in foreign currencies	**3**	2	6
Swiss mortgages	**4**	0	6
Total fixed revenue	**18**	8.5	76
Shares in CHF and investment funds in shares in CHF	**16**	7	20
Shares in foreign currencies and investment funds in shares in foreign currencies	**16**	7	20
Total shares	**32**	14	40
Real estate in Switzerland or shares in real estate companies held directly	**25**	20	40
Foreign real estate	**6**	3	7
Total real estate	**31**	23	47
Total Infrastructures	**4**	2	6
Alternative / non-traditional investments	**15**	7.5	21

Maximum global limits

Commodities	5 %
Emerging markets	15 %
Total exposure in foreign currencies	40 %

Maximum individual limits

Per real estate object in Switzerland in the form of buildings	10 %

APPENDIX 2 - EXTENSION OF INVESTMENT RULES (ART. 50 AL.4 OPP2)

Pursuant to Article on the extension of investment possibilities of the OPP 2, differences with respect to the limit values of the OPP 2 in the context of the present investment regulations are authorised. However, attention should be paid to

- guaranteeing the pension objective with respect to investment of the assets
- including, in the event of extension of the investment possibilities, a conclusive statement in the appendix to the annual accounts.

APPENDIX 3 – RULES FOR SETTING UP THE MARKET VALUE FLUCTUATION RESERVE

In conformity with Art. 48e of the OPP 2, the Foundation defines the target level of the Market Fluctuation Reserve (MFR).

Price fluctuations are essentially linked to the more or less risky nature of the assets held in the portfolio, to their relative weighting within the latter, and to the co-dependencies measured between their respective developments. A risky asset is one in which the scattering of the performances is recognised to be wider than that of the other assets. Exposure to risk is quite obviously even more significant when the weighting of this asset within the Foundation's portfolio is high. Finally, if the movements between the assets are strongly correlated, they will add up, but if only weakly or even negatively, the movement of certain assets will be counterbalanced by the inverse movements observed among the others.

The target level of the MFR corresponds to the provision that would be necessary for the probability that the Foundation goes into under-coverage in the next three years is below 3.5%. This is a Value-at-Risk (VaR) with a level of security of 96.5% and a time horizon of one year.

APPENDIX 4 – POLICY FOR MANAGEMENT OF REAL ESTATE ASSETS

Pursuant, particularly to Articles 71 LPP, 49a OPP2 and 3 of the Foundation's Investment Regulations, the Board of Trustees (hereinafter referred to as BT) has established the following policy for managing real estate assets:

1. Scope of acquisition

The following purchases can be considered for investment In Switzerland and abroad

1.1 Plots of land, residential, mixed, commercial and industrial buildings. Land, rental residential buildings or residential properties acquired in life annuity,

1.2 Shares in companies holding the whole of the buildings appearing on their balance sheet,

1.3 The Foundation may participate in real estate promotions and developments, provided these meet the criteria with respect to purchase, duration and sale,

1.4 Shares in investment funds , including investment foundations (LLP invested in property),

2. Management of buildings in Switzerland and abroad

2.1 The management of the real estate assets may be delegated to an agent respecting Article 5.6, of the Investment Regulations, selected by the Investment Committee (COPLA) and appointed by the Board of Trustees. COPLA ensures that the parties involved in managing the real estate investments respect Articles 48f-l OPP2 and 5.7 of the Investment Regulations. It ensures in particular that:

2.2 the Board of Trustees is informed of possible conflicts of interest;

2.3 the attestation specified in Article 48l OPP2 is required annually;

2.4 The agent submits proposals for acquisition, development and sale to COPLA, which gives its recommendation before the final decision by the Board of Trustees.

2.5 The valuation of the buildings is carried out through a method described in Appendix 4.1.

2.6 The general and specific criteria for acquisition are described in Appendix 4.2.

3. Performance objective

3.1 The net return is defined as the result of rents received less "current charges (recurrent and maintenance charges), less works posted as charges", reported as a % of the purchase price of the building (price + purchase fees, transfer taxes and commission). This return is calculated without considering a mortgage leverage.

3.2 The performance objective is set in Appendix 4.2. It may not be respected in an acquisition if the agent demonstrates that the potential of the building makes it possible to achieve it in the medium term.

3.3 The above returns are understood to be without leverage effect.

4. Organisation of monitoring and decision-making powers

4.1 Investment properties

The agent submits to COPLA an investment plan covering one year for recommendation to the BT, which will have to approve it.

4.2 Objects acquired in life annuity

The agent provides an investment plan over five years due to the specific nature of the potential projects.

The investments required for the resale of the property shall be presented to COPLA by the agent, taking into account the performance objective.

4.2.1. Apart from the case of renovation works mentioned above, all other budgets approved by the BT within the scope of the annual approval process of the overall budget for works must be validated by COPLA before the work begins.

4.2.2. A table for monitoring the budgets must be submitted by the agent to the Investment Committee at least twice a year.

APPENDIX 4.1 - METHOD OF VALUATION OF THE BUILDINGS

Replaces version of 06.03.2017

By virtue of Art. 4 of the « Policy for Management of Real Estate Assets », the valuation of properties is carried out according to the method described below.

Principle

Properties are valuated at their capitalised value, which is based on the capitalisation of realisable rentals in the long term, more precisely on the dynamic rental status at 31.12 of the closing year. The notions of collection and vacant premises are not taken into account in the rental status, as these two risks are included in the discount rate.

In view of the significant number of properties in the Foundation's portfolio and its geographical diversification, the discount rate of each property is set in function of 3 factors which are recognised by accredited appraisers and real estate experts as determining criteria, namely:

1. Location: Three major regions: the Lake Geneva basin, the rest of French-speaking Switzerland, and German-speaking Switzerland.
2. Level of maintenance: Four categories: excellent, good, average, and bad (requiring structural investment).
3. Vacancy rate: Low, medium, or high

Discount rate

Discount rates are calculated as follows:

Discount rate = ((net market rate of return + Yield premium/(1-Charges rate)) + Fluctuation margin

1. **Market rate of return (net)**

   This rate is set on the basis of recent purchase transactions (last 12 months) realised by the Foundation, and by other institutional investors on each of the given geographical regions. This concerns the net levels of return obtained for premium-type buildings (excellent location, low investment costs, low or very low vacancy rate). This rate is reviewed on an annual basis.

2. Yield premium

A yield premium is added in function of the state of maintenance and the vacancy level. This premium is set in the following way:

YIELD PREMIUM

Premium		0.00%
Maintenance : Good	Vacancy : Low	0.15%
Maintenance : Average	Vacancy : Medium	0.30%
Maintenance : Bad	Vacancy : High	0.45%

3. Level of charges

This figure is determined by an analysis of the effective charges of the Foundation's portfolio as an average of the two last periods for each geographical zone defined. This concerns recurring and maintenance charges of the management accounts held by the property agency, excluding major renovation work. This rate is reviewed on an annual basis.

4. Fluctuation margin

In accordance with a prudent valuation of the real estate assets, a fluctuation margin is added. This margin is set annually by the Investment Committee.

Special cases

Special cases exist for commercial buildings whose return profile is different from residential buildings because the related risk is higher. Therefore, it is advisable to separate the buildings presenting this typology and to treat them on a case-by-case basis. The net rate of return and the level of charges are therefore set individually for each of these buildings. The fluctuation margin and the method of calculation remain identical.

Validity

The methodology and criteria specified above will be reviewed every 5 years by the Board of Trustees for validation.

APPENDIX 4.2 - GENERAL AND SPECIFIC EXAMINATION CRITERIA FOR PROPERTY PURCHASE OR SALE DECISIONS

The criteria at the date this appendix enter into force are as follows:

General criteria

1. Geographical region
2. Macro-location: the characteristics of the building must be consistent with its position
3. Quality, state of maintenance with respect to the potential for improving the rental status

Specific criteria

1. Strategy of the Foundation
2. Situation and status of the real estate market
3. Micro-location of the building
   Disturbances, public transports, evolution of the characteristics of the neighbourhood.
4. Architectural characteristics of the building
5. Dilapidation of the building
   Works to be envisaged and refurbishment costs.
6. Allocation of the building’s surfaces
7. Typology
   Number of accommodation units and number of rooms per unit, quality of the distribution, habitability, size of rooms and compatibility with the characteristics of the property.
8. Rental status
   Comparing the existing rental status with a theoretical rental status (with Wüest & Partners data for example), recognition of a possible rental reserve.
   Possible existence of vacant surfaces in the building and future rental risk.
9. Operating charges
   Comparing the operating charges with different benchmarks (ratio based on rental status), identification of possible future optimisation of these charges.
10. Return
    The performance objective in Switzerland and abroad must take account of the general economic situation, the level of long-term interest rates, and the specific situation of the real estate market. The minimum net rate of return, without leverage, is generally set at 4%, whatever the economic situation. This level makes it possible to sustain both the Foundation’s distribution policy and the conversion rate proposed to its affiliates.

    Exceptionally, acquisitions may be made at rates lower than 4% if justified by the exceptional situation of the building, its strategic importance, or its development potential.

    For objects acquired in viager, the rental rate of return is replaced by the IRR expected after enhancement and resale of the property.