

Pension regulations of the Pensionskasse der C&A Gruppe

Effective from 1 January 2014

List of benefits and financing

| | | |
|-------------------------------------|--|---------|
| – Pensionable salary | | Art. 7 |
| – Retirement benefits | | |
| • Retirement pension | = max. 6.8% of pension assets | Art. 16 |
| • Lump-sum payment | = max. 100% of pension assets | Art. 17 |
| • Bridging pension | | Art. 19 |
| • Pensioner's child's pension | = 20% of retirement pension | Art. 20 |
| – Disability benefits | | |
| • Disability pension | = 70% of insured salary | Art. 21 |
| • Disabled person's child's pension | = 20% of disability pension | Art. 22 |
| – Death benefits | | |
| • Spouse's pension | = 60% of disability pension or current retirement pension | Art. 23 |
| • Orphan's pension | = 20% of retirement pension | Art. 25 |
| • Death benefit | = 100% of the annual salary; augmented by the termination benefit, less the equivalent value of other benefits | Art. 26 |
| – Financing | | |
| • Level of contributions | | Art. 12 |
| • Purchasing additional benefits | | Art. 13 |
| – Termination benefit | | Art. 29 |

List of abbreviations

| | |
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| Foundation | Pensionskasse der C&A Gruppe, Baar |
| Company | C&A Mode AG, Baar, and associated businesses |
| Member | person covered by the pension scheme |
| BVG | Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (<i>Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge</i>) |
| BVV2 | Swiss Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (<i>Verordnung über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge</i>) |
| AHV | Swiss Federal Old-Age and Survivors' Insurance (<i>Eidgenössische Alters- und Hinterlassenenversicherung</i>) |
| IV | Swiss Federal Disability Insurance (<i>Eidgenössische Invalidenversicherung</i>) |
| FZG | Swiss Federal Law on Vesting in Pension Plans (<i>Bundesgesetz über die Freizügigkeit in der beruflichen Vorsorge</i>) |
| WEFG | Swiss Federal Law on the Promotion of Home Ownership using funds from the occupational pension scheme |
| OR | Swiss Law of Obligations |

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I. GENERAL PROVISIONS AND TERMS

Art. 1 – Object

¹ The object of the *Pensionskasse der C&A Gruppe* (hereinafter called the Foundation), which has its registered office in Baar, is to protect the employees of C&A Mode AG and other companies associated either directly or indirectly with the C&A Group (hereinafter called the Company) who are covered by this scheme (hereinafter called the Members) as well as their dependants and survivors against the economic effects of old age, death and disability.

² As an administrator of a mandatory pension scheme the Foundation has registered with the Register for Occupational Pension Providers, in accordance with Art. 48 of the BVG.

Art. 2 – Admission

¹ All employees of the Company are admitted to the Pensionskasse, save as provided in paragraph 2 of this article.

² The following are excluded from the Pensionskasse:

- employees aged under 18 (Art. 9);
- employees who have already reached or exceeded retirement age (Art. 10);
- employees whose annual salary does not exceed the minimum remuneration stated in Art. 2 BVG;
- employees on fixed-term employment contracts with a maximum duration of 3 months. (If the employment is extended beyond the 3-month period the employee will be admitted to the Pensionskasse when the agreement to extend the employment is made.);
- employees for whom this is a secondary form of employment and who are already insured under a mandatory scheme in their principal form of gainful employment or are mainly self-employed;
- employees who are at least 70% disabled within the meaning of the IV and employees who have continuing provisional insurance cover pursuant to Art. 26a BVG;
- employees who are not or not expected to be working in Switzerland on a permanent basis and who are adequately insured abroad, insofar as they request not to be included in the Pensionskasse.

Art. 3 – Medical examination

If on the basis of the written application that has to be submitted by all employees to be admitted to the scheme there is a likelihood of an increased risk, a medical

examination may be required. The costs of such an examination are for the account of the Foundation.

² If the medical examination confirms that there is an increased risk, a proviso may be made in respect of the new risk benefits to be insured but not in respect of the risk benefits purchased through the contribution of vested benefits. If an insured event occurs during the reserved period, the limitations on the benefits in excess of the compulsory sums shall be maintained on a lifetime basis. The duration of such a proviso may not exceed five years. The risk benefits insured under the BVG are always paid out.

³ If, before the medical examination is carried out, an insured event occurs of which the cause already existed before the start of the cover, only the benefits purchased through contribution of vested benefits are paid out although the benefits paid out must at least equal the mandatory risk benefits under the BVG.

Art. 4 – Start of cover

Cover starts on the day on which employees start or should have started work under their employment contract, no later than at the time they set out on their way to work. This without prejudice to Art. 3 paras. 2 and 3 above.

Art. 5 – End of cover

¹ Cover ends upon termination of the employment with the Company if and to the extent that rights to disability or retirement pension benefits do not exist or start to exist on such date. Cover ends without termination of the employment if the annual salary is reduced presumably permanently below the minimum remuneration stated in Art. 2 BVG without triggering death or disability benefits. For the rights of persons leaving employment see Articles 28-30.

² Members leaving the Company's employment remain insured against the risks of death and disability for one month following the Member's leaving the scheme. If a Member joins another pension fund before the end of this period the new pension fund will be responsible for such insurance.

Art. 6 – Co-ordination with other insurance

¹ If the death and disability benefits¹ paid by the Pensionskasse, combined with the benefits under

- the AHV/IV,
- mandatory accident insurance,
- military insurance,

¹ The retirement benefits will be similarly reduced as long as benefits are being received under the accident or military insurance.

- foreign social insurance,
- any insurance for which the employer or a foundation acting on its behalf has paid premiums,
- as well as gross income from employment or substitute income which continues to be earned, or could reasonably still be earned, by a Member drawing a disability pension, with the exception of the supplementary income earned during participation in reincorporation measures pursuant to Art. 8a IVG,

result in an income exceeding 90% of the last full annual salary including child's allowances subject to AHV contributions, the benefits paid by the Pensionskasse will be reduced by the excess amount.

² Any additional benefits for spouses as well as state children's and orphan's pensions are taken into account in full. Helplessness allowances, legal redress, emotional damages and similar payments are not taken into account in any way.

³ Any lump-sum payments are converted into pensions of equal actuarial value.

⁴ The benefits paid under the Pensionskasse are based on the time of disablement or death. Any subsequent increases in state pensions do not lead to a reduction of any pensions already fixed.

⁵ The board of the Foundation may from time to time mitigate the reduction to reflect the increased cost of living.

⁶ The Foundation may require a person entitled to benefits payable in the event of death or disability to assign any claims he has against third parties liable to him to the Foundation, up to the level of the Foundation's obligation to pay. In this connection the Foundation has a right of recourse *vis-à-vis* such liable third parties.

⁷ If the AHV/IV reduces, withdraws or refuses a benefit on account of the person entitled to the benefit having caused the death or disability through gross negligence or having opposed an integration measure of the IV, the Foundation may cut its benefits accordingly.

⁸ If the acceptance of pensions by the accident or military insurance scheme or the BVG Occupational Retirement, Survivors' and Disability Pension Plans is contested, the person who is entitled to claim may seek an advance payment from the Pensionskasse. If at the time when the entitlement to survivors' or disability benefits is generated, the particular pension plan which must be required to pay the benefits is not known, the person who is entitled to claim may seek an advance payment from the pension fund with which he was last insured. The pension fund provides advance benefits equivalent to the statutory minimum benefits prescribed by BVG.

⁹ If the case is accepted by a different insurance provider or by a different pension plan, the latter shall reimburse these advance payments within the framework of its obligation to provide benefits.

Art. 7 – Pensionable salary

¹ The amounts to be contributed by the Members and the Company as well as the level of the benefits are based on the pensionable salary.

² The pensionable salary is the relevant annual salary less the state pension offset, the so-called co-ordination deduction.

³ The relevant annual salary for the Pensionskasse is determined by the Company. In general it is thirteen times the monthly salary.

⁴ Additional remunerations and temporary subsidies (family allowance, child's allowance, etc.) as well as salary deductions on account of disability, military service, etc. are not taken into account in calculating the relevant annual salary.

⁵ The maximum relevant annual salary equals three times the amount of the applicable maximum basic state pension.

⁶ The level of the co-ordination deduction equals the basic state pension for the relevant annual salary. The co-ordination deduction is limited to seven eighths of the maximum basic state pension.

⁷ The pensionable salary will generally be changed every month.

Art. 8 – Reduction of the pensionable salary

¹ If a member between age 58 and retirement age reduces his relevant annual salary to at least 50% of the original amount, then the member can decide to refrain *partially or fully* from reducing the pensionable salary. Consequently, the pensionable salary corresponding to the refrained reduction (hypothetical pensionable salary) remains insured. The overall pensionable salary is limited to the pensionable salary before the reduction of the relevant annual salary. The member can request a change of the hypothetical pensionable salary as at 1 March of any year.

Art. 9 – Age

Age is defined as the difference between the current calendar year and the year of birth.

Art. 10 – Retirement age

Retirement age is reached on the first day of the month in which the insured becomes entitled to the normal statutory state pension in accordance with the statutory regulations on the AHV. This without prejudice to early retirement under Art. 18.

II. FINANCING

Art. 11 – Liability to contribute

¹ The liability to contribute, for the Company and the Members, starts on the day of joining the Pensionskasse.

² The liability to contribute ceases upon the death of the Member or upon termination of salary payments, but in any case upon the Member's reaching retirement age or prematurely leaving the scheme due to termination of employment. This without prejudice of para. 5.

³ In the event of illness, accident or in the case of maternity leave pursuant to Art. 329f OR, contributions are payable as long as salary payments or substitute salary payments are received (daily allowances from health- or accident insurance). The contributions will be deducted from the salary or substitute salary payments.

⁴ The waiver of contributions in the event of disability begins with the right to a disability pension from the state disability insurance scheme. This waiver of contributions also applies to any future age-related increases in contribution. As to the duration and the level of the waiver, the provisions with respect to disability pension apply *mutatis mutandis*.

⁵ Members' contributions are withheld from their salary or substitute salary payments by the Company and transferred to the Foundation together with the Company's contributions.

⁶ The member can demand, that payment of the saving contributions is continued after retirement age up to the end of the employment contract but no longer than age 70 (see Appendix A.2).

Art. 12 – Level of contributions

¹ The contributions of the Company and the Members are specified in Appendix A.2.

² The contributions paid until age 24 only serve to cover the risks of death and disability and are not refunded in the event of termination of employment.

Art. 13 – Purchasing additional benefits

¹ Members may make additional contributions to their pension accounts to increase the benefits from their retirement, disability and survivors' pensions. They may do so only if all vested benefits from previous pension funds have been paid into the Pensionskasse. The Pensionskasse does not guarantee the tax deductibility of these additional contributions.

² If early withdrawals have been made to finance home ownership, additional purchases may not be made until the early withdrawals have been repaid. Purchases

following a divorce (Art. 34) are an exception. If the age limit for repayment pursuant to Art. 35. para. 7 has been exceeded, the purchase of additional benefits is permitted. The maximum allowable purchase of this kind will be reduced by the amount of the early withdrawal.

³ In the case of persons who have moved in from abroad and have not previously belonged to an occupational benefits scheme in Switzerland, the additional sum purchased each year must not exceed 20% of the insured remuneration in the first 5 years after joining the Swiss occupational benefits scheme. If the purchase of additional benefits by means of redemption contributions has been agreed, the annual redemption contribution must not exceed 20% of the insured remuneration. On the expiry of the five year period, benefit purchases may be made by analogy with the above provisions.

⁴ For the calculation of the maximum permitted purchase, see Appendix A.3. The tabular value at age 65 is used for purchases after retirement age.

⁵ The Company, too, may purchase additional benefits for the Members.

III. BENEFITS

Art. 14 – Overview of benefits

¹ The Pensionskasse provides the following benefits:

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|--|---------------------|
| – Retirement pension or lump-sum payment | (Art. 16 / Art. 17) |
| – Bridging pension | (Art. 19) |
| – Pensioner's child's pension | (Art. 20) |
| – Disability pension | (Art. 21) |
| – Disabled person's child's pension | (Art. 22) |
| – Spouse's pension | (Art. 23) |
| – Ex-wife's pension | (Art. 24) |
| – Orphan's pension | (Art. 25) |
| – Death benefit | (Art. 26) |

² As long as a registered partnership continues to exist, it is treated in the same way as a marriage for the purposes of the present regulations. The judicial termination of a registered partnership is equated with a divorce. If a registered partner dies, the surviving partner will be treated in the same way as the surviving spouse.

Art. 15 – Pension credits and pension assets

¹ For each Member aged 25 or over a personal pension account is kept.

² The following are credited to this account:

- the pension credits paid by the Member and the Company;
- the contributed vested benefits from previous employment;
- any additional contributions;
- interest.

The total of the above amounts represents the pension assets.

³ For the level of the annual pension credits see Appendix A.1.

⁴ Interest, calculated on the balance of the pension account as at the end of the previous year, is credited to the pension account at the end of any calendar year.

⁵ In the event of vested benefits being contributed, the interest for the year in which they were made is calculated on a pro rata temporis basis.

⁶ If an insured event occurs or the Member leaves the Pensionskasse in the course of a year, interest will be calculated on a pro rata temporis basis.

⁷ The interest rate is determined by the board, taking into account the statutory minimum interest rate.

Art. 16 – Retirement pension

¹ When Members reach retirement age they become entitled to a retirement pension for life. This without prejudice to early retirement pursuant to Art. 18.

² The level of the retirement pension is determined by multiplying the pension assets as at the date of retirement by the applicable conversion rate as shown in Appendix A.4.

³ If a Member is disabled at the time of reaching retirement age, the level of the retirement pension will be determined in such a way as to ensure that the pension resulting from the minimum pension assets in accordance with the BVG at least equals the relevant disability pension under the BVG immediately prior to retirement.

⁴ If, with the consent of the Company, a Member continues to work after reaching retirement age, he may either receive the pension payments in cash or have them deferred up to age of 70. Upon deferment of the pension payments or upon continuation of the insurance, the pension assets can be increased by savings contributions (see Art. 15 para. 3). The retirement pension will be determined at the end of the deferment based on the pension assets at that moment according to Appendix A.5.

⁵ In the case of disease or death during the deferment, the retirement pension will be determined as of the first day of the month after the end of the continuation of salary payments. In the case of disease, the retirement pension according to para. 4 will be paid, in the case of death the corresponding survivors pension according to Art. 23 and 25 will be paid.

Art. 17 – Lump-sum payment

¹ On retirement Members may withdraw up to 100% of their pension assets in the form of a lump sum, taking into account any early withdrawals for home ownership pursuant to Art. 35; their entitlements to retirement and survivors' benefits will be correspondingly reduced. The share of the pension assets to be withdrawn in the form of a lump sum may be decided by the Member at his discretion and range from 0% to 100%. If additional purchases have been made in the last three years before retirement, the resulting benefits may not be taken as a lump sum.

² A written statement to this effect must be issued at least one year prior to retirement age or, as the case may be, at least one year prior to early retirement. Such a statement cannot be revoked within one year prior to early retirement. If the one-year notice period has not been observed, a fraction of the pension assets corresponding to the applicable conversion rate may be withdrawn as a lump sum.

³ If the Member is married, the statement will be valid only with the written consent of his spouse.

⁴ If a Member has been receiving a disability pension immediately prior to normal retirement age, withdrawal in the form of a lump sum will be possible only if the Member has applied therefor before the start of his disablement and at least one year prior to normal retirement age.

Art. 18 – Early retirement

Members aged 58 or over may request early retirement. The level of the retirement pension is derived by multiplying the pension assets as at the date of early retirement by the relevant conversion rate for the early retirement age shown in Appendix A.4.

Art. 19 – Bridging pension

¹ Members that are taking early retirement may receive a bridging pension to compensate for the shortfall in state pension.

² The level of the bridging pension may be determined by the Member. The bridging pension may, however, not exceed the state pension the Member taking retirement will be entitled to upon retirement on the basis of his salary.

³ The annual retirement pension as from normal retirement age will be reduced by 7.5% of the total amount received as bridging pension. The level of any other insured current and future benefits is derived from the reduced retirement pension. The spouse's pension will be reduced as from the date of death.

Art. 20 – Pensioner's child's pension

¹ Any Member receiving a retirement pension is entitled to a pensioner's child's pension for any child that in the event of the Member's death would qualify for an orphan's pension pursuant to Art. 25.

² The level of the annual pensioner's child's pension is 20% of the retirement pension which is paid out.

Art. 21 – Disability pension

¹ Members receiving a disability pension under the state disability insurance scheme qualify for a full or partial disability pension, provided they were a Member of the Pensionskasse at the time the disability underlying their entitlement to the state disability pension arose; this without prejudice to the provisions of Art. 3. This provision likewise applies to Members who

- were at least 20% but less than 40% disabled because of a handicap at birth when they took up their gainful employment and who were insured when the increase in the incapacitation which was the cause of the disability to at least 40% occurred;

- were disabled before reaching the age of majority and were therefore at least 20% but less than 40% disabled when they took up their gainful employment and who were insured when the increase in the incapacitation which was the cause of the disability to at least 40% occurred.

² The entitlement arises after 24 months of uninterrupted incapacity to work and in any case when the Member no longer has any rights to a salary or to compensation for a salary. The entitlement ends when the entitlement to a benefit under the state disability insurance scheme ends, this without prejudice to paras. 5 and 6. Upon the Member's reaching retirement age, the disability pension is replaced by the retirement pension pursuant to Art. 16.

³ The full disability pension is granted if the state disability insurance scheme provides a full disability pension; if the state disability insurance scheme provides a partial disability pension, a corresponding partial pension will be granted under the Pensionskasse.

⁴ The annual full disability pension is 70% of the insured salary.

⁵ If the pension of the state disability insurance scheme is reduced or rescinded according to Art. 26a BVG, then the beneficiary of a disability pension remains insured with the Pensionskasse at the same conditions for a maximum of three years, as long as the insured person participated in measures for reintegration according to Art. 8a IVG before reduction or rescindment of the pension, or if the pension is reduced or rescinded due to resumption of work or increase of the activity rate.

The insurance cover and the benefit entitlement remain in force provided the beneficiary of a disability pension draws an interim benefit according to Art. 32 IVG.

The Pensionskasse can reduce its disability pension according to the reduced disability rate during the continued insurance cover and benefit entitlement, as long as the reduction is compensated by an additional income of the beneficiary of the disability pension.

The beneficiaries of a disability pension with continued insurance cover and benefit entitlement are considered disabled according to this regulation with their previous disability rate.

⁶ If the disability pension of the state disability insurance scheme, that was awarded due to medically unexplained pains (e.g. psychogenic pain, whiplash injury, fibromyalgia, etc.) is reduced or rescinded according to the final provisions lit. a of the amendment of the IVG dated 18 March 2011 (6th revision IVG, first package of measures) and if thereupon the beneficiary of the disability pension participates in measures for reintegration according to Art. 8a IVG, then the disability benefits of the Pensionskasse will be continued during the time of reintegration up to a maximum of two years. The respective beneficiaries of a disability pension are considered disabled according to this regulation with their previous disability rate.

Art. 22 – Disabled person’s child’s pension

¹ Any Member receiving a disability pension is entitled to a disabled person’s child’s pension for any child that in the event of the Member’s death would qualify for an orphan’s pension pursuant to Art. 25.

² The disabled person’s child’s pension is paid from the same time as the disability pension. It ends when the underlying disability pension ends but in any case when the entitlement to an orphan’s pension would end.

³ The level of the annual fully disabled person’s child’s pension is 20% of the disability pension. In the event of partial disability the disabled person’s child’s pension is reduced proportionately.

Art. 23 – Spouse’s pension or settlement / partner’s pension

¹ If a Member dies, the surviving spouse is entitled to a spouse’s pension, if

- he or she is responsible for the maintenance of one or more children or

- draws an IV pension or

- has reached his or her 35th birthday and the marriage has lasted for at least five years.

If the spouse does not meet any of these requirements, he or she is entitled to the death capital stipulated in Art. 26, para. 2. The duration of a domestic partnership (see para. 8) is counted as a period of marriage.

² The entitlement to the spouse’s pension arises in the month in which the salary or pension of the deceased Member ceases to be paid. The entitlement ends upon the death of the surviving spouse.

³ If the surviving spouse remarries, the entitlement to the pension remains dormant during the new marriage. The remarried spouse may buy out the pension entitlement in the form of a lump-sum payment equalling three years’ pension. The surviving spouse must submit the request for a buy-out within one year of remarrying.

⁴ The spouse’s pension equals 60% of the insured or current disability pension or, as the case may be, the current retirement pension at the time of the Member’s death.

⁵ If the surviving spouse is more than 10 years younger than the deceased spouse, the spouse’s pension is reduced by 1% of the full amount for each year or part of a year the age difference exceeds 10 years.

⁶ If the marriage occurs after retirement age, the spouse’s pension is reduced by half, in addition to the reduction pursuant to para. 5 above.

⁷ The Pensionskasse always pays at least the spouse’s pension in accordance with the BVG.

⁸ Under the same conditions as the spouse, a person of the opposite or same sex who is designated by the insured member, retiree or recipient of a disability pension to be his or her partner is entitled to a survivor's pension to the value of the surviving spouse's pension, if

- the partner has lived continuously with the deceased insured person for the last five years up to his or her death or has to provide for one or more children from the partnership and
- the partner is not receiving a widow's or widower's pension (Art. 20a BVG) and
- the partner was registered in writing with the Pension Fund of the insured member, retiree or recipient of a disability pension while this person was alive and
- an application to this effect, incl. evidence of the partnership, is submitted to the Pension Fund Board not later than three months after the death of the insured person.

The paras. 2-6 are applicable *mutatis mutandis*.

Art. 24 – Divorced spouse's pension

The divorced spouse of a deceased member is entitled to a spouse's pension from the Pensionskasse at the level of the BVG pension for a divorced spouse, provided:

- the spouse has been awarded the right to a pension or a lump-sum payment to purchase a pension for life under the divorce settlement,
- the marriage lasted at least 10 years, and
- the surviving divorced spouse has to provide for one or more children or has reached the age of 45.

However, the divorced spouse is entitled to benefits only to the extent that her claim pursuant to the divorce settlement exceeds the benefits from other insurance schemes such as the state pension and the state disability insurance scheme.

Art. 25 – Orphan's pension

¹ The children of deceased Members or pensioners are entitled to an orphan's pension; for foster children this entitlement applies only to the extent the Member has to support them.

² The entitlement arises upon the Member's death but not before the end of the statutory or contractual salary rights. It ends upon the orphan's dying or reaching the age of 18. It may, however, extend beyond that time but no longer than the orphan's reaching the age of 25 in the case of

- students, until they have completed their education, and
- children who are at least 70% disabled, until they are capable of gainful employment.

³ The orphan's pension equals 20% per child of the insured or current disability pension at the time of the Member's death or, as the case may be, the current retirement pension at the time of the Member's death. Full orphans are entitled to twice the above amount.

Art. 26 – Death benefit

¹ If a Member dies before receiving a retirement pension, a death benefit will become payable.

² The death benefit equals 100% of the relevant annual salary pursuant to Art. 7 paras. 3 and 4.

³ The death benefit will be increased by the termination benefit pursuant to Art. 29 to which the Member would have been entitled at the time of his death, less the equivalent value of all other benefits from the pension fund (previously paid disability benefits, spouse's and orphan's pensions payable in future, capital payment to the spouse, pensions for divorced spouses). The equivalent value of the pensions will be calculated by the currently valid actuarial principles of the Pensionskasse.

⁴ The persons listed in the following order are entitled to this death benefit, irrespective of the provisions of inheritance law:

- a) the spouse and the children of the deceased Member who are entitled to an orphan's pension from the Pensionskasse;
- b) in the absence of beneficiaries pursuant to letter a) above, persons to whom the deceased Member gave substantial support or the person with whom the deceased member lived in a partnership under the same roof without interruption in the past five years preceding his death or who has to pay for the maintenance of one or more joint children, provided that they are not in receipt of a widow's or widower's pension (Art. 20a BVG);
- c) in the absence of beneficiaries pursuant to letters a) and b) above, the other children, parents or brothers and sisters of the deceased.

Persons pursuant to letter b) are only entitled to benefit if they were notified in writing to the Pensionskasse by the Member. Such notification must have been given to the Pensionskasse during the lifetime of the Member.

⁵ The Member may inform the Foundation in writing to which extent persons within the group of beneficiaries are entitled to the death benefit. Such notification must be received by the Pension Fund during the lifetime of the Member.

⁶ Failing any written statement by the Member on the distribution of the death benefit, this sum will be distributed in equal shares among the group of beneficiaries.

⁷ In all other cases the death benefit will revert to the Pension Fund.

Art. 27 – General provisions pertaining to benefits

- ¹ The Members or their survivors are in any case entitled to the benefits provided for by the BVG.
- ² The Pensionskasse pays out all the pensions arising under the pension schemes of the Pensionskasse and the Vorsorgestiftung der C&A Gruppe. When a new pension falls due the Vorsorgestiftung transfers the requisite cover to the Pensionskasse in accordance with the actuarial principles applicable at the Pensionskasse.
- ³ Pensions are paid in twelve monthly instalments, at the end of every month.
- ⁴ The pension for the month in which the relevant entitlement ends, is paid out in full.
- ⁵ The price indexation pursuant to Art. 36 para.1 of the BVG is effected only to extent that the minimum BVG pensions indexed thus exceed the benefits due under the present regulations.
- ⁶ Taking into account the financial situation of the Foundation, the board considers each year whether and if so to what extent voluntary cost-of-living supplements can be granted.
- ⁷ The benefits are transferred to a Swiss bank account designated by the recipient, or failing such bank account to his place of residence in Switzerland.
- ⁸ If at the time the pension becomes payable, the annual retirement pension or the disability pension to be paid in the event of full disability is less than 10% of the minimum basic retirement pension pursuant to the AHV, or the spouse's pension is less than 6% or the orphan's pension less than 2% of that minimum basic retirement pension, the available pension assets are paid out instead of a pension.

IV. EARLY TERMINATION OF EMPLOYMENT

Art. 28 – Termination of employment

If a Member's contract of employment is dissolved without any benefits under these regulations becoming payable, he leaves the Pensionskasse at the end of his last day in the paid employment of the Company; if applicable, the termination benefit becomes payable. The same applies, if the annual salary is reduced presumably permanently below the minimum remuneration stated in Art. 2 BVG.

Art. 29 – Termination benefit

¹ The termination benefit is calculated in accordance with Art. 15 of the FZG. It equals the pension assets available on the day of termination, but must not be less than the minimum sum within the meaning of Art. 17 FZG.

² The termination benefit equals at least the pension assets built up pursuant to the BVG on the day of termination.

³ If the Company has paid additional contributions pursuant to Art. 13, these will be deducted from the Member's pension assets available on the day employment is terminated. This deduction is reduced by one-tenth for any full year of contribution completed. The amount of the deduction is credited to the Company's contribution reserve account.

⁴ If the Foundation has to pay survivors' or disability pensions after transferring the termination benefit to the new pension fund, the payment must be reimbursed to the Foundation insofar as it is needed for the payment of the survivors' or disability pensions. If the benefit is not reimbursed, the pensions will be reduced in accordance with actuarial principles.

⁵ The termination benefit falls due for payment when the Member leaves the Pensionskasse. From that date onwards, it will bear interest at the minimum BVG interest rate. If the Pensionskasse fails to transfer the termination benefit within 30 days after receiving the necessary information, interest will be payable from that date onwards at the interest rate fixed by the Swiss Federal Council for payment arrears.

Art. 30 – Use of the termination benefit

¹ The termination benefit will be transferred on behalf of the departing Member to his new pension fund.

² Members who do not join a new pension fund must inform the Foundation whether they wish to use the termination benefit to

- open a vested benefits account, or
- purchase vested benefits insurance.

³ If a Member fails to inform the Foundation how he would like to use the termination benefit, the benefit plus accrued interest is paid to the Swiss National Substitute Pension Plan no earlier than 6 months and no later than two years after the day of his departure.

⁴ At the request of the departing Member the termination benefit can be paid out in cash if

- he is leaving Switzerland and the Principality of Liechtenstein permanently;
- he is going to be self-employed and is no longer obliged to participate in an occupational pension scheme;
- the termination benefit is less than the Member's annual contribution.

⁵ If the departing Member is married, cash payment can be made only with the written consent of his spouse.

⁶ An outgoing member who leaves Switzerland and the Principality of Liechtenstein permanently, cannot ask for cash payment of the BVG pension savings as part of the termination benefit if he is still required to have compulsory insurance against the risks of retirement, death and disability pursuant to the legal provisions of a Member State of the EU, Iceland or Norway.

Art. 31 – Unpaid leave

¹ In the case of unpaid leave, the insurance may be continued for up to 12 months, as long as the insured Member pays the entirety of the contributions for the period of unpaid leave.

² If only the risk contributions are paid for the period of unpaid leave, they are to be paid at the beginning of the unpaid leave as a one-off amount for the entire period.

³ If no contributions are paid, the insurance coverage continues to be provided during the first month of the period of leave. If an insured event occurs after this first month, but before work is resumed, entitlement is to the termination benefits, calculated as at the start of the period of leave and increased by the interest for the time which has elapsed since.

⁴ If payment of contributions resumes after the end of the period of unpaid leave, pension credits will continue to be added to the pension assets from this time onwards.

V. CONTROL AND ACTUARIAL SHORTFALL

Art. 32 – Auditors and expert for occupational pension schemes

¹ The board appoints auditors operating in accordance with the BVG to carry out an annual audit of the management, the accounts and the investments of the Foundation (Art. 52c BVG). The auditors present the findings of their audit in a written report to the board. The annual account statement and balance sheet are to be forwarded to the cantonal supervisory authority, together with the auditors' report.

² The board appoints the approved occupational benefits expert (Art. 52e BVG). The approved occupational benefits expert must be asked to draw up an actuarial balance sheet at least once every three years; this balance sheet must be notified to the cantonal supervisory authority.

Art. 33 – Actuarial shortfall

¹ In the event of an actuarial shortfall, the board, after consulting the occupational benefits expert, decides on appropriate measures to remedy the shortfall. If necessary, the interest paid on pension credit balances, the financing, the benefits, and, after consulting the cantonal supervisory authority, the current pensions which exceed the benefits stipulated by BVG may, in particular, be adjusted to the available resources. As long as an actuarial shortfall exists and the interest rate on the pension accounts (Art. 15, para. 7) is less than the minimum BVG interest rate, the minimum amount pursuant to Art. 17 FZG is also calculated at the interest rate applicable to the pension accounts.

If other measures do not achieve the desired aim, the Pensionskasse may levy contributions, for the duration of the shortfall, on the members and the company and also on pensioners in order to remedy the shortfall.

The contribution made by the company must be at least equivalent to the total contributions paid by the Members. The pensioners' contribution may only be levied on that share of the current pension which was generated in the past ten years prior to the introduction of this measure by increases not prescribed by law or regulation. It may not be levied on the insurance benefits for old age, death and disability under the compulsory benefits scheme. The amount of the pension at the time when the pension entitlement was generated is safeguarded. The contribution of the pensioners is to be offset against current pensions.

² Should the measures pursuant to para. 1 prove insufficient, the Pensionskasse may pay less than the minimum BVG interest rate for the duration of the cover shortfall, subject to a maximum period of five years. The shortfall must not exceed 0.5 per cent.

³ The Pensionskasse must inform the supervisory authority, the company, the Members and the pensioners of the shortfall and of the measures decided.

VI. DIVORCE AND ARRANGEMENTS CONCERNING HOME OWNERSHIP

Art. 34 – Divorce

¹ If, in the event of divorce, part of the termination benefit of one spouse is transferred to the pension fund of the other spouse pursuant to a court order, the benefits of the spouse obliged to make the transfer are reduced on the basis of actuarial principles.

² The spouse obliged to make the transfer may purchase rights to replace the transferred part of the termination benefit.

³ If a Member receives part of a termination benefit from an ex-spouse pursuant to a court order, the benefit is credited to his pension account.

Art. 35 – Early withdrawal or pledging to finance home ownership

¹ Up to three years before their retirement pensions become payable, active Members can claim an amount (minimum CHF 20,000) for home ownership for their own use (purchase and construction of property, shares in property or repayment of mortgage loans). To qualify as being for own use such property must be used by the Member as his permanent abode or as his habitual residence. Members can also pledge this amount or their pension entitlement for this purpose.

² Members aged 50 or under may withdraw or pledge an amount up to the level of their termination benefit. Members aged over 50 may claim an amount no higher than the amount of the termination benefit they would have been entitled to at the age of 50, or half of the termination benefit at the time of withdrawal. If additional purchases have been made in the last three years, early withdrawal of the resulting benefits is not permitted.

³ Members can request in writing information about the amount available to them for home ownership and about the reduction in benefits that such withdrawal entails. The Foundation informs Members at the same time about ways to cover the resulting insurance shortfalls, and about their tax liability.

⁴ If a Member makes use of early withdrawal or pledging he must submit the contract documents relating to the purchase or construction of property or the amortisation of the mortgage loan, the regulations or the rental or loan agreement in the case of purchase of shares in property and the relevant deeds in the case of similar participations. Married Members must also submit the written consent of their spouses.

⁵ The Pensionskasse fund pays the early withdrawal no later than 6 months after the Member has made his claim. As long as a shortfall exists, the Pensionskasse may limit the duration and amount of the payment of an early withdrawal which is used to redeem mortgage loans or decline altogether to pay such a withdrawal. The Pensionskasse must inform the Members of the duration of the measures.

⁶ If the liquidity position of the Pensionskasse is put at risk by early withdrawals the Foundation can put applications on hold. The board sets out priority criteria for dealing with applications.

⁷ In the event of early withdrawal the pension assets are reduced by the amount withdrawn. The retirement and survivors' benefits insured are reduced in proportion with the amount withdrawn. Any full or partial repayment of the amount withdrawn is permitted up to the 62nd birthday; the amount repaid is credited to the Member's pension account in the same way as a purchase made pursuant to Art. 13..

⁸ The Foundation may charge Members a fee to cover the administrative costs incurred in dealing with their applications for early withdrawal or pledging. Members must reimburse the Foundation for the cost of recording the transaction in the land registry.

VII. FURTHER PROVISIONS

Art. 36 – Assignment, pledging and setting-off

¹ The rights to benefits may not be assigned or pledged before they mature; this without prejudice to Art. 35.

² The rights to benefits may only be set off against claims the Company has assigned to the Foundation if they relate to contributions that were not withheld from a Member's salary.

Art. 37 – Obligation to provide information

¹ The Members and their survivors are obliged to inform the board truthfully about their circumstances relevant to the insurance and calculation of benefits.

² Members who belong to more than one occupational benefits scheme and in whose case the total remuneration and income liable for AHV exceed the limit stipulated in Art. 79c BVG, must inform the Pensionskasse of the totality of their benefit circumstances and the remuneration and income insured in such schemes.

² The board reserves the right to suspend benefits or demand repayment of benefits drawn without proper entitlement if a Member or one of his survivors fails to comply with the obligation to provide information.

³ The board for its part provides the Members with any information requested.

⁴ Each member receives an annual occupational benefits certificate stating the pension assets, the insured remuneration, the contributions, the insured benefits and the termination benefit. The Pensionskasse informs the Members in a suitable way each year of its organization and financing and of the names of the board members.

Art. 38 – Gaps in the regulations / exceptions

In cases not expressly dealt with by these regulations and in exceptional situations the board applies the regulations *mutatis mutandis*, with due observance of the statutory provisions, and decides accordingly.

Art. 39 – Disputes

¹ Any disputes concerning the application or interpretation of these regulations or concerning matters not expressly provided for by these regulations must in the first instance be submitted to the board for amicable agreement.

² If no amicable agreement can be reached, the matter will be brought before the competent court pursuant to Art. 73 of the BVG.

³ In case of doubt, the German text of the regulations is authoritative.

Art. 40 – Safeguarding the benefits

The board may take measures to ensure that the benefits are used for the maintenance of the persons entitled to them and for the persons in their care.

Art. 41 – Transitional provisions

¹ Existing claims as at 31.12.2003 of persons insured as at 31.12.2003 are guaranteed to the level of the existing termination benefits. For Members whose relevant annual salary exceeds the maximum stipulated in Art. 7 para. 5 the available termination benefit is divided between the Pensionskasse and the Vorsorgestiftung der C&A Gruppe in proportion to their pensionable salaries. However, at least the pension assets built up pursuant to the BVG will remain in the Pensionskasse.

² As at 1.1.2004 persons insured as at 31.12.2003 will be guaranteed the equivalent amount of their retirement benefits insured under the old regulations (valid until 31.12.2003), as accrued rights, in proportion to the salaries insured with the Pensionskasse and the Vorsorgestiftung, on the basis of assumptions as to average salary growth and interest on the pension assets. To this effect, a pro rata share of the contribution required will be credited to the Member's pension account every year until he reaches retirement age, starting from 1.1.2004 and for a maximum of ten years. Members leaving the Pensionskasse are not entitled to pro rata shares not yet credited to their account.

³ Persons insured as at 31.12.2003 will further be guaranteed a favourable early retirement in accordance with the current regulations, provided the requirements of Art.17 para. 2 or 3 of the current regulations (valid until 31.12.2003) are met. The pension as at normal retirement age, extrapolated on the basis of the last pensionable salary, and the other future rights to benefits are reduced by 3% for each year of retirement before normal retirement age as defined in Art. 10. Figures of less than one year are interpolated. Extrapolations are based on the applicable percentage at early retirement.

⁴ As at 1.1.2014 persons insured as at 31.12.2013 will be guaranteed, the cash equivalent of the risk benefits they would have been entitled to under the regulations valid until 31.12.2013. This guarantee ends when the insured disability pension exceeds the guaranteed cash equivalent.

⁵ The amount of the pensions already being paid out on 31 December 2013 and of the survivors' pensions which are co-insured remains unchanged. The other provisions of the present regulation likewise apply.

⁶ The calculation of the amount of the disability pension and entitlement to disability pension are determined by the regulation which was in force at the time when the incapacitation which led to disability first occurred.

Art. 42 – Termination of affiliation agreements, partial and complete liquidation

¹ The termination of an affiliation agreement by the employer will take place in agreement with the personnel or the employees' representation if this exists. The Pensionskasse must notify the termination to the appropriate AHV equalization fund. The provisions of Art. 53b, Art. 53d and Art 53e BVG, Art. 23 FZG and Art. 26 of the Regulation and of the regulation on partial liquidation will apply.

² In the event of complete liquidation of the foundation, the provisions of Art. 53c and Art. 53d BVG, together with Art. 23 FZG, will apply.

³ In the event of partial liquidation of the Pensionskasse, the provisions of Art. 23 FZG, Art. 53d BVG, Art. 27g and 27h BVV2 and of the regulation on partial liquidation will apply.

Art. 43 – Effectiveness, amendments

¹ These regulations will come into force on 1 January 2014. They replace all regulations and addenda issued previously.

² These regulations can be amended by the board at any time within the framework of the statutory provisions and the object of the Pensionskasse. If this affects the actuarial situation of the Pensionskasse, the expert on occupational pension schemes has to be consulted first. Changes in contributions that exceed the statutory minimum requirements need to be approved by the Company. These regulations and any amendments to them will be submitted to the supervisory authorities.

The board

Baar, 3 December 2013

APPENDIX TO THE REGULATIONS

A.1 – Pension credits

(See Art. 15 of the regulations)

The pension credits as a percentage of the pensionable salary are as follows:

| Age | Pension credits as a percentage of pensionable salary |
|---------|---|
| 25 – 34 | 8 % |
| 35 – 44 | 11 % |
| 45 – 54 | 17 % |
| 55 – 65 | 20 % |

A.2 – Level of the contributions

(See Art. 12 of the regulations)

The contributions of the Members (savings- and risk-contributions) are as follows:

| Age | Members' contributions as a percentage of pensionable salary | | |
|------------|--|--------|---------|
| | Saving | Risk | Total |
| 17 – 24 | 0.00 % | 1.60 % | 1.60 % |
| 25 – 34 | 3.65 % | 1.60 % | 5.25 % |
| 35 – 44 | 5.00 % | 1.60 % | 6.60 % |
| 45 – 54 | 7.75 % | 1.60 % | 9.35 % |
| 55-65/64 | 9.10 % | 1.60 % | 10.70 % |
| 65/64 – 70 | 9.10 % | - | 9.10 % |

The Company's contributions (pension credits including risk premiums) are as follows:

| Age | Company's contributions as a percentage of pensionable salary | | |
|------------|---|--------|---------|
| | Saving | Risk | Total |
| 17 – 24 | 0.00 % | 1.95 % | 1.95 % |
| 25 – 34 | 4.35 % | 1.95 % | 6.30 % |
| 35 – 44 | 6.00 % | 1.95 % | 7.95 % |
| 45 – 54 | 9.25 % | 1.95 % | 11.20 % |
| 55 – 65/64 | 10.90 % | 1.95 % | 12.85 % |
| 65/64 – 70 | 10.90 % | - | 10.90 % |

The sum of the savings contributions from Members and Company is equal to the pension credit.

A.3 – Purchasing additional benefits

(See Art. 13 of the regulations)

The maximum level of any additional contributions is shown in the table below after deduction of the existing pension assets. The maximum amount of the purchase is reduced by any Pillar 3A assets which exceed the limit stated in Art. 60a, para. 2, BVV2 and by any vested benefits which the insured person was not required to contribute to the Pensionskasse.

| 31.12. of age | Maximum amount as a percentage of pensionable salary as at year-end | 31.12. of age | Maximum amount as a percentage of pensionable salary as at year-end |
|------------------|---|------------------|---|
| | Member | | Member |
| 25 | 8.0 % | 45 | 254.1% |
| 26 | 16.2 % | 46 | 276.7% |
| 27 | 24.5 % | 47 | 299.9% |
| 28 | 33.1 % | 48 | 323.5% |
| 29 | 41.8 % | 49 | 347.7% |
| 30 | 50.7 % | 50 | 372.5% |
| 31 | 59.9 % | 51 | 397.7% |
| 32 | 69.2 % | 52 | 423.6% |
| 33 | 78.7 % | 53 | 450.0% |
| 34 | 88.5 % | 54 | 477.0% |
| 35 | 101.5 % | 55 | 507.6% |
| 36 | 114.7 % | 56 | 538.9% |
| 37 | 128.3 % | 57 | 570.8% |
| 38 | 142.1 % | 58 | 603.5% |
| 39 | 156.3 % | 59 | 636.9% |
| 40 | 170.7 % | 60 | 671.1% |
| 41 | 185.5 % | 61 | 706.0% |
| 42 | 200.7 % | 62 | 741.7% |
| 43 | 216.1 % | 63 | 778.2% |
| 44 | 231.9 % | 64 | 815.5% |
| | | 65 | 853.6% |

Intermediate values are interpolated linearly.

The following conversion rates are valid for **women** born in the years **1947 to 1953**:

| Retirement age | Year of birth | | | | | | |
|----------------|---------------|-------|-------|-------|-------|--------|--------|
| | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 |
| 64 | 6.65% | 6.55% | 6.45% | 6.35% | 6.25% | 6.25 % | 6.25 % |
| 63 | | 6.50% | 6.40% | 6.30% | 6.20% | 6.10 % | 6.10 % |
| 62 | | | 6.35% | 6.25% | 6.15% | 6.05 % | 5.95 % |
| 61 | | | | 6.20% | 6.10% | 6.00 % | 5.90 % |
| 60 | | | | | 6.05% | 5.95 % | 5.85 % |
| 59 | | | | | | 5.90 % | 5.80 % |
| 58 | | | | | | | 5.75 % |

Example

Woman born in the year 1951 taking early retirement at age 62:

pension assets

CHF 100,000

annual retirement pension

CHF 100,000 × 6.15 % =

CHF 6,150

A.5 – Conversion rates upon continuation of insurance

(See Art. 16 para. 4 of the regulations)

The following conversion rates are used to determine the retirement pension:

| Retirement age | Conversion rate |
|----------------|-----------------|
| 65 | 6.40 % |
| 66 | 6.55 % |
| 67 | 6.72 % |
| 68 | 6.91 % |
| 69 | 7.12 % |
| 70 | 7.35 % |

The age is calculated in years and months. The period between the birthday and the first day of the following month is not taken into account. Intermediate values are interpolated linearly.