



Syngenta Pension Fund
Short Report
on the Year 2022

Report by the Executive Director

2022 was an extremely difficult investment year for pension funds. The total return of most Swiss pension funds was around –10 % (CS Swiss Pension Fund Index –10.1 %, UBS Pension Fund Barometer –9.6 %). The bond markets suffered from higher inflation expectations and rising nominal interest rates. Equity markets were negatively affected by the outbreak of the war in Ukraine, tighter monetary policies by most central banks and increasing fears of recession later in the year. Indirect real estate investments were also subject to this trend and ended the year in strongly negative range. Driven by rising energy prices, commodities, on the other hand, recorded a pleasing positive return. The typical target return for Swiss pension funds of 1.5 % to 2.5 % was far from being achieved, and the funding ratio of most Swiss pension funds fell significantly last year. The Syngenta Pension Fund was unable to elude these developments and closed the 2022 investment year with a negative return of –8.5 %. At the end of 2022, the funding ratio was 109.6 %.

In 2020, the Swiss Federal Council agreed on a pension reform of the occupational benefits schemes (the second pillar of the Swiss social security system) and referred the proposals of the law amendments to parliament. After more than two years of deliberations, both chambers of the Swiss Parliament adopted the pension reform in spring 2023. The main goal, the reduction of the statutory conversion rate, as well as the adaptation of the rules to a modern working environment will be achieved with the reform. The statutory minimum will finally be adapted to the increased life expectancy and thus reduce the unfair redistribution from gainfully employed persons to pensioners. With the inclusion of part-time employees, covering lower incomes, the second pillar will be modernized as well. The mitigating measures taken, however, reach over the set objective as there are “compensatory measures” planned for employees for whom there is nothing to compensate. Although such a redistribution is highly unfair, at least it will be limited in time and scope. The pension reform is certainly no masterpiece, but it is a step into the right direction. Should this reform be rejected, this may provide

the left-wing parties opportunity to demand an expansion of the state pension system (first pillar), as only such an expansion can, in their view, solve the problems of the retirement system. In the first pillar, today's employees and employers finance today's pensioners. The redistribution in this system is particularly strong and non-transparent. With pension funds, on the other hand, employees accumulate retirement savings for themselves. There are also certain cross-subsidies in the pension schemes, but in the state pension system it is much easier to hide and maximize redistributions from top to bottom and from young to old. Therefore some political parties advocate for an expansion of the first pillar at the detriment of the pension fund system. The referendum against the pension reform has already been launched by the trade unions and left-wing parties, and the Swiss electorate is expected to be able to express its opinion on the reform proposals in spring 2024.

The Board of Trustees of the Syngenta Pension Fund has already addressed the challenges of longer pension payments and has introduced a new pension model as of 1 January 2022. With this decision, the Syngenta Pension Fund has set the course early on and is very well positioned to face future challenges.

Juan Carlos Fernández
Executive Director

Trust bodies

Board of Trustees – period of office July 1, 2018 to June 30, 2022 resp. July 1, 2022 to June 30, 2026

Members	Substitutes
Employee representatives	
Bossert Tobias (until 06.2022)	Bossert Tobias (from 07.2022)
Bieri Peronnik (from 07.2022)	Bieri Peronnik (until 06.2022)
Coquoz Serge, Deputy Chairman (from 07.2022)	Burri Manuela
Favre Sylvain	Dollinger Daniel (until 06.2022)
Geiser Davina	Ferrin Dominique (until 06.2022)
Gendre Yannik (from 07.2022)	Finocchiaro Agrippino (from 07.2022)
Gsell Bettina (until 06.2022)	Gendre Yannick (until 06.2022)
Sneiders Luc, Deputy Chairman (until 06.2022)	Gsell Bettina (from 07.2022)
Stoessel Sébastien (from 07.2022)	Schütz Mathieu
Employer Representatives	
Nocera Daniele, Chairman	Bugnon Pascal
Kälin Patrick (from 07.2022)	Kälin Patrick (until 06.2022)
Künzi Sylvain (from 07.2022)	Nistler Christian
Peter Markus	Hemeryck Filip
Suter Sandra (until 06.2022)	
Vock Elisabeth	
Widmer Markus	

Investment Committee

Nocera Daniele, Chairman and
Member of Board of Trustees
Geiser Davina, Member of Board of Trustees
Bieri Peronnik, Member of Board of Trustees
Nistler Christian, Substitute Member,
Investment Strategist
Scherer Hansruedi, Investment-Controller
PPCmetrics AG, Zürich
Rudigier Silvia, Investment-Controller
PPCmetrics AG, Zürich
Fernández Juan Carlos, Executive Director

Regulatory Authority

BVG- und Stiftungsaufsicht beider Basel (BSABB)
Eisengasse 8, 4001 Basel

Auditor

PricewaterhouseCoopers AG
St. Jakobs-Strasse 25, 4002 Basel

Actuary

Wiedmer Matthias, Libera AG
Stockerstrasse 34, 8022 Zürich

Executive Director

Fernández Juan Carlos

Investments

Capital markets 2022

The investment year 2022 is one of the worst in recent capital market history, along with 2002 (bursting of the dotcom bubble) and 2008 (financial market crisis). This was triggered by a largely unexpected, long underestimated resurgence of inflation. After price risks had not played a significant role in the capital markets for many years, the year under review even saw temporary double-digit inflation rates in the USA and Europe, something that had not been seen since the 1970s. The extremely expansive monetary policy since the financial crisis is probably the underlying driver for the resurgence of upward pressure on prices. The war in Ukraine and the accompanying sharp rise in commodity prices (especially energy) also had a price-increasing effect. The cost pressure on companies also led to fears of a collapse in corporate profits, which, however, only partially materialised.

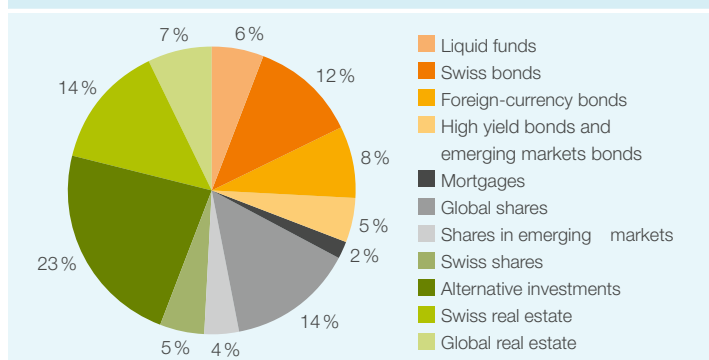
The central banks saw themselves forced by the rising inflation to raise interest rates quickly and sharply. For example, the US Federal Reserve gradually raised short-term interest rates from near zero to over 4 % in 2022. The rising short-term interest rates also led to a sharp increase in longer-term interest rates and thus simultaneously to falling bond prices. Sharply rising interest rates had also a negative impact on other asset classes such as equities and real estate. Future dividend and rental income are now discounted at higher

discount rates, leading to lower valuations in equity and real estate markets.

In the investment year, portfolio diversification therefore hardly worked, as the correlations of almost all (liquid) asset classes tended towards one. The rise in interest rates led to valuation corrections in almost all investments. However, many alternative investments were able to escape the price losses (partly due to their illiquid character).

The equity markets were not unaffected by the rise in inflation, the significant interest rate increases and the geopolitical environment and achieved their worst annual performance since the financial crisis in 2008. Global equities and Swiss dividend stocks lost about the same amount, approx. 17 %, while emerging market equities took a somewhat bigger hit, losing just under 20 %. The performance figures for fixed-income investments were also coloured deep red. The Swiss Bond Index (SBI) lost about 12 % in the year under review, global bonds fell even more. The yield on the 10-year Swiss bond was around 1.5 % at the end of 2022, after being just negative at the beginning of the year. After many years of price gains, listed real estate funds and shares were also unable to escape the interest rate environment. Rising interest rates led to a correction of the record high average premiums for real estate funds from just over 40 % at the beginning of the year to about 14 % at the end of the reporting year. The price correction of the funds was considerable, averaging –15 %. However, for the first time in many years, the valuations of real estate funds appear more attractive again due to the significant decline in premiums. Only the commodity markets, especially the energy markets, held their own in the investment year because they benefited from war-related shortages.

Investment structure as per 31.12.2022



Investment strategy and investment activity

In 2022, the Investment Committee of the Syngenta Pension Fund kept the equity allocation slightly below the weighting in the strategic benchmark of 25 %, which proved to be advantageous due to the

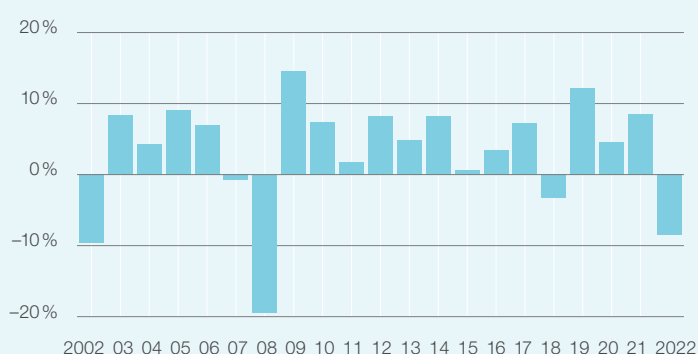
equity market correction. In addition, a positive contribution was achieved through tactical buying of equity index ETFs during price setbacks and subsequent selling after recovery. Investments in bonds were also slightly underweighted compared to the long-term strategy, as the Investment Committee considered bonds to be comparatively unattractive. This positioning also proved to be correct. In real estate, investments in (non-listed) investment foundations in Switzerland were slightly increased. In the area of alternative investments, profits were realized in commodities following strong price gains. As a result of further capital calls by the infrastructure managers, the share of infrastructure investments has increased to about 7 % of the overall asset allocation. The Investment Committee considers infrastructure investments attractive due to their characteristics: they are real assets, offer inflation protection and provide attractive cash flows. The pension fund has achieved excellent returns in this investment category in recent years.

Investment results

The Syngenta Pension Fund closed the year 2022 with an investment return of –8.5 %. Easy come, easy go: In 2021, the return was also 8.5 %, but then with a positive sign. According to the UBS Pension Fund Barometer, the average return of Swiss pension funds in 2022 was –9.6 %. The above-average investment performance of the Syngenta Pension Fund was mainly due to the comparatively high allocation to alternative investments, which at +3 % proved to be stable in value in the negative overall environment. Commodities, private equity and private debt, infrastructure and hedge funds posted positive returns. In particular, the performance of the hedge fund portfolio with +3 % was very pleasing against the background of the strongly correcting stock and bond markets.

Investment category	Average weight	Return
Bonds/Liquidity	33 %	–11 %
Stocks	24 %	–18 %
Real estate	21 %	–6 %
Alternative investments	22 %	3 %

Development of investment performance

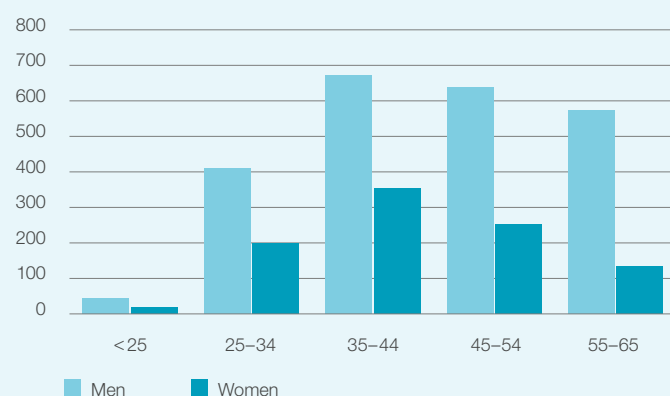


Financial statement

Assets in CHF	31.12.2022	31.12.2021
Liquid funds	138,072,031	199,677,834
Receivables	17,957,135	17,209,577
Prepaid expenses	14,000	14,000
Stocks	642,467,777	782,600,939
Bonds	707,497,322	780,274,017
Real Estate	597,974,032	639,255,914
Alternative Investments	660,096,392	627,199,788
Mortgages	45,781,921	50,234,784
Currency Overlay	21,477,777	10,228,429
Total assets	2,831,338,386	3,106,695,281

Liabilities in CHF	31.12.2022	31.12.2021
Liabilities	13,591,895	16,390,069
Deferred income	1,565,161	1,606,768
Actuarial reserves for active members	1,166,151,011	1,046,517,284
Actuarial reserves for retirees	1,341,979,600	1,341,199,600
Technical provisions	62,081,100	160,891,119
Fluctuation reserve	245,969,620	458,749,441
Trust funds	0	81,341,001
Total liabilities	2,831,338,386	3,106,695,281

Age structure of active members on 31.12.2022



Pension Fund liabilities

The actuarial reserves for active insured members and recipients of pensions, together with the technical reserves, represent the total pension capital and thus essentially the liabilities of the Pension Fund. The actuarial reserves for active insured members, the sum of all assets of the insured members in the retirement plan, amounted at the end of 2022 to around CHF 1,166 billion. Of which CHF 293 million is allotted to the retirement savings in accordance with BVG (Swiss pensions law) and is the compulsory part of the benefits. This allocation shows the scale of non-compulsory benefits provided by the Syngenta Pension Fund.

The actuarial reserves for recipients of pensions are calculated annually using actuarial methods and, based on the promised retirement benefits, must be sufficient at all times to guarantee these pension payments for life. The relevant figures for calculating the actuarial reserves needed for financing current pensions are the statistic life expectancy (expected benefit period) and the discount interest rate (future interest on retirement capital).

Life expectancy is established with the aid of statistical surveys in so-called technical bases. The Syngenta Pension Fund uses since end 2021 the technical basis BVG2020 as generational tables. The discount interest rate is determined by the Board of Trustees and amounts to 1 %. Due to the reduction of the discount interest rate to 1 %, a lower share of the future investment return will be required to fund the interest on current pensions.

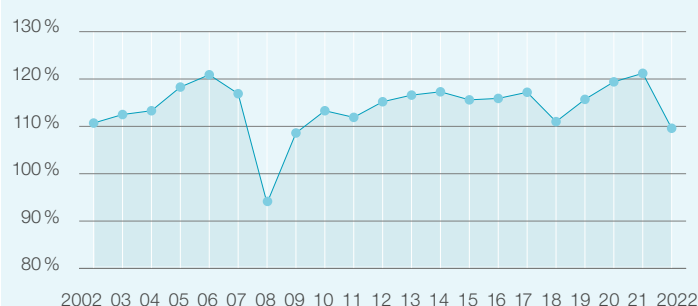
To make sure that pension obligations were met, the Pension Fund had to provide actuarial reserves of CHF 1,342 billion at the end of 2022. The number of retirement pension recipients increased by 20 people.

Active members	2022	2021
Women	956	899
Men	2,336	2,257
Total	3,292	3,156

Pension recipients	2022	2021
Retirement pensions	1,405	1,385
Disability pensions	133	130
Survivor's pensions	212	197
Child pensions	104	114
Total	1,854	1,826

Pensions paid in CHF	2022	2021
Retirement pensions	62,485,364	59,873,184
Disability pensions	5,541,082	4,771,994
Survivor's pensions	5,925,858	5,417,837
Other pensions	2,043,061	2,315,075
Total	75,995,365	72,378,090

Development of funding status



Operating result

Operating result in CHF	2022	2021
Contributions of employees/employer, deposits	105,298,168	103,610,086
Vested benefits, repayment of early withdrawals for home ownership and divorce	20,680,312	18,275,695
Inflow from contributions and deposits	125,978,480	121,885,781
Pension benefits paid out	-75,995,365	-72,378,090
Lump-sum benefits paid out	-23,314,115	-23,495,335
Vested benefits, early withdrawals for home ownership and for divorce	-35,853,545	-36,647,003
Outflow for benefits and early withdrawals	-135,163,025	-132,520,428
Formation of actuarial reserves and technical provisions	-21,603,708	-154,078,351
Contributions to security fund	-299,980	-288,614
Net result from insurance part	-31,088,233	-165,001,612
Net results from investments	-261,475,579	241,725,825
Other earnings	44,355	4,399
Other expenses	-580	-1,613
Administrative expenditure	-1,600,783	-1,703,427
Earnings surplus before release/formation of fluctuation reserve	-294,120,821	75,023,572
Release/formation fluctuation reserve	212,779,821	-3,788,807
Expenditure/earnings surplus	-81,341,001	71,234,765

(-) Expenses

(+) Earnings

Interest on pension capital

The pension fund's investment return is used to finance interest on the retirement savings of active members and pensioners as well as administration costs. The discount rate on retiree's assets is set at 1 %. The interest on pension assets of the active

members is determined at the end of each year based on the investment return generated during that year.

The discount rate is the interest rate that has to be earned on the remaining capital on average in the future in order to meet the obligations set forth in the regulations. The lower and thus the more cautious

the discount rate, the lower will be the share of the investment return required to fund the interest on current pensions. The Board of Trustees reduced the discount rate to 1 % with effect from 31.12.2021.

The interest on retirement savings of active members is determined at the end of each year based on the investment return achieved during that year and based on the financial situation of the pension fund.

The Board of Trustees decided that all retirement savings of active members should bear in 2022 an interest rate of 1.5 %. In contrast the minimum interest rate as defined by the Federal Council was set at 1 % in 2022.

Fluctuation reserve and funding ratio

The technical funding ratio of the Pension Fund amounts to 109.6% as per end of 2022 and thus showed due to the negative investment return a decrease as compared to the previous year (121.2 %). With the negative investment return of more than 8 % generated in 2022, the value fluctuation reserves decreased as well.

In view of the investment strategy, fluctuation reserves of 18% are required, which corresponds to a target funding ratio of 118 %. In this method of calculation of the funding ratio as stipulated by law, liabilities are taken at their balance sheet value, discounting the funding ratio for current pensions with the discount rate of 1 %.

In an economic context, liabilities are calculated at the current market interest on risk-free investments. The valuation of liabilities reflecting market conditions leads to an economic funding ratio as of 31.12.2022 of 113.7 % (previous year: 111.7 %).

Technical funding ratio according to art. 44 BVV2

The technical funding ratio indicates the percentage level at which a pension fund's liabilities are covered by assets. 100 percent corresponds to a full coverage.

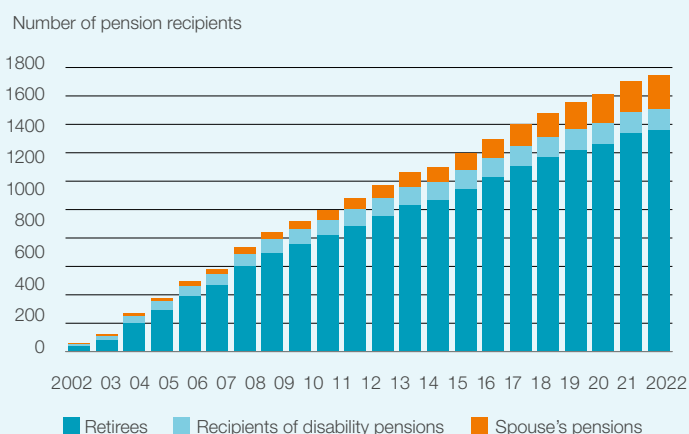
Fluctuation reserve

Liabilities must be covered at all times by appropriate assets. While liabilities are relatively stable, assets can be subject to considerable fluctuation in value. Fluctuation reserves serve to absorb asset losses on capital markets. The level of fluctuation reserves needed is determined using a financial economic method. The fluctuation reserve supports the pension fund to meet its liabilities over the long term. Therefore it contributes to the financial stability of the pension fund.

Economic funding ratio

Contrary to the above-mentioned funding ratio, liabilities are not discounted at the more stable discount rate but at a risk-free market interest rate on accrual basis. The interest rates of federal bonds may be taken as a basis for the risk-free interest rate.

Development of pensions



Miscellaneous

Exercise of voting rights

In spring 2023 the Syngenta Pension Fund exercised its shareholder's rights in the following companies and thereby approved all motions within the scope of the "Decree against excessive remunerations" issued by the corresponding Board of Directors:

- Allreal Holding AG
- Epic Suisse AG
- HIAG Immobilien AG
- MOBIMO Holding AG
- PLAZZA AG
- SF Urban Properties AG
- Swiss Prime Site AG
- Zug Estates Holding AG

Asset management costs

The asset management costs in the various mandates are comprised of direct and indirect costs. With direct costs the respective asset manager charges the pension fund for the services provided. These costs are recognized as an expense in the income statement. Such investments are always considered as "transparent". Indirect costs are management costs which are posted in the performance report. These investments can only be considered as transparent, if the costs are reported according to a cost calculation as stipulated by the Supervisory Commission for Occupational Benefits (OAK BV). If the cost report used by an asset manager and stated in the annual accounts does not comply with one of the calculation methods stipulated by the OAK, these investments are to be posted as "intransparent" investments even though the Pension Fund may have the relevant detailed information about the fund's cost structure.

In the annual report 2022 of the pension fund 98.75 % (previous year: 98.17 %) of the investment costs are considered to be transparent. 1.25 % – mainly alternative investments – are considered to be intransparent.

The Board of Trustees decides on whether to keep these investments considered as intransparent as part of the approval of the annual financial statement. This decision is not only influenced by cost considerations but the costs are also compared to the corresponding net revenue.

Web portal

Since September 2022, the monthly insurance certificate has been available to active members through the web portal of the Syngenta Pension Fund. The certificate is available in electronic form from the 25th of each month and can be printed or saved at any time. In principle, no more paper insurance certificates will be sent to the home address of active members. The web portal of the Syngenta Pension Fund is constantly being further developed and in spring 2023 active members were able to change their employee contribution scale online via the Syngenta Pension Fund web portal.

Contact address

Do you have any questions about your
Pension Fund or do you need some expert advice?
Don't hesitate to contact us:

Phone +41 61 323 51 17
pensionskasse.info@syngenta.com
www.pensionskasse-syngenta.ch