

PKE
CPE



2022 ANNUAL REPORT
SUMMARY



PKE Energy Pension Foundation

Key figures

| | 2022 | 2021 |
|--|--------|--------|
| Number of active participants and pensioners | 26 777 | 26 261 |
| Affiliated employers | 210 | 216 |
| Balance sheet total (in CHF million) | 10 790 | 12 102 |
| Collective pension fund coverage ratio | 107.7% | 125.2% |
| Overall foundation coverage ratio | 107.6% | 124.6% |
| Performance | −9.7% | 10.5% |

Negative returns but a positive outlook

After the exceptional year we had in 2021, another outlier followed, though, unfortunately, developments took the opposite direction. With a return of -9.7%, 2022 was PKE's worst investment year since the 2008 financial crisis. What was successful was that PKE outperformed the benchmark by 1.9 percentage points.

Thanks to the Foundation Board's cautious and consistent policies, PKE continues to have sufficient reserves and stable finances, reporting a coverage ratio for the collective pension fund of 107.7%.

This enables the Foundation Board to award interest to retirement savings capital that exceeds the minimum pension interest rate stipulated by the federal government of 1.0% once again in 2023, namely 2.0%.

The future remains challenging and interesting. Thanks to interest rates having increased on the capital markets, the situation for pension funds has relaxed and the outlook in terms of returns has improved. This also means that the reform of the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG), which does not cast policy-makers in the best light, is no longer crucial. The second pillar is and shall remain a strong component of retirement pension provision.

We would like to take this opportunity to thank all affiliated companies and our insured members for their trust and support.

PKE Energy Pension Foundation



Martin Schwab
President of the Foundation Board



Ronald Schnurrenberger
Chief Executive Officer

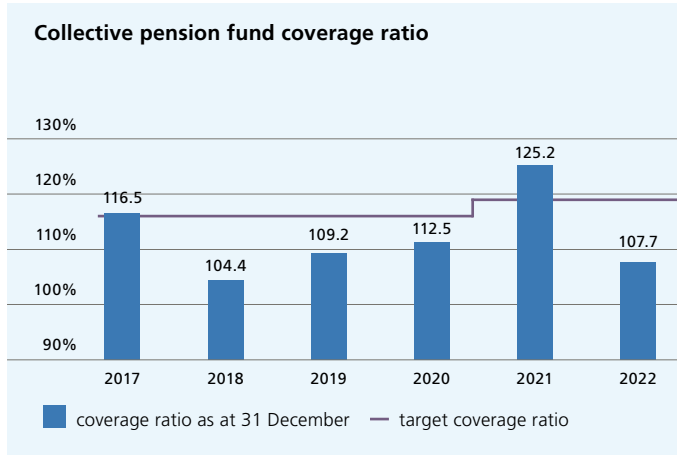


Martin Schwab
President of the Foundation Board



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Chief Executive Officer

Pension coverage



PKE offers various pension plans, tailored to meet the diverse needs of the affiliated companies. All pension plans work on the basis of defined contributions for pension payments and of defined benefits for risk benefits.

Contributions and benefits across all pension plans are significantly higher than the minimum stipulated by the federal government. Benefits are financed through employer contributions, contributions from active participants and capital income. As an independent pension fund, PKE carries all of its own insurance-related risks.

Alongside the collective pension fund, PKE encompasses two individual pension funds as it did the previous year, each catering to one or more employers. The collective pension fund accounts for approximately 95% of PKE's obligations with a coverage ratio of 107.7% as of 31 December 2022 (125.2% the previous year). The other pension funds report coverage ratios between 105% and 115%.

In the insurance-related report dated 31 December 2022, our external occupational pension expert confirms that PKE provides sufficient security to cover its obligations.

Over a five-year period that commenced on 1 October 2019, the conversion rate is being incrementally lowered to 5.0% at age 65.

Interest of 2% for 2023

Thanks to the non-committed funds existing at that time, PKE applied a high one-off interest rate of 7.0% to the assets held in the collective pension fund in 2022. Due to the negative return in 2022, there are now no non-committed funds available. Unfortunately, the financial situation, i.e. the coverage ratio of PKE, thus no longer allows for the repeat application of such an extraordinarily high interest rate.

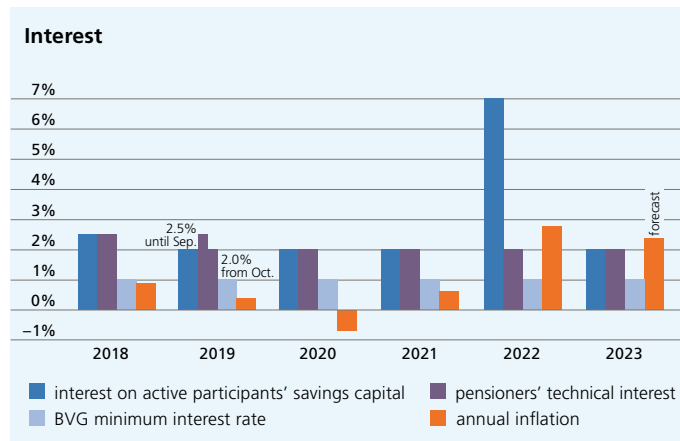
On 30 November 2022, the Foundation Board therefore decided to once again apply an interest rate of 2.0% to its insured members' retirement savings capital in 2023, as has been the case in previous years. This is higher than the minimum pension interest rate stipulated by the federal government of 1.0%.

Interest rates applicable to the assets of those members insured by an individual pension fund are set by the Pension Committees of the respective companies.

Adjustment of pensions

Based on the applicable legal requirements, the Foundation Board has decided not to increase fixed pensions for 2023. Unfortunately, PKE's financial situation cannot accommodate an adjustment for inflation.

Pensioners receiving a two-part pension received a 10% higher pension from 1 April 2022 to 31 March 2023 in the collective pension fund, as the coverage ratio had risen to over 125% as at 31 December 2021. This temporary increase ceases to apply from 1 April 2023, as the coverage ratio at the end of 2022 is below the level required for this.



Number of beneficiaries

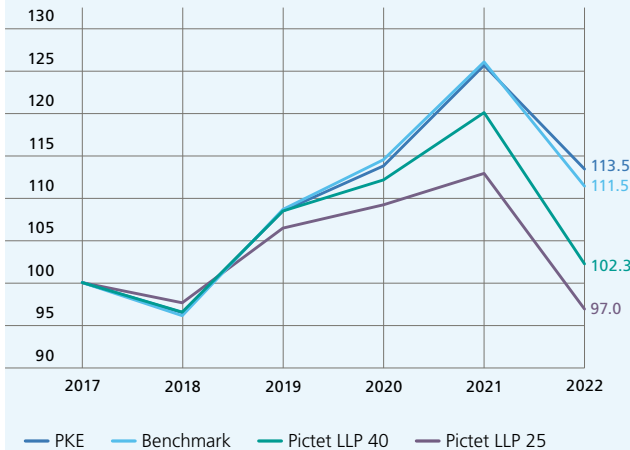
As at 31 December 2022, 17 802 active participants and 8 975 pensioners were registered with PKE (17 333 and 8 928 respectively the previous year). Pensioners therefore account for 33.5% (34.0% the previous year).

Asset investments

Cumulative performance

2018–2022 development

Indexed (31 December 2017 = 100)



“Annus horribilis” 2022

Last year, the world – Europe in particular – endured the most serious energy crisis since the 1970s, triggered by Russia’s invasion of Ukraine. In addition, inflation reached two digits, causing central banks around the world to tighten their monetary policy more than they had in 40 years.

As a result, the financial markets recorded severe setbacks. Increasing interest rates coupled with falling share prices led to almost all asset classes suffering significant losses.

Shares and bonds negative – real estate and infrastructure positive

The most negative return at –4.7% was recorded for the asset class “global shares”, followed by “emerging market shares”, which came in at –1.6%. Increasing interest rates also led to negative returns for “CHF bonds” and “global bonds”. Conversely, developments in direct real estate investments were pleasing. Along with the asset class “infrastructure”, they yielded positive returns, thus stabilising the portfolio.

Performance well over the benchmark

With an investment return of –9.7%, PKE was able to clearly exceed the benchmark of –11.6%. What is pleasing is that the majority of asset classes recorded excess returns. We would particularly like to mention the outperformance posted by “global shares”. Overall, investment year 2022 demonstrated that our strategy and its implementation by PKE is able to weather storms.

PKE's financial situation

Due to the negative return and the high interest rate of 7.0% applied to retirement savings, the collective pension fund's coverage ratio has decreased from 125.2% at the end of 2021 to 107.7% at the end of 2022. Thanks to the Foundation Board's cautious and consistent policies to date, PKE nonetheless continues to have sufficient reserves and stable finances.

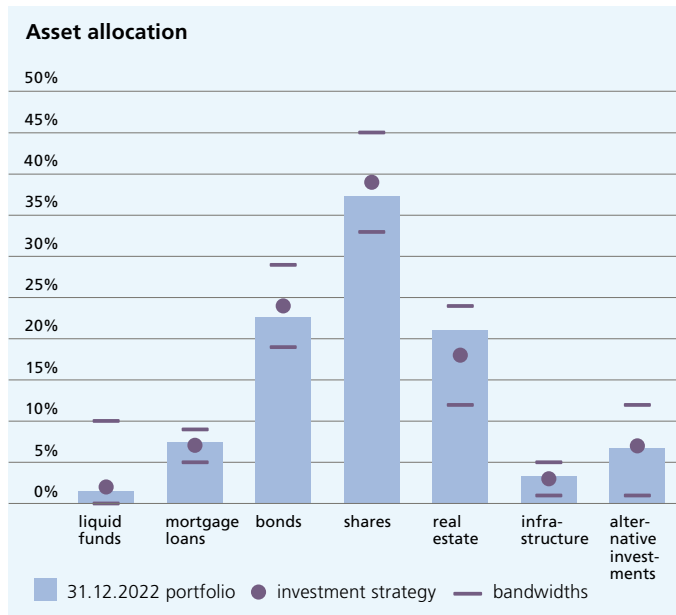
Outlook

Risks remain high in the new investment year. War in Ukraine is ongoing, with no end in sight. Although inflation has peaked, normality has far from returned. In the first half of the year, central banks may continue to tighten their monetary policies, running the risk of a potential recession. It is too soon to tell whether we will encounter a soft landing or enter into a deep recession. The uncertainty on the capital markets and in the banking system is particularly noteworthy. Current events in the banking sector have not had any negative impact on PKE's assets to date.

Although risk currently appears high and future economic developments are difficult to predict, the corrections of the past year mean that various investment opportunities may open up on the financial markets. Overall, however, we must wait and see how central banks proceed with the tightening of monetary policy.

Sustainability

PKE pursues a reliable, long-term investment strategy oriented towards returns. PKE's understanding of "sustainable investment" means,



whenever possible, bearing in mind environmental and social criteria as well as considerations of corporate governance during decision-making, alongside the usual financial indicators.

Investment strategy and portfolio

All assets held by PKE's pension funds are invested as a whole in line with a uniform investment strategy. The Foundation Board is responsible for the setting of and adherence to the investment strategy, while the Investment Committee is responsible for its implementation.

STATUTEN
der
**Pensionskasse Schweizer Elektrizitäts-
werke (P. K. E.).**
(Vom 2. Juni 1922.)

I. Name, Zweck und Sitz der Kasse.
§ 1.

Die Pensionskasse Schweizerischer Elektrizitätswerke, im folgenden „Kasse“ genannt, ist eine Genossenschaft im Sinne des schweizerischen Obligationenrechtes.

Die Kasse bezweckt die Versicherung ihrer Mitglieder gegen die wirtschaftlichen Folgen von Invalidität, Alter und Tod gemäß den nachfolgenden Bestimmungen. Sie erstrebt keinen Gewinn.

§ 2.

Der Sitz der Kasse ist in Zürich, am Sitze des Verbandes Schweizerischer Elektrizitätswerke.

§ 3.

Die Verantwortlichkeiten der Kasse haften nur diese Haftbarkeit.
Sinnliche Haftung der Mit-
glieder (§ 4) ist

HOTEL SCHWEIZERHOF

HOTEL SCHWEIZERHOF

CAFE

RESTAURANT

RESTAURANT



IT ALL STARTED AT HOTEL SCHWEIZERHOF IN OLTEN

For 100 years, PKE has been dedicated to providing affiliated companies, their employees and pensioners with optimum pension provision.

On 27 June 1922, PKE was founded at Hotel Schweizerhof in Olten. Looking back on its modest beginnings with capital of just CHF 11 000, the fund now boasts almost 27 000 insured members, making it one of Switzerland's major pension providers.

PKE continues to offer its insured members sustainably financed, reliable pension provision to this day.

Balance sheet

as per 31 December in CHF million

| Assets | 2022 | 2021 |
|---|-----------------|-----------------|
| Liquid funds | 218.6 | 181.3 |
| Bonds | 2 414.6 | 2 769.1 |
| Mortgage loans | 812.5 | 766.9 |
| Shares | 3 975.1 | 4 826.4 |
| Real estate | 2 259.3 | 2 250.7 |
| Infrastructure | 356.1 | 267.8 |
| Alternative investments | 713.0 | 961.0 |
| Investments | 10 749.2 | 12 023.2 |
| Accrued income and accounts receivable | 40.6 | 79.0 |
| Total assets | 10 789.8 | 12 102.2 |
| Liabilities | 2022 | 2021 |
| Liabilities, employer-paid contribution reserve | 106.4 | 97.5 |
| Active participants' liabilities | 4 863.3 | 4 503.5 |
| Pensioners' liabilities | 4 279.8 | 4 286.5 |
| Actuarial reserves | 785.3 | 841.2 |
| Pension liabilities and actuarial reserves | 9 928.4 | 9 631.2 |
| Reserve for fluctuations in asset value pension funds | 755.0 | 1 798.4 |
| Total non-committed funds pension funds | – | 575.1 |
| Total liabilities | 10 789.8 | 12 102.2 |

Operating account

from 1 January to 31 December in CHF million

| | 2022 | 2021 |
|---|-----------------|----------------|
| Ordinary and other contributions and transfers-in | 372.9 | 351.3 |
| Entry lump-sum transfers | 207.0 | 190.7 |
| Inflow from contributions and entry lump-sum transfers | 579.9 | 542.0 |
| Regulatory benefits | -445.6 | -412.8 |
| Termination benefits | -288.2 | -195.6 |
| Outflow for benefits and withdrawals | -733.8 | -608.4 |
| Decreases (+)/increases (-) in pension liability, actuarial reserves and contribution reserves; interest; security fund | -291.0 | 116.4 |
| Net result of insurance activities | -444.9 | 50.0 |
| Investment income | -1 084.4 | 1 218.4 |
| Asset management costs | -81.3 | -75.5 |
| Net return on investments | -1 165.7 | 1 142.9 |
| Administrative expenses | -7.8 | -6.8 |
| Income surplus / expense surplus (-) before adding to or releasing from reserves for fluctuations in asset value | -1 618.4 | 1 186.1 |
| Decrease (+)/increase (-) in reserve for fluctuation in asset value pension funds | 1 043.3 | -612.1 |
| Income surplus / expense surplus (-) pension funds | -575.1 | 574.0 |
| Decrease (+)/increase (-) in non-committed funds pension funds | 575.1 | -574.0 |
| Income surplus / expense surplus | - | - |

Basic principles and organisation

PKE is a foundation in accordance with the Swiss Civil Code (ZGB) and the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG). It insures both mandatory and non-mandatory occupational pension benefits. The foundation is an independent, all-inclusive pension fund. Contributions and benefits exceed the legal minimums.

PKE is structured as a collective foundation. It features on the canton of Zurich's register of occupational pension providers and is affiliated to the BVG security fund.

Foundation Board

The twelve members of the Foundation Board have been elected for the period ending in 2025. It is self-constituting. Its members are (as of 31 December 2022):

Employer representatives

| | |
|--------------------------|---|
| Martin Schwab, President | CKW AG, Lucerne |
| Luca Baroni | Alpiq AG, Olten |
| Alain Brodard | Groupe E Connect SA, Granges-Paccot |
| Gian Domenico Giacchetto | Ofima e Ofible, Locarno |
| Joris Gröflin | Axpo Services AG, Baden |
| Yannick Hanselmann | Elektrizitätswerke des Kantons Zürich, Zurich |

Employee representatives

| | |
|--------------------------------------|---|
| Christophe Grandjean, Vice President | Groupe E SA, Granges-Paccot |
| Marco Balerna | Azienda Elettrica Ticinese, Monte Carasso |
| Monika Lettenbauer | Axpo Services AG, Baden |
| Peter Oser | Elektrizitätswerke des Kantons Zürich, Zurich |
| Adrian Schwammbberger | AEW Energie AG, Aarau |
| Mike Weidner | Axpo Solutions AG, Baden |

Committees

PKE has formed committees comprised of equal numbers of Foundation Board employer and employee representatives. These are:

- the Investment Committee
- the Human Resources Committee

In addition, an external member is represented in the Investment Committee.

Executive Board

(Status as of 31 December 2022)

Ronald Schnurrenberger, Chief Executive Officer and Insurance Team Leader

Marcel Jörger, Chief Investment Officer

Stephan Voehringer, Chief Operating Officer

Auditors, experts, supervisory authority

Auditors

KPMG AG, Zurich

Occupational pension experts

Libera AG, Zurich

Supervisory authority

BVG- und Stiftungsaufsicht des Kantons Zürich (BVS), Zurich

Further information

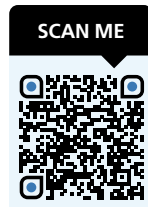


You can find the detailed 2022 annual report on our website at www.pke.ch, available in German, French and Italian under → “Über uns” → “PKE auf einen Blick” → “Geschäftsberichte” or the equivalent tabs.

We work in a sustainable and responsible manner. You can find the Sustainability Report on our website along with the Annual Report.

Please feel free to visit our website, the current and contemporary information platform for employees, pensioners and employers. For more information on current retirement planning topics, be sure to take a look at our quick and simple explanatory videos.

Have your benefits and contributions calculated any time at www.pke.ch/online.



Commemorative publication “100 years of PKE”

On the occasion of our anniversary, we have issued a commemorative publication on PKE’s history. You can download the respective PDF in German, French or Italian: www.pke.ch → “Über uns” → “Kontakt & Information” → “100 Jahre PKE”.

Would you prefer a paper copy? Please feel free to order one:
+41 (0)44 287 92 92, info@pke.ch

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Freigutstrasse 16
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www.pke.ch

Phone 044 287 92 92
info@pke.ch

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Photos:

Cover image: Workers on the Wägital power plant Schräh dam on 6 May 1922. A concrete wall with a cubage of approx. 230 000 m³ was built in the rocky narrows on the border between Vorderthal and Innerthal. The excavation for the foundations took a little over a year. Axpo Holding AG.

Pages 8/9: Postcard dated 1912. Private collection, Olten.

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Freigutstrasse 16

8027 Zurich

www.pke.ch

Phone 044 287 92 92

info@pke.ch