

# Affiliation contract

between  
Xyz, 9999 Abc  
and the  
Vita Joint Foundation, Zurich

Contract no.

# Affiliation contract

## 1 Parties

This contract is concluded between Xyz, Abc (hereinafter referred to as the employer).

and the

Vita Joint Foundation, Zurich (hereinafter referred to as the foundation).

## 2 Object

The employer affiliates itself to the foundation with the object of providing occupational retirement, survivors' and disability pension coverage. In so doing it fulfills its obligation to provide pension coverage imposed upon it by art. 11 of the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG).

The rights and duties of the foundation and the employer are contained in the following provisions, the foundation deed, the pension plan regulations, the organization regulations of the administration committee and the cost regulations. The foundation deed and the regulations mentioned are legally binding.

The foundation may issue further regulations and may also declare such regulations to be part of the legally binding basis of this contract.

## 3 Provision of pension fund coverage

The foundation is listed in the register of occupational pension plans. It undertakes to provide on the employer's

behalf the occupational pension plan coverage prescribed by the BVG. The foundation shall take out a group life insurance policy with Zurich Life Insurance Company Ltd (hereinafter referred to as Zurich) as required to provide coverage for the risks of death, inability to work and longevity, whereby the foundation itself is both policyholder and beneficiary. The foundation is party to Zurich's participation in surplus plan.

The retirement savings will be invested by the Foundation Board in line with the legal investment regulations of the BVG. The Foundation Board will determine the investment strategy and issue investment guidelines. The foundation will create asset fluctuation reserves, formed particularly from investment income.

The management of the foundation is the responsibility of the Foundation Board. The Foundation Board has delegated the administration of the foundation to Zurich. Zurich is therefore authorized, until such authorization is withdrawn in writing by the foundation, to perform those acts necessary for the administration of the foundation in the name of the foundation.

The Foundation Board reserves the right to affiliate itself to group life insurance policies with other licensed life insurance companies for all risks or individual risks (death, inability to work, and longevity), or to assign responsibility for the administration of the foundation to another organization. Any such new regulation will have no effect on the validity of this contract.

The Foundation Board represents the foundation vis-à-vis third parties.

## 4 General Conditions of Insurance, tariffs

In line with occupational pensions (AVB), Zurich's General Conditions of Insurance for group life insurance which have been approved by the Swiss Financial Market Supervisory Authority (FINMA) shall only apply insofar as they are expressly covered by this contract.

If Zurich alters its premium tariffs for all or any individual group life insurance policies, it shall be entitled to apply the new tariffs to all existing policies that provide entitlement to future benefits as from the date the new tariffs take effect. Any change to a policy shall generally only take effect at the beginning of an insurance year. The foundation shall inform the employer of any tariff changes at the latest three months before the new tariff takes effect.

In particular, the premiums are determined on the basis of:

- the sector the company/group of companies belongs to and its claims experience;
- the number of insured persons and the pension plan;
- the age, gender, salary, contributions and benefits of the insured persons.

## 5 Cost regulations

The foundation shall issue binding cost regulations that define the type and amount of costs it shall bear. The cost regulations are an integral part of this affiliation contract. The foundation reserves the right to amend the cost regulations. The employer shall be notified of any such amendments one month in advance.

## 6 Pension fund

The foundation shall operate a separate fund for the employer, known as the pension fund.

It shall maintain the necessary accounts for the pension fund, in particular a contribution account and the retirement credit accounts.

At the request of the employer, the foundation may open further accounts, in particular an employer contribution reserve account.

The accounts shall be interest bearing. Interest shall be charged or credited at rates determined by the foundation. The prevailing rates shall be notified to the employer at the time the contract is concluded. Any changes in the rates of interest shall be notified to the employer one month in advance. The rate of interest determined by the Federal Council shall apply to the retirement savings in accordance with the BVG regulations.

Funds allocated to the accounts may only be used to provide pension coverage and benefits. A reimbursement of credits from the contributions account to the employer during the duration of the contract is excluded.

## 7 Administration committee

The employer shall cause an administration committee to be formed in accordance with the organization regulations. The employer shall communicate the decision determining the composition of the administration committee to the foundation.

New and re-elections shall be notified to the foundation in writing without delay.

The activities of the administration committee shall be governed by its organization regulations.

## 8 Insured persons

The insurance shall cover those persons defined in the pension plan regulations.

## 9 Benefits

The type and scope of benefits to be provided by the foundation are defined in the pension plan regulations.

The current pension plan regulations can be called up on the Internet at [www.vitafoundation.ch](http://www.vitafoundation.ch).

The employer shall receive, on behalf of its employees, the required number of copies of the pension plan and periodic statements of benefits, showing the benefits insured and the termination benefits under the plan regulations.

The foundation's duty to provide benefits in the event of death or disability shall never exceed that under the group life insurance policy.

## 10 Payment of regular contributions

The employer undertakes to pay all the regular contributions invoiced by the foundation. In particular this includes:

- contributions for the accumulation of retirement savings and risk coverage;
- regular administration costs;
- BVG supplementary costs;
- additional contributions to finance the BVG conversion rate (longevity risk);
- any reorganization contributions.

Employers that joined the foundation on or after January 1, 2009 are not required to pay any reorganization contributions until December 31, 2014. The waiver of the imposition of reorganization contributions does not apply to affiliation contracts resulting from the former Progressa Joint Foundation (Pool). In the case of affiliation contracts concluded with the foundation prior to

January 1, 2009 and altered at a later date (e.g., within the framework of contractual splits, management buyouts, changes of company name or corporate form), the initial date of affiliation shall be decisive for the imposition of reorganization contributions.

The contributions shall be due at the commencement of each insurance year (January 1). The contributions relating to any changes (e.g. new affiliations) that take place during the year shall be due on the date the change takes effect.

In relation to the foundation, the employer shall be regarded as owing the whole amount invoiced by the foundation. The employer undertakes to pay the contributions on time and to settle any balance on the account owed to the foundation, on a pro-rata basis on June 30 and December 31 of each year.

If the insured persons pay contributions to the occupational pension plan, these shall be deducted from their salaries by the employer and transferred to the foundation.

The foundation is authorized to invoice the employer for an advance payment in respect of the new insurance year.

The amounts invoiced shall be charged to the contributions account. Payments and credits shall be booked on the correct value date and used first to cover the premiums for risk insurance. Interest charged and credited shall be calculated to the value date, regardless of the date of the invoice.

The place of performance for the payment of contributions is the registered office of the foundation.

## 11 Extraordinary payments made by the employer

Upon the disenrollment of an insured person, the foundation may invoice the employer for any gaps in coverage for vested benefits which were caused by the vesting law. This does not include gaps in coverage which have occurred during the period of affiliation to this foundation and which occur as a result

of the interest rate applied to non-obligatory retirement savings.

If the foundation takes over ongoing pensions, the reserves required for their payment will be calculated in accordance with the Zurich group life insurance tariff valid at that time. Any difference between the claims reserve (policy reserve) transferred by the previous pension provider and that calculated by Zurich is to be financed by one-time contributions by the employer.

These costs shall be invoiced to the employer and charged to the contribution account.

This remains subject to any further extraordinary payments to be made by the employer on the basis of the cost regulations and any other regulations.

## 12 Delays in payment

The employer shall be reminded of any contributions and debts outstanding, in accordance with section 10 and section 11 of this policy. If the reminder produces no result, the foundation reserves the right to recover any contributions and debts owed, including interest and costs, through the courts and to cancel the contract immediately, without respecting the period of notice. The foundation shall report the defaulting employer to the authorities responsible. The foundation also reserves the right to inform the members of the administration committee and the insured persons.

Costs of reminders and any further collection efforts shall be determined in accordance with the cost regulations.

In the event of outstanding payments, the foundation reserves the right to deduct the employer's contribution from any savings on the employer's contribution reserve account.

Any unpaid debts of the employer (contributions, etc) may lead to a reduction or suspension of the benefits paid by the foundation, unless this is excluded by mandatory provisions in the law.

## 13 Duty of the employer to cooperate

The employer shall be obliged to make available to the foundation, in writing and without delay, all the information and documents necessary for the provision of occupational pension coverage, such as:

- the persons to be affiliated in accordance with the pension plan regulations;
- the applicable annual salary in accordance with the pension plan regulations and all salary adjustments;
- changes in the marital status of insured persons, in particular the date of marriage;
- insured persons who leave the employment of the employer including precise date of leaving and details of the new pension plan;
- changes in the degree of employment;
- changes in the degree of disability;
- the death of an insured person;
- notification of those insured persons who are at least 25% incapable of working for longer than the agreed waiting period;
- changes in the conditions for benefits (e.g. termination or commencement of children's pensions);
- changes in the daily sickness allowance insurance, if the disability pension is insured with a waiting period of more than 12 months.

If disability pensions are insured with a waiting period of more than 12 months, the employer shall confirm by signing this contract that it has taken out insurance for daily sickness benefits under which the insured persons receive for a period of 24 months a daily allowance equivalent to at least 80% of the earnings lost and at least half of which is financed by the employer.

With a new policy, the employer confirms on signing the contract that all

ongoing pensions to be taken over by the foundation have been notified to the foundation in writing. Moreover it undertakes to finance any gaps in policy reserves for retirees and actively insured persons by one-time contributions.

If the employer insures its employees with several pension funds at the same time, the employer is responsible for ensuring that the pension funds comply with the principle of suitability in accordance with art. 1 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2) in its entirety. This also applies to self-employed persons.

If the foundation suffers a loss due to a breach of the duty to cooperate, the employer shall be held liable for this loss.

## 14 Remuneration of broker

Zurich may remunerate any third party, as e.g. a broker, based on a respective agreement, in the event the employer's interests regarding the conclusion of, or the support connected to, this affiliation contract were represented by such third party. The employer may request any specific information in this regard from the third party, if so required.

## 15 Disputes

The provisions of art. 73 BVG shall apply to the settlement of disputes between the foundation, the employer and insured persons and claimants.

## 16 Effective date and duration of the affiliation contract

This contract shall take effect on January 1, 2011 following countersignature by the foundation. It may be terminated at the earliest on December 31, 2013. If notice of its termination is not given by one of the contracting parties by regis-

tered letter at least six months before its expiry, then it shall remain in force for a further year, with the same period of notice.

Termination by the employer shall only be valid if corresponding written approval by the administration committee is submitted to the foundation at the same time and if the new pension plan has guaranteed in writing that the persons currently drawing pensions are transferred subject to the same conditions.

In case of a gross breach of contract, the foundation may cancel the contract immediately, without respecting the period of notice. The foundation shall also enjoy this right if the administration committee issues regulations or makes decisions that contradict the object of the foundation, its principles, the pension plan regulations or the agreed benefits and financing plans. In particular, the repeated breach of the employer's duty to cooperate as stated in section 13 shall be regarded as a gross breach of contract.

The affiliation contract shall expire from the date on which bankruptcy proceedings are commenced in respect of the employer.

## 17 Annulment of the affiliation contract

The effects of the annulment of the affiliation contract shall extend to all active insured persons and to persons drawing disability pensions.

If the affiliation contract is annulled, the foundation shall transfer the following to the new pension plan:

- the retirement savings of active and disabled insured persons;
- the actuarial policy reserves for disability pensions;
- the credit balances on account (accounts as per section 6),  
less
  - a part of any foundation deficit at the time of annulling the affiliation contract;
  - any surrender deductions from the actuarial policy reserve for disability pensions;
  - the costs of annulling the policy according to the cost regulations.

If the coverage ratio of the foundation on commencement of the affiliation was less than 100%, the retirement savings of the active insured persons and the credit balances on account will be reduced in line with the extent of the relative deterioration of the coverage ratio in the interim.

If the coverage ratio of the foundation on commencement of the affiliation was at least 100%, however, the reduction applied will correspond to the extent of the gap in coverage.

The surrender deduction from the actuarial policy reserves for disability pensions will be made if the return on new investments exceeds the average return of existing investments.

The total deduction from the actuarial policy reserve for disability pensions shall not exceed 8% of the gross value and shall not apply, subject to exceptions permitted by law, if the contract has been in effect for at least five full years.

The contract cancellation costs shall be invoiced to the employer and charged to the contribution account in accordance with the cost regulations.

There is no entitlement to transfer of a share of the reserves (e.g. asset fluctuation reserves, reserves for financing the BVG conversion rate) and any foundation surplus.

## 18 Dissolution of the pension fund / liquidation of the foundation

If the pension fund is dissolved, its restricted assets shall be applied primarily in satisfaction of the claims of the insured persons under the law and regulations. Any balance remaining after the settlement of any further liabilities shall be transferred to the beneficiaries in the manner permitted by law.

Any reimbursement value or credit balances that cannot be transferred within the prescribed period will continue to accrue interest at a rate not exceeding that prescribed by the Swiss Code of Obligations as if the contract had not been terminated. No rate of interest on arrears shall be charged.

If the foundation is liquidated, the Foundation Board will decide upon the utilization of any remaining balance of foundation assets. Payment of foundation assets to the founding company or to the employers affiliated to the foundation or their legal successors or for any use other than the purposes of the occupational pension plan is excluded.

Zurich,

Vita Joint Foundation

The German original of this translation is binding.

- Cost regulations  
//17.11.2010

# Cost regulations

Vita Joint Foundation, Zurich

## 1 Fundamentals

The Vita Joint Foundation shall charge the costs detailed below on the basis of the terms set out in these cost regulations.

These regulations form an integral part of the affiliation contract between the foundation and the employer.

## 2 Procedures which are subject to charge

### 2.1 Dunning procedure

- Registered reminder letter  
CHF 100
- Informing insured persons of employer's failure to pay  
CHF 300
- Setting up a payment plan  
CHF 250

### 2.2 Collection procedure

- Application for the commencement of debt enforcement proceedings  
CHF 300
- Application for continuation  
CHF 300
- Eliminating an objection (where debt is acknowledged)  
CHF 1,000
- Action under art. 73 BVG  
CHF 1,000
- Application for declaration of bankruptcy/seizure  
CHF 500

plus charges for debt enforcement and bankruptcy

### 2.3 Encouragement of home ownership under the BVG

- Advance withdrawal of funds  
CHF 400
- Pledging  
CHF 200

Plus the costs of the entry in the land register

### 2.4 Extraordinary expenses

Extraordinary expenses which exceed the usual scope of occupational pension administration in terms of quality or quantity will be invoiced. In particular these include:

- Modifications with an effective date 12 months or more prior to the date the modification request is made by the employer
  - Amendments to statements as a result of modifications which are notified incorrectly or too late
  - Documents to be issued on an individual basis (e.g. cost review, individual statements of benefits and contributions, individual pension statements)
  - Distribution proposals for restricted and unrestricted assets
  - Individual pension plan regulations
  - Reproduction of documents and statements
- For work done, hourly rate CHF 180
- Translations based on rates charged by translation service
  - If more than 5 modifications per calendar year are carried out for each insured person (as at December 31) across the entire policy  
CHF 100

For each additional modification (excluding Online Pension-Plans)

## 3 Costs of annulling the contract

The following fees shall be charged upon annulment of an affiliation contract:

- for each insured person  
CHF 100  
but at least  
CHF 500  
total not exceeding  
CHF 5,000
- in addition for each person drawing a pension  
CHF 100

## 4 Invoicing

These costs shall be invoiced to the employer and charged to the contribution account.

If the pension fund is dissolved or liquidated, the costs shall be recovered as far as possible from its net assets.

## 5 Effective date

These regulations shall take effect from January 1, 2010.

Vita Joint Foundation

The Foundation Board