

Postfach 1077, 8005 Zurich, SCHWEIZ

To the members of the
Hitachi Group Pension Fund

Zurich, 15 juin 2023

Realignment of the Pension Fund as of 2024

Dear Madam/Sir,

With effect from January 2024, the Hitachi Group Pension Fund will make modifications to its Rules in order to make its occupational pension scheme more efficient and up-to-date and to ensure a stable financial situation for the future. In recent months, a concept for the Pension Fund's realignment has been drawn up in close cooperation with the Board of Trustees' employer and employee representatives.

In this letter, we would like to present the essential features of our concept to you.

What is the background and what are the key points of these modifications?

The Board of Trustees seeks a fair pension solution for all employees. This goal limits the extent of redistribution from younger members to older ones. As a measure to achieve this goal, the conversion rate will be reduced to the actuarially correct level. In order to maintain the current extent of pension benefits, the reduction in the conversion rate is being mitigated by compensatory measures.

A comparison with other pension funds showed that our retirement benefits are no longer completely up-to-date. In order to increase retirement benefits, the following measures will be introduced:

- the employer and the employees will pay higher savings contributions
- the insured salary will be increased:
 - for the determination of retirement benefits, 50% of the target bonus will be included
 - the maximum coordination deduction will be reduced from CHF 29,400 to CHF 25,725
- saving for retirement benefits will start at age 21 instead of age 25
- the employer-funded AHV bridging pension will be eliminated. However, the employer will continue to contribute to the financing in the same extent. The portion of the payments that is no longer used to finance the AHV bridging pension will instead be used as an additional increase in savings contributions.

What is the new conversion rate at age 65?

As of 1 January 2024, the conversion rate amounts to 5.1% for all members.

How do the compensatory measures work?

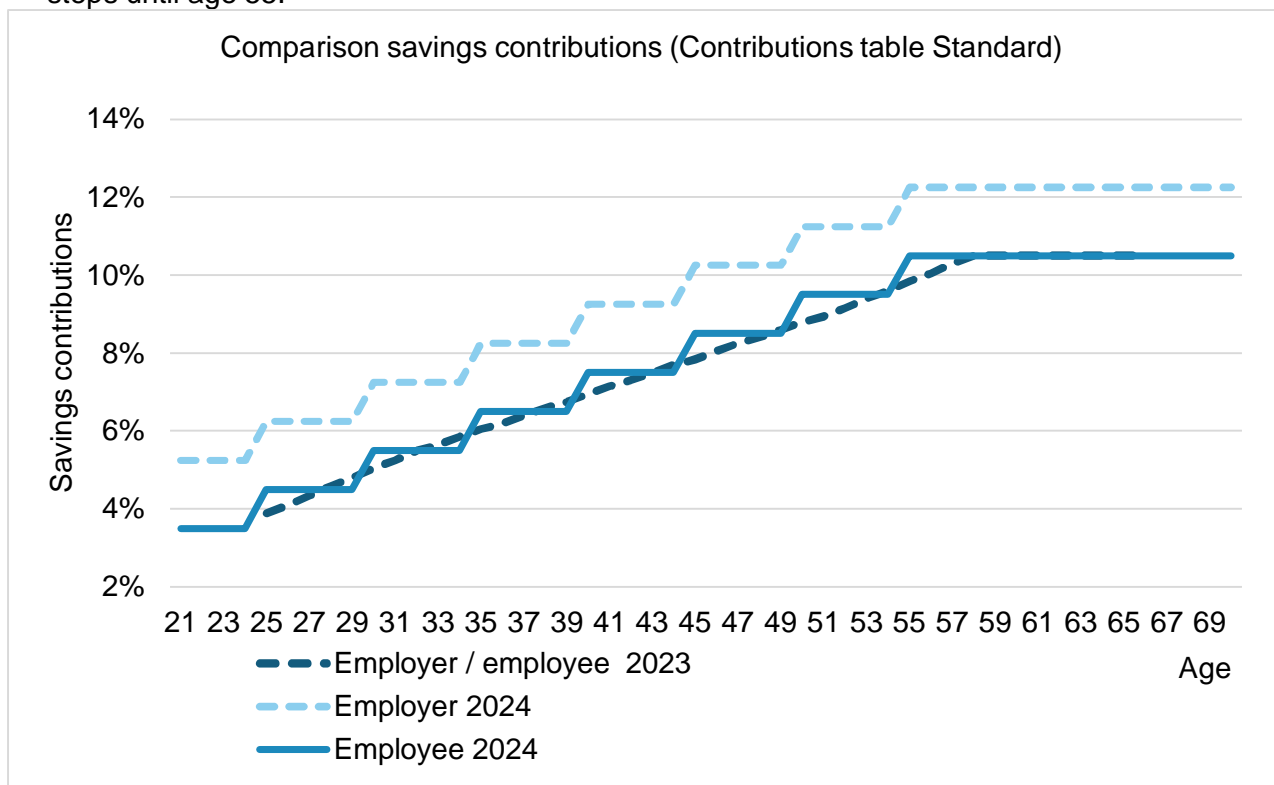
A comparative calculation is used to determine whether the retirement pension at retirement age 65 under the new concept is at least equal to the previously calculated pension. Where this is not the case, the members concerned will receive a one-time deposit to make up the difference. The one-time deposit will be credited to the individual savings capital as at 1 January 2024.

How will the compensatory measures be financed?

Up to now, the Pension Fund has had to maintain a provision for retirement losses in order to finance the excessively high conversion rates. This provision can be released as at 1 January 2024 and will be used to finance the compensatory measures.

What will change for you from January 2024?

- The conversion rate for calculating your retirement pension at age 65 will be 5.1%.
- Your savings contributions are adjusted according to the graph and will be increased in five-year steps until age 55.



- You and the employer will pay additional savings contributions on 50% of your target bonus.
- Depending on the individual situation, the coordination deduction will be reduced and the insured salary with the Pension Fund will increase.
- The employer-funded AHV bridging pension for flexible retirement from age 63 to 65 will be eliminated for persons born in 1966 and later.

What are the advantages for you?

With the realignment, your savings capital will increase over time. By eliminating the redistribution from younger to older members, a higher return on savings capital is expected for all members. This means that you have more assets available at the Pension Fund, either on retirement, when you leave the Pension Fund due to a job change with a new employer or when you buy your own home.

How is the financial situation of the Pension Fund changing?

As a result of the release of the provision for retirement losses, a value fluctuation reserve of around CHF 38 million can be created. This leads to a higher coverage ratio and a more stable financial situation which in turn will make it possible to pay a higher interest on your savings capital than before, provided that the average expected investment return can be achieved. Higher interest credits in combination with the above-mentioned higher contributions will increase your savings capital and you will have more capital available when you retire.

What remains the same?

The benefits in the event of disability and death, the so-called risk benefits, remain basically unchanged. Depending on the individual situation, the reduction of the coordination deduction might result in a slight increase in the insured salary, which in turn leads to slightly higher risk benefits.

The employer continues to pay the full risk contributions to finance the risk benefits to the same extent as before. Employees do not pay any risk contributions.

How does the employer participate in the realignment?

In total, the employer will pay a higher amount into the Pension Fund. You benefit from significantly higher employer contributions being credited to your individual account in the form of savings contributions.

What will change with regard to the AHV bridging pension?

Currently, the employer finances the Pension Fund's AHV bridging pension for retirement at the age of 63 to 65. As the ongoing shortage of skilled workers is also being felt at Hitachi Energy, the employer has decided to discontinue this voluntary benefit after a transitional period of five years in order to keep experienced employees in the labour process until they reach the regular retirement age. However, the employer will continue to contribute to the financing in the same extent and will pay the same amount into the Pension Fund. The portion of the payments that is no longer used to finance the AHV bridging pension will instead be used to increase the savings contributions on the part of the employer. After the transitional period has expired, it will still be possible to draw an AHV bridging pension, with the financing being organised by the employees themselves.

In the case of restructuring measures within the framework of the social plan, the AHV bridging pension remains guaranteed to the same extent as before. You have already been informed on this matter separately by the employer.

Is any action required on your side?

The modifications will be implemented for all employees as of 1 January 2024. No action is required on your side. If you were born in 1966 or later, it is advisable to review your retirement planning, as

the employer-funded AHV bridging pension is now only granted for flexible retirements up to and including 2028.

What can you do to improve your pension situation?

It is advisable to review your pension situation from time to time. To do that, you can get an initial overview in the online portal.

The Hitachi Group Pension Fund offers three different contributions tables: Standard, Standard plus and Standard minus.

Savings contributions in % of insured salary				
Age	Members			Employer
	Standard	Standard plus	Standard minus	
18 – 20	0.00	0.00	0.00	0.00
21 – 24	3.50	7.95	0.00	5.25
25 – 29	4.50	8.95	3.00	6.25
30 – 34	5.50	9.95	4.00	7.25
35 – 39	6.50	10.95	5.00	8.25
40 – 44	7.50	11.95	6.00	9.25
45 – 49	8.50	12.95	7.00	10.25
50 – 54	9.50	13.95	8.00	11.25
55 – 65	10.50	14.95	9.00	12.25
66 – 70	10.50	14.95	9.00	12.25

According to the new 2024 Rules, you can increase your retirement benefits by 28% by switching from the Standard to the Standard plus contributions table, for example. You can change your contributions table on a monthly basis by sending an e-mail to info@hitachigroupvorsorge.ch.

What else needs to be considered?

For the calculation of the compensatory deposit, personal contributions (voluntary buy-ins, repayments of withdrawals for home ownership and divorce payments) made in 2023 are not taken into account.

Where can you obtain further information?

In September 2023, information events will be held at the Lenzburg (21 Sept. 2023 / German), Oerlikon (22 Sept. 2023 / German) and Satigny (19 Sept. 2023 / French) locations as well as online (18 Sept. 2023 / German and 20 Sept. 2023 / English). Further information on the individual events will be provided at a later date.

At these information events, representatives of the Pension Fund will explain the modifications in more detail and you have the opportunity to ask any questions you might have.

What's next?

The Board of Trustees is currently revising the Rules in order to adapt them to the current circumstances. We will send you an overview of the most important changes to the revised Rules shortly after the information events.

Our Board members are convinced that they will be able to offer a balanced and fair pension solution with improved benefits as of 2024. They are looking forward to exchanging ideas with you at the information events in September.

Yours sincerely,

Hitachi Group Pension Fund



Ron Steijn
Chairman of the Board of Trustees



Jörg Lehmann
Vice Chairman of the Board of Trustees