



AXA Foundation for Occupational Benefits,
Principality of Liechtenstein

Annual Report 2023

AXA Foundation for Occupational
Benefits, Principality of Liechtenstein

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“The Board of Trustees seeks to invest the funds entrusted to it on a sustainable basis.”

The Board of Trustees of the
AXA Foundation for Occupational Benefits,
Principality of Liechtenstein

Foreword by the Board of Trustees on the 2023 Annual Report

Dear reader

Taking responsibility for safeguarding the interests of insureds is the primary task of the Board of Trustees. The Board has been fulfilling this task for over 40 years, as a reliable partner at the side of clients in the Principality of Liechtenstein.

The financial markets have presented the Board of Trustees with multiple challenges in recent years. Geopolitical uncertainty, inflationary pressures, and rising interest rates all had an impact on investments in 2022 and 2023.

Encouragingly, however, a recovery began on financial markets towards the end of 2023, with stock exchanges enjoying a rally in the final weeks of December. Thanks to a well-balanced, diversified strategy, the Foundation generated a performance of 6.03% with its investments. This performance led to an improvement in the coverage ratio from 100.1% to 103.8%, thus significantly improving the Foundation's security. In addition, the Board of Trustees was able to provide additional interest of 0.5% on

“With a coverage ratio of 103.8%, plus a healthy financial and structural backdrop, our Foundation is on a very sound footing.”

top of the base interest rate. In total, insureds received an average interest rate of 2.3% on their retirement assets between 2019 and 2023.

As a Board of Trustees, our focus is on ensuring the sustainable financial stability of our Foundation at all times. Foresighted leadership with an emphasis on security is particularly important at times of ongoing uncertainty.

With a coverage ratio of 103.8%, plus a healthy financial and structural backdrop, our Foundation is on a very sound footing. It also has a healthy age structure and a comparatively low proportion of pensioners. Rising life expectancy and high conversion rates mean that a portion of the investment income from insureds who are still employed must be redistributed to those who are retired.

This redistribution is set to accentuate over the next few years. The Board of Trustees intends to counter this development by ensuring the Foundation's lasting stability and performance for future generations too. It has therefore decided to undertake a modest, gradual adjustment of the conversion rate over several years. This lets insureds plan ahead and offers the prospect of additional interest in the future. At the same time, the Board of Trustees is securing the Foundation's long-term financial stability.

As a major investor, the Foundation also has a responsibility towards the environment. It therefore seeks to invest the funds entrusted to it on a sustainable basis. Our aim here is to create transparency in relation to the investments and for the first time to produce a Sustainability Report as part of our Annual Report.

The Board of Trustees wishes to thank you for your trust and looks forward to continuing to serve you as a trusted partner.

For the Board of Trustees of the AXA Foundation for Occupational Benefits, Principality of Liechtenstein

Dennis Waech
Chair of the Board of Trustees
AXA Foundation for Occupational Benefits, Principality of Liechtenstein

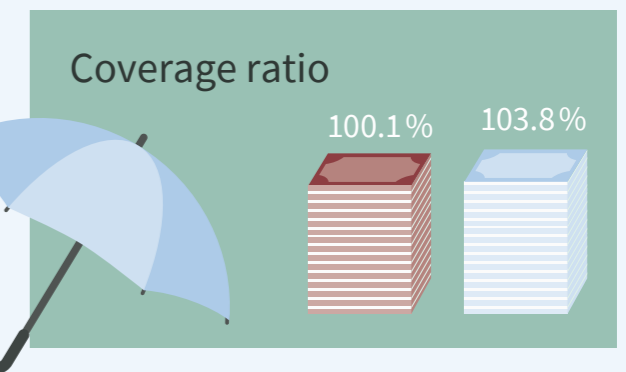
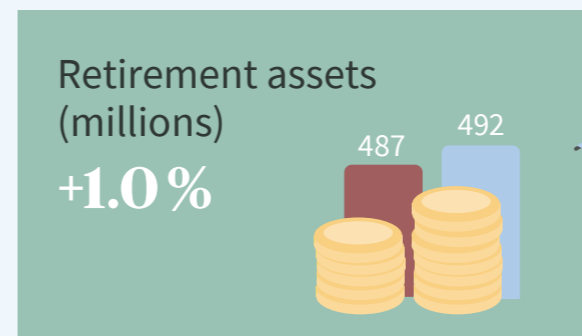
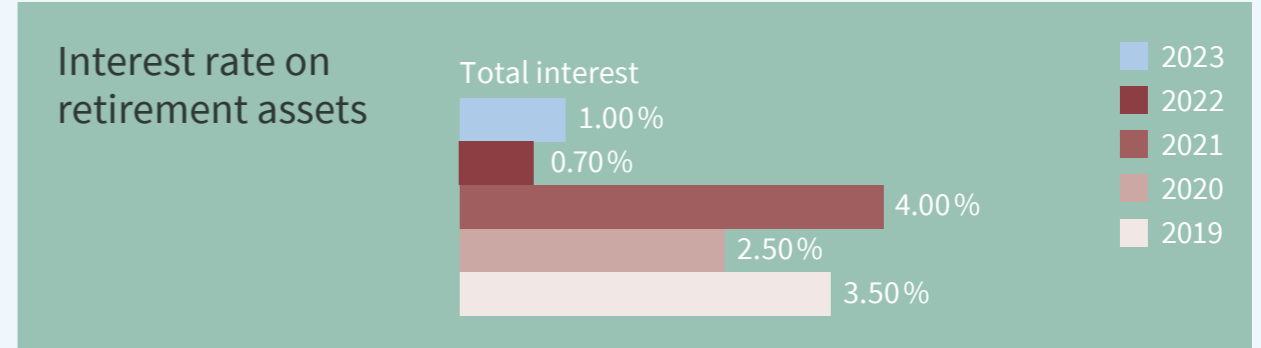
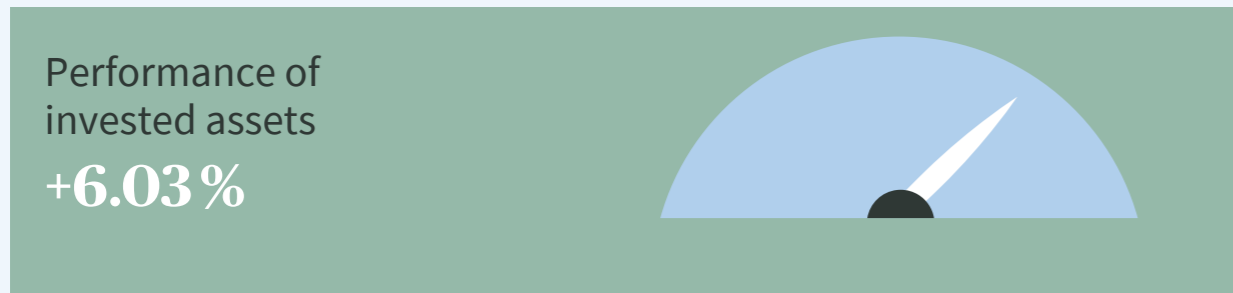
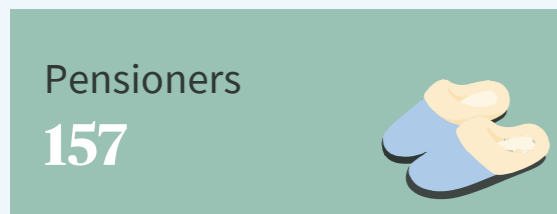
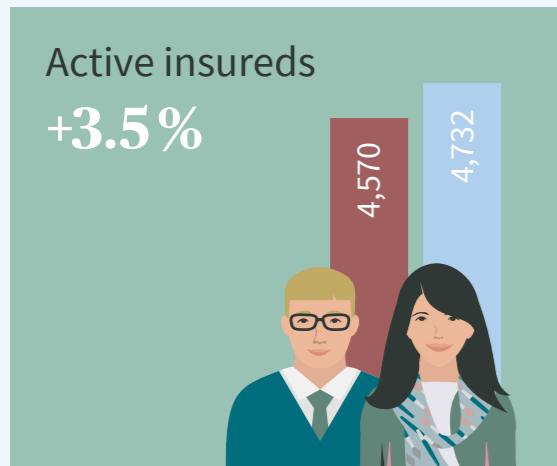


Dennis Waech
Chair of the Board of Trustees of the AXA Foundation for Occupational Benefits, Principality of Liechtenstein

Facts & Figures 2023

2022

2023



Balance sheet

in CHF	Index explanatory notes	31.12.2023	31.12.2022
Assets			
Investments	6.4	610'283'527.12	569'785'554.87
Accounts receivable	7.1.1	3'733'550.51	3'208'544.07
Assets with AXA Life Ltd.	7.1.2	905'341.65	895'900.23
Accounts receivable from affiliated employers	6.11.1	1'819'023.07	3'160'564.27
./. Del credere		0.00	-6'826.00
Prepayments and accrued income	7.1.3	366'780.86	364'083.36
Total assets		617'108'223.21	577'407'820.80
Liabilities			
Liabilities		28'266'788.24	39'504'551.36
Vested termination benefits accounts and pensions	7.2.1	28'056'631.89	36'063'014.55
Prepaid contributions from affiliated employers		175'766.75	3'396'079.76
Other liabilities	7.2.2	34'389.60	45'457.05
Accrued liabilities and deferred income	7.2.3	81'357.85	77'711.90
Employer-paid contribution reserve	6.11.2	102'894.85	46'780.80
Non actuarial reserves		0.00	0.00
Pension liabilities and actuarial reserves		566'600'018.96	536'773'957.10
Active participants' liabilities	5.3.1	492'353'829.51	487'470'341.73
Pensioners' liabilities	5.4.1	62'344'728.45	38'315'870.37
Actuarial reserves	5.5.1	11'901'461.00	10'987'745.00
Reserve for fluctuations in asset value of Foundation	6.3.1	21'742'536.24	688'082.72
Non-committed funds (unallocated assets) of occupational benefits funds		314'627.07	316'736.92
Non-committed funds at the beginning of the period		316'736.92	308'737.72
Expense/income surplus of occupational benefits funds (net)		-2'109.85	7'999.20
Non-committed funds of Foundation		0.00	0.00
Balance at the beginning of the period		0.00	17'600'850.35
Expense surplus of Foundation		0.00	-17'600'850.35
Total liabilities		617'108'223.21	577'407'820.80

Financial statements 2023

Operating account

in CHF	Index explanatory notes	2023	2022
Ordinary and other contributions and transfers			
Employee contributions	7.3.1	18'773'278.10	18'580'775.00
Employer contributions	7.3.1	27'137'579.98	25'300'891.35
of which withdrawal from employer-paid contribution reserve to finance contributions	6.11.2	-333.60	-35'694.20
One-time payments and purchase amounts		3'281'546.60	3'281'122.40
Transfers to employer-paid contribution reserve	6.11.2	56'447.65	6'403.20
Entry lump sum transfers			
Vested termination benefits transfers		59'294'546.45	57'961'414.03
Reimbursements of withdrawals for divorce		199'275.20	25'047.70
Inflow from contributions and entry lump-sum transfers		108'742'340.38	105'119'959.48
Regulatory benefits			
Retirement pensions	7.3.2	-5'987'182.10	-5'258'159.80
Survivors' pensions	7.3.3	-667'131.70	-613'609.55
Disability pensions		-1'586'266.50	-1'680'296.00
Lump-sum benefits on retirement		-14'153'562.85	-7'595'529.30
Lump-sum benefits on death or disability		-562'187.50	-1'681'140.25
Termination benefits			
Vested termination benefits for leavers	5.3.1	-66'770'764.25	-58'468'809.15
Divorce	7.3.4	-639'513.03	-540'408.60
Outflow for benefits and withdrawals		-90'366'607.93	-75'837'952.65
Increase in pension liabilities, actuarial reserves, and contribution reserves			
Increase in active participants' liabilities (net)		-344'346.18	-24'855'229.13
Change in pensioners' liabilities (net)		-24'028'858.08	-7'077'260.11
Increase in actuarial reserves of the Foundation		-913'716.00	-497'143.00
Interest on active participants' liabilities		-4'539'141.60	-3'035'070.94
Increase/decrease in employer contribution reserves		-56'114.05	29'291.00

in CHF	Index explanatory notes	2023	2022
Income from insurance benefits			
Insurance benefits	7.3.5	6'983'952.90	7'815'061.50
Share of insurance surpluses	5.6	0.00	988'322.00
Insurance cost			
Risk premium		-5'848'109.10	-5'294'773.80
Cost premium	7.3.6	-2'047'494.55	-2'101'773.15
One-time contributions to insurances		-42'286.25	-128'701.05
Contributions to the Guarantee Fund		-14'068.70	-28'390.85
Net result of insurance activities		-12'474'449.16	-4'903'660.70
Net return on investments			
Net return on investments	6.9	36'707'337.59	-73'204'876.69
Other income from assets		11'386.60	8'855.47
Administration cost of investments	6.10.1	-2'853'737.23	-2'649'144.04
Other income			
Income from services rendered	7.3.7	44'607.35	43'074.40
Other income	7.3.8	21'034.72	13'332.70
Other expenses			
Administration expenses			
General administration expenses		-258'639.35	-171'125.30
Auditor's costs		-24'792.55	-25'600.30
Costs of occupational pensions actuary		-27'835.95	-21'045.60
Supervisory authorities' costs		-31'838.70	-30'065.45
Income/expense surplus prior to increase/decrease in reserves for fluctuations in asset value		21'052'343.67	-81'072'352.93
Increase/decrease in reserves for fluctuations in asset value		-21'054'453.52	63'479'501.78
Expense surplus			
Expense/income surplus of occupational benefits funds (net)	7.3.10	-2'109.85	7'999.20
Expense surplus of Foundation	7.3.11	0.00	-17'600'850.35

Notes to the financial statements 2023

Explanatory notes

1 Explanatory notes

1.1 Legal form and purpose

On May 7, 1982, "Winterthur" Life Insurance Company in Winterthur formally established a foundation as defined by Art. 552 ff. of the Liechtenstein Persons and Companies Act (PGR) under the name "Stiftung der Winterthur-Leben für betriebliche Vorsorge im Fürstentum Liechtenstein" (Foundation of Winterthur Life for Occupational Benefits in the Principality of Liechtenstein). The present name of the Founder is AXA Life Ltd. The present name of the Foundation is AXA Foundation for Occupational Benefits, Principality of Liechtenstein.

The Foundation has its registered office in Vaduz.

The purpose of the Foundation is to protect employees and employers of affiliated companies in accordance with its regulations against the economic consequences of loss of earnings resulting from old age, disability, or death. To this end, it manages benefits in accordance with the provisions governing mandatory and voluntary occupational benefits insurance.

1.2 Subject to BPVG

The Foundation is subject to the law of 20 October 1987 governing occupational pension provision (BPVG). This law specifies the minimum requirements for mandatory provision of occupational retirement, disability, and survivors' benefits. Furthermore, it contains general provisions governing mandatory and voluntary occupational benefits insurance.

The Foundation pays contributions to the BVG (LOB) Guarantee Fund in Switzerland for the purpose of insolvency insurance and is registered under no. FL 8.

1.3 Details on the document and regulations

	Version
Deed of foundation	2019
Occupational benefits fund regulations/occupational benefits plans	01.01.2023
Regulations on surplus participation	01.01.2021
Business regulations of the Board of Trustees	01.01.2021
Regulations on the partial and total liquidation of occupational benefits funds	01.01.2019
Regulations on the partial liquidation of a collective foundation	01.01.2019
Cost regulations	01.01.2017
Regulations on the formation of provisions and reserves	01.01.2019
Investment regulations	01.06.2021

1.4 Supervisory board, authorized signatories, committees and management**Board of Trustees**

Members	Function	Term of office
Dennis Waech	Chair	2022 - 2024
Dr. Rolf Steiner		2021 - 2024
Rolf Brazerol (until December 31, 2023) ¹⁾		2021 - 2023
Bernd Wurster		2021 - 2024

¹⁾ The Founder appointed Felix Tromp as successor to Rolf Brazerol effective January 1, 2024.

Documents must be signed by two trustees to be legally binding.

Occupational Benefits Fund Commission (OBFC)

The management bodies of the separately managed occupational benefits funds for affiliated employers. These bodies consist of an equal number of employee and employer representatives.

Management

Managing Director	Irene Spalinger, AXA Life Ltd
Deputy Managing Director	Barbara Striegel, AXA Life Ltd
Management company, administration, bookkeeping and distribution	AXA Life Ltd, Winterthur

1.5 Occupational pensions actuary, auditor, supervisory authority

Occupational pensions actuary	Contractual partner: Libera AG, Basel Appointed actuary: Martin Hänggi
Auditors	KPMG (Liechtenstein) AG, Vaduz
Supervisory authority	Financial Market Authority Liechtenstein, Vaduz

1.6 Affiliated employers

(number of affiliation contracts)	2023	2022	Change in %
Balance as at January 1	785	729	7.68
Additions	94	98	
Withdrawals	-56	-42	
Balance as at December 31	823	785	4.84

2 Active members and pensioners

2.1 Active participants	2023	2022	Change in %
Balance as at January 1	4'570	4'311	6.01
Additions	1'514	1'558	
Withdrawals	-1'352	-1'299	
Balance as at December 31	4'732	4'570	3.54

2.2 Pension recipients

2.2.1 Pensions borne autonomously by the Foundation	Number on 31.12.2023	Additions Withdrawals 2023	Number on 31.12.2022
Retirement pensions	157	50 -2	109
Retired person's child's pensions	4	1 -1	4
Partner's pensions	1	1 0	0
Balance as at December 31	162		113

2.2.2 Reinsured Pensions	Number on 31.12.2023	Additions Withdrawals 2023	Number on 31.12.2022
Retirement pensions	248	0 -13	261
Retired person's child's pensions	2	0 0	2
Disability pensions	104	6 -11	109
Disabled person's child's pensions	42	7 -8	43
Partner's pensions	49	8 0	41
Orphan's pensions	20	1 -9	28
Term annuities	3	0 0	3
Balance as at December 31	468		487

Total as at December 31	630		600
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3 Implementation of objectives

3.1 Characteristics of the pension plans

The pension fund regulations issued by the Board of Trustees form the framework of the individual pension plans of the affiliated occupational benefits funds.

Each affiliated occupational benefits fund has issued a pension plan. It stipulates the type and amount of occupational benefits as well as the amount and composition of the contributions.

Pension conversion rates	2023	2022
women/men with retirement age 65	6.000 %	6.000 %

3.2 Financing, financing method

The financing of the occupational benefits fund depends on the individual pension plans of the pension funds.

3.3 Share of insurance surpluses

AXA Life Ltd. calculates the surplus participations annually in accordance with the Swiss statutory and supervisory provisions.

Details of the allocation of the share of surpluses are shown in point 5.6.

4 Significant accounting policies and valuation methods, consistency

4.1 Statement of compliance with Swiss GAAP FER 26

The balance sheet, operating account and explanatory notes on the annual financial statements are in accordance with the accounting recommendations of Swiss GAAP FER 26.

4.2 Significant accounting policies and valuation methods

The significant accounting policies and valuation methods are in compliance with the statutory provisions and are implemented as follows:

- Currency conversion:	Rates on the balance sheet date
- Liquid funds, accounts receivable, liabilities and deferrals/accruals:	Nominal value less necessary value adjustments
- Securities:	NAV on the balance sheet date
- Active participants' liabilities, pensioners' liabilities, and actuarial reserves:	In accordance with the regulations as well as the occupational pension actuary's calculations.
- Target value of the reserve for fluctuations in asset value:	Calculated by the value-at-risk method.

4.3 Changes in principles regarding valuation, bookkeeping, and financial accounting

None

5 Actuarial risks / risk benefit coverage / coverage rate

5.1 Type of risk benefit coverage, reinsurance

The actuarial risks of disability and death are reinsured under a group insurance contract with AXA Life Ltd. Since 2019, retirement and connected survivors' pensions have been autonomously provided by the Foundation. The costs of connected risks shall be borne by the Foundation.

5.2 Assets and liabilities from insurance contracts

Assets and liabilities from insurance contracts correspond to actuarial reserves arising from the group insurance contract, and are not recognized in the balance sheet.

Development of assets and liabilities from insurance contracts	2023 CHF	2022 CHF
Balance as at January 1	66'744'263.00	68'212'994.00
Change in actuarial reserves for pensioners	-1'363'339.00	-1'468'731.00
Balance as at December 31	65'380'924.00	66'744'263.00

5.3 Development and return on active participants' liabilities

Active participants' liabilities are the regulatory retirement assets of the insured persons.

5.3.1 Development of retirement assets	2023	2022
	CHF	CHF
Balance as at January 1	487'470'341.73	459'580'041.66
Retirement credits	38'769'905.46	37'032'270.15
Retirement credits from savings contribution exemptions	753'309.05	666'318.65
One-time payments and purchase amounts	3'281'546.60	3'281'122.40
Vested termination benefits transfers	59'294'546.45	57'961'414.03
Reimbursements of withdrawals for divorce	199'275.20	25'047.70
Further transfers ¹⁾	1'467.20	0.00
Vested termination benefits for leavers	-66'770'764.25	-58'468'809.15
Divorce	-639'513.03	-540'408.60
Decrease due to retirement (transfer to pensioners' liabilities)	-20'154'045.30	-6'827'609.80
Lump-sum benefits on retirement	-14'153'562.85	-7'595'529.30
Lump-sum benefits on death; other	-237'818.35	-678'586.95
Interest on retirement assets	4'539'141.60	3'035'070.94
Balance as at December 31	492'353'829.51	487'470'341.73

¹⁾ The position 'Further transfers' comprises transfers from the distribution of non-committed funds of occupational benefits funds and other change-related transfers not specified under other positions.

5.3.2 Interest on retirement assets

	2023	2022
	%	%
Interest on retirement assets	0.50 %	0.50 %
Supplementary interest on retirement assets ¹⁾	0.50 %	0.20 %
Total interest on retirement assets	1.00 %	0.70 %

¹⁾ In 2022 the supplementary interest was financed out of the share of surpluses from the risk process.

5.4 Development of pensioners' liabilities and actuarial reserves for pensioners

5.4.1 Autonomously invested pensioners' liabilities	31.12.2023	31.12.2022
	CHF	CHF
Retirement pensions	62'215'172.93	38'238'827.21
Retired person's child's pensions	84'990.58	77'043.16
Partner's pensions	44'564.94	0.00
Balance as at December 31	62'344'728.45	38'315'870.37
Number of pensions (see point 2.2.1 for details)	162	113

5.4.2 Development of autonomously invested pensioners' liabilities	2023	2022
	CHF	CHF
Balance as at January 1	38'315'870.37	31'238'610.26
Transfer of retirement assets on retirement	20'154'045.30	6'827'609.80
Pension payments	-2'582'868.30	-1'719'745.90
Retirement losses at expense of Foundation	5'347'256.95	1'819'066.50
Interest ¹⁾	880'780.24	608'601.71
Actuarial profit/loss, other changes	229'643.89	-458'272.00
Balance as at December 31	62'344'728.45	38'315'870.37

¹⁾ Annual interest on the arithmetic mean between pension liabilities at the beginning of the year and the end of the year.

5.4.3 Reinsured actuarial reserves for pensioners	31.12.2023	Increase Decrease	31.12.2022
	CHF	2023	CHF
Retirement pensions	42'931'659.00	0.00	46'167'413.00
		-3'235'754.00	
Retired person's child's pensions	10'768.00	0.00	11'847.00
		-1'079.00	
Disability pensions	11'772'666.00	1'998'384.00	11'303'480.00
		-1'529'198.00	
Disabled person's child's pensions	554'552.00	35'990.00	590'934.00
		-72'372.00	
Partner's pensions	9'577'050.00	1'726'545.00	8'050'200.00
		-199'695.00	
Orphan's pensions	396'276.00	103'602.00	443'756.00
		-151'082.00	
Term annuities	137'953.00	0.00	176'633.00
		-38'680.00	
Balance as at December 31	65'380'924.00		66'744'263.00
Number of pensions (see point 2.2.2 for details)	468		487

5.5 Composition of, development of, and explanation regarding actuarial reserves

5.5.1 Actuarial reserves

	31.12.2023	Increase Decrease	31.12.2022
	CHF	2023	CHF
Reserve for retirement losses	11'901'461.00	913'716.00	10'987'745.00
Balance as at December 31	11'901'461.00		10'987'745.00

The reserve for retirement losses serves to cover the financing gap between the available retirement assets at the time of retirement and the pension liabilities needed to cover the pension obligations.

Calculation of the reserve for retirement losses is governed by the regulations on the formation of provisions and reserves. The reserve is calculated by the occupational pensions actuary.

5.6 Share of insurance surpluses

In 2023, AXA Life Ltd did not pay out a share of surpluses from the group insurance contract (prior year: CHF 988,322.00).

5.7 Conclusions of the last actuarial report

The last actuarial report by Libera AG was produced on April 5, 2023, as at December 31, 2022. Among other things, the report determined that:

- The pension liabilities and actuarial reserves were calculated using the BVG 2020 generation tables as actuarial fundamentals and applying an actuarial interest rate of 1.75 %. The pension liabilities for reversionary spouse's pensions were calculated based on the group method.
- The use of the BVG 2020 generation tables as the actuarial fundamentals is deemed to be appropriate.
- The actuarial interest rate of 1.75 % to determine pensioners' liabilities and actuarial reserves is assessed as appropriate from today's perspective.
- With pension assets at CHF 537,462,040 and pension liabilities at CHF 536,773,957, the statutory coverage rate was 100.1 % as at December 31, 2022. The calculation of the coverage rate does not include the surrender values from insurance contracts.
- The actuarial reserves are in compliance with the regulations on the formation of provisions and reserves. The measures taken to cover the actuarial risks are considered appropriate.
- The target amount defined by the Board of Trustees in respect of the fluctuation reserve of 12.8 % of the autonomously invested pension liabilities and the actuarial reserves are deemed to be appropriate.
- The economic coverage rate as at Saturday, December 31, 2022 – which is determined on the basis of the interest rate curve employed for the Swiss Solvency Test (SST) and using the BVG 2020 generation tables – is 96.6 %.
- Based on the comprehensive risk assessment, the risk to the Foundation's long-term financial stability is determined to be average as at December 31, 2022.
- All regulatory actuarial provisions on benefits and financing meet the statutory requirements.
- As at December 31, 2022, the Foundation offers sufficient security to meet its actuarial obligations. It therefore satisfies the requirements of Art. 10 para. 1 BPVG.

5.8 Actuarial principles and other significant actuarial assumptions

5.8.1 Reinsurance coverage of risks

The Foundation has reinsured the actuarial risks of disability and death under a group insurance contract with AXA Life Ltd. The actuarial principles are based on the currently prevailing group life insurance rate of AXA Life Ltd. as approved by the Swiss Financial Market Supervisory Authority (FINMA).

5.8.2 Risks borne autonomously by the Foundation

Since 2019 the Foundation has provided current retirement and connected survivors' pensions at its own risk. As in the prior year, the actuarial calculations are performed in accordance with recognized principles using the BVG 2020 generation tables as actuarial fundamentals and applying an actuarial interest rate of 1.75 %.

5.9 Change in actuarial bases and assumptions

5.9.1 Reinsurance coverage of risks

A unisex rate was introduced based on the law amending the gender equality act (Gesetz über die Abänderung des Gleichstellungsgesetzes). The rate was adapted on January 1, 2023. The risk premium for death and disability risk benefits consequently declined slightly, although the amount of the risk premium depends not only on the basic rate but also on other factors such as the sector to which the employer belongs and, in the case of disability, the risk experience for the insured group of persons.

5.9.2 Risks borne autonomously by the Foundation

No change

5.10 Calculation of the coverage rates

	31.12.2023	31.12.2022
	CHF	CHF
Net assets at market values (pension assets)		
Assets	617'108'223.21	577'407'820.80
./. Liabilities	-28'266'788.24	-39'504'551.36
./. Accrued liabilities and deferred income	-81'357.85	-77'711.90
./. Employer-paid contribution reserve	-102'894.85	-46'780.80
./. Non-committed funds (unallocated assets) of occupational benefits funds	-314'627.07	-316'736.92
Total pension assets	588'342'555.20	537'462'039.82
Actuarial pension liabilities (PL)		
Active participants' liabilities	492'353'829.51	487'470'341.73
Pensioners' liabilities	62'344'728.45	38'315'870.37
Actuarial reserves	11'901'461.00	10'987'745.00
Total PL	566'600'018.96	536'773'957.10
Foundation coverage rate	103.8 %	100.1 %

The coverage rate of the individual occupational benefits funds is dependent on any available non-committed funds and may, therefore, deviate from the coverage rate of the Foundation.

6 Comments on investments and net return on investments

6.1 Organization of investment activities, investment advisor, investment manager, and investment rules and regulations

The principles and guidelines governing the organization of investment activities and asset management are contained in the investment regulations.

Management of the Foundation's assets

The Board of Trustees is responsible for the investment of the Foundation's assets. It seeks advice from independent investment experts.

Independent investment advisor and Investment controller	PPCmetrics AG, Zürich
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The Board of Trustees has appointed AXA Insurance Ltd. to invest the Foundation's assets and has awarded an asset management mandate accordingly.

Asset management by AXA Insurance Ltd

Asset manager	AXA Insurance Ltd, Winterthur
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The AXA Foundation for Occupational Benefits, Principality of Liechtenstein, as an occupational benefits institution, is the sole investor of the single investor fund "AXA Strategy Fund FL". "AXA Strategy Fund FL" is a subfund of the contractual umbrella fund "AXA Strategiefonds II". The umbrella fund is aimed exclusively at qualified investors within the meaning of Art. 10 para. 3 CISA in conjunction with Art. 4 para. 3 FinSA.

Adopting an active approach, the subfund "AXA Strategy Fund FL" invests in Swiss and international shares, alternative investments, real estate, and bonds within the current provisions of the law governing occupational pensions (BPVG/BPVV).

Fund management of the single-investor fund	Credit Suisse Funds AG, Zurich
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Investment manager per asset class as at December 31, 2023

Asset class	Investment manager	Registration
Bonds CHF	AXA Investment Managers Switzerland Ltd., Zurich	FINMA (Switzerland)
	Lombard Odier Asset Management (Switzerland) SA, Petit Lancy	FINMA (Switzerland)
FC bonds (hedged)	PIMCO Europe GmbH, Munich, with some delegation to Pacific Investment Management Company LLC, Newport Beach	BaFin (Germany)/SEC (USA)
	Zürcher Kantonalbank, Zurich	FINMA (Switzerland)
	AXA Investment Managers Paris SA, Paris	AMF (France)
	JP Morgan Asset Management (UK) Limited, London	FCA (UK)
Mortgages CHF	Credit Suisse Asset Management (Switzerland) Ltd., Zurich	FINMA (Switzerland)
Swiss equities	Credit Suisse Asset Management (Switzerland) Ltd., Zurich	FINMA (Switzerland)
	Lombard Odier Asset Management (Switzerland) SA, Petit Lancy	FINMA (Switzerland)
Global equities	UBS AG, Asset Management, Zurich	FINMA (Switzerland)
Emerging market equities	UBS AG, Asset Management, Zürich	FINMA (Switzerland)
Swiss real estate	Credit Suisse Asset Management (Switzerland) Ltd., Zurich	FINMA (Switzerland)
	Immofonds Asset Management AG, Zurich	FINMA (Switzerland)
	UBS AG, Asset Management, Zürich	FINMA (Switzerland)
Global real estate (hedged)	AXA Investment Managers Real Estate, Paris	AMF (France)
	CBRE Global Investors, LLC, Los Angeles	SEC (USA)
	M&G Lux (M&G Limited), Luxembourg	CSSF (Lux)
	LaSalle Investment Management SAS, Paris	AMF (France)
Alternative investments	AXA Investment Managers Paris SA, Paris	AMF (France)
	StepStone Group Europe Alternative Investments Ltd., Dublin, with delegation of advisory to Swiss Capital	CBI (Ireland) FINMA (Switzerland)
	Alternative Investments AG, Zurich	FINMA (Switzerland)
	Ardian France SA, Paris	AMF (France)

Account / custody account management

The accounts and custody accounts are managed by Credit Suisse (Schweiz) AG.

6.2 Availment of expanded investment possibilities (Art. 31 BPVV) with conclusive proof of compliance with security and risk distribution (Art. 21 BPVV)

The investment regulations provide that expansions of investment possibilities within the meaning of Art. 31 BPVV may be availed of. No use was made of this option in the reporting year.

6.3 Target reserve for fluctuations in asset value and calculation of the reserve

The Foundation's target reserve for fluctuations in asset value is determined using the value-at-risk method. The appropriateness of the target value is reviewed by the Board of Trustees periodically, or when exceptional events so require, and, if necessary, adjusted. A level of certainty of 95 % over a period of one year is aimed for.

The Board of Trustees has set the Foundation's target reserve for fluctuations in asset value as in the previous year at 12.8 % of the autonomously invested liabilities for active insured members and pensioners and the actuarial reserves.

6.3.1 Reserve for fluctuations in asset value of the Foundation	31.12.2023	31.12.2022
	CHF	CHF
Reserve for fluctuations as shown in the balance sheet	21'742'536.24	688'082.72
Target amount of reserve for fluctuations	72'524'802.43	68'707'066.51
Shortfall in reserve for fluctuations (reserve deficit)	50'782'266.19	68'018'983.79
Reserve for fluctuations as % of the target amount	30.0%	1.0%

6.4 Breakdown of investments into investment categories

Asset class	31.12.2023		Strategy in %	Bandwidth	
	CHF	in %		min.%	max.%
Liquidity CHF	27'423'825	4.48	1	0	10
CHF bonds and CHF mortgages	104'107'238	17.06	18	14	22
Foreign currency bonds (hedged)	117'712'333	19.29	21	17	25
High Yield Bonds (hedged)	0	0.00	0	0	5
Emerging market bonds (hedged)	0	0.00	0	0	5
Swiss equities	29'940'264	4.91	5	3	7
Global equities	126'673'930	20.76	22	18	26
Emerging market equities	16'136'508	2.64	3	1	5
Alternative credit - CLO & Private debt (hedged)	29'449'788	4.83	5	0	7
Private Equity	11'665'376	1.91	0	0	5
Swiss real estate	124'464'700	20.40	20	15	30
Global real estate (hedged)	22'709'565	3.72	5	0	10
Total investments	610'283'527	100.00			
- Total in foreign currencies (not hedged)		13.78	14	10	23
- Total in equities		28.31	30	22	38
- Total in alternative investments		6.74	5	0	10
- Total in CHF bonds and CHF mortgages		17.06	18	14	22
- Total in bonds		34.39	39	31	57
- Total in real estate		24.12	25	15	30
Accounts receivable	3'733'550				
Assets with AXA Life Ltd.	905'342				
Accounts receivable from affiliated employers	1'819'023				
Prepayments and accrued income	366'781				
Total assets	617'108'223				

Confirmation of compliance with limits

The limits according to Art. 24, Art. 25, Art. 27 and Art. 28 BPVV are being complied with.

Breakdown of investments into investment categories, prior year

Asset class	31.12.2022		Strategy		Bandwidth	
	CHF	in %	in %	min.%	max.%	
Liquidity CHF	20'123'148	3.53	1	0	10	
CHF bonds and CHF mortgages	97'417'450	17.10	18	14	22	
Foreign currency bonds (hedged)	112'254'763	19.70	21	17	25	
High Yield Bonds (hedged)	0	0.00	0	0	5	
Emerging market bonds (hedged)	0	0.00	0	0	5	
Swiss equities	29'909'912	5.25	5	3	7	
Global equities	117'673'313	20.65	22	18	26	
Emerging market equities	14'925'536	2.62	3	1	5	
Alternative credit - CLO & Private debt (hedged)	26'977'803	4.73	5	0	7	
Private Equity	8'568'259	1.50	0	0	5	
Swiss real estate	113'830'946	19.99	20	15	30	
Global real estate (hedged)	28'104'425	4.93	5	0	10	
Total investments	569'785'555	100.00				
- Total in foreign currencies (not hedged)		14.13	14	10	23	
- Total in equities		28.52	30	22	38	
- Total in alternative investments		6.23	5	0	10	
- Total in CHF bonds and CHF mortgages		17.10	18	14	22	
- Total in bonds		36.80	39	31	57	
- Total in real estate		24.92	25	15	30	
Accounts receivable	3'208'544					
Assets with AXA Life Ltd.	895'900					
Accounts receivable from affiliated employers	3'160'565					
./. Del credere	-6'826					
Prepayments and accrued income	364'083					
Total assets	577'407'821					

Confirmation of compliance with limits

The limits according to Art. 24, Art. 25, Art. 27 and Art. 28 BPVV are being complied with.

6.5 Current (open) financial derivative instruments

No derivatives are held directly. However, the Foundation has invested in collective investment vehicles in which financial derivative instruments are used. The provisions of Art. 28 BPVV are being complied with.

6.6 Deeds of pledge

None

6.7 Open commitments

None

6.8 Market value and counterparties in securities lending

The Foundation did not engage in direct securities lending and repurchase transactions. It invested in collective investment schemes under which securities lending and repurchase transactions are permitted if in compliance with the Federal Act on Collective Investment Schemes and its implementing provisions.

6.9 Comments on net return on investments

	2023	2022
	CHF	CHF
Net return on investments	36'707'337.59	-73'204'876.69
Securities income	36'641'777.63	-73'194'223.85
Negative interest rates	0.00	-3'184.42
Interest on liquid assets (net)	65'559.96	-7'468.42
Other income from assets	11'386.60	8'855.47
Interest on assets/obligations with AXA Life Ltd.	-45.95	10'025.75
Interest income on accounts receivable from employers	15'332.05	3'685.77
Interest on vested termination benefits accounts/insurance benefits	-2'903.65	-4'772.65
Interest on transfer/takeover of participants	-995.85	-83.40
Administration cost of investments	-2'853'737.23	-2'649'144.04
Total	33'864'986.96	-75'845'165.26

Investment performance

	2023	
	TWR Total	Contribution
	in %	in %
Liquidity/money market (excl. operational liquidity)	-9.78	-0.06
CHF bonds incl. mortgages	6.52	1.15
Foreign currency bonds (hedged)	-3.24	-0.69
Swiss equities	5.37	0.30
Global equities	12.33	2.55
Emerging market equities	-0.70	-0.02
Swiss real estate	6.46	1.38
Global real estate (hedged)	-17.43	-0.87
Private equity	-6.51	-0.11
Alternative investments	2.65	0.14
Performance interim total	3.77	
Fees & taxes, FX hedge effect overlay and other effects		2.26
Investment performance	6.03	

Performance is calculated using the time-weighted rate of return (TWR) method.

6.10 Comments on the asset management costs**6.10.1 Administration expenses for invested assets**

	2023	2022
	CHF	CHF
Sum of cost indicators for collective investment schemes (TER) ¹⁾	2'809'133.43	2'599'092.99
direct asset management costs	3'334.90	3'793.90
Fee for independent investment consulting	41'268.90	46'257.15
Total	2'853'737.23	2'649'144.04

¹⁾ The TER include the costs of asset manager AXA Insurance Ltd as well as safekeeping, administration, benchmarking, analysis, and service fees.

	31.12.2023	31.12.2022
	CHF	CHF
Total investments	610'283'527	569'785'555
Total transparent investments	610'283'527	569'785'555
Total investment costs as a percentage of transparent investments	0.47 %	0.46 %
Cost transparency ratio	100.00 %	100.00 %

Non-transparent collective investment schemes

None

6.10.2 Refunds / retrocessions

The use of any retrocessions, remuneration, fees, commission, repayments, discounts, sales commissions, etc., which persons and institutions entrusted with asset management receive in the exercise of their activities on behalf of the Foundation is governed by the arrangements entered into under the asset management agreements. On an annual basis, they must submit a written confirmation or statement and pass on all pecuniary advantages to the Foundation that they receive above and beyond this amount from their activities on behalf of the Foundation.

Refunds are credited to the single-investor fund in favor of the Foundation.

6.10.3 Shareholders' rights

The Foundation does not invest in equities directly and therefore has no shareholders' rights.

6.11 Comments on investments in employers' entities and employer-paid contribution reserve**6.11.1 Accounts receivable from affiliated employers**

	31.12.2023	31.12.2022
	CHF	CHF
Accounts receivable from affiliated employers (open contributions)	1'819'023.07	3'160'564.27
./. Del credere	0.00	-6'826.00
Balance as at December 31	1'819'023.07	3'153'738.27

As at March 31, 2024, these accounts receivable were reduced by payments from the respective employers to CHF 26,849.35 (prior year as at March 31, 2023: CHF 19,539.15).

The Foundation levied default interest of 4 %, as in the prior year.

6.11.2 Employer-paid contribution reserve

	2023	2022
	CHF	CHF
Balance as at January 1	46'780.80	76'071.80
Transfers to employer-paid contribution reserve (incl. any takeovers of occupational benefits funds)	56'447.65	6'403.20
Withdrawal to finance contributions	-333.60	-35'694.20
Balance as at December 31	102'894.85	46'780.80

As in the previous year, the employer-paid contribution reserve did not attract any interest.

7 Comments on other positions in the balance sheet and operating account**7.1 Comments on asset accounts****7.1.1 Accounts receivable**

This position contains mainly accounts receivable in respect of the federal tax authorities.

7.1.2 Assets with AXA Life Ltd.

These comprise balances on Foundation accounts with AXA Life Ltd.

7.1.3 Prepayments and accrued income

These consist largely of prepaid pensions, as well as earned contributions not yet settled.

7.2 Comments on liability accounts**7.2.1 Vested termination benefits accounts and pensions**

These consist primarily of vested termination benefits not yet transferred to other occupational benefits institutions, as well as vested termination benefits received but not yet included and share of surpluses from the risk process that has not yet been distributed to the insureds (insurance year 2021).

7.2.2 Other liabilities

These are liabilities to third parties and toward the BVG (LOB) Guarantee Fund.

7.2.3 Accrued liabilities and deferred income

This position comprises contribution refunds that have not yet been credited in favor of affiliated employers.

7.3 Comments on operating accounts

7.3.1 Breakdown of total contributions

	2023	2022
	CHF	CHF
Savings contributions	38'769'905.46	37'032'270.15
Risk contributions	5'170'751.13	4'835'821.58
Cost contributions	1'955'496.40	1'984'969.43
Contributions to the Guarantee Fund	14'705.10	28'605.19
Total	45'910'858.08	43'881'666.35
of which employee contributions	18'773'278.10	18'580'775.00
of which employer contributions	27'137'579.98	25'300'891.35

7.3.2 Retirement pensions paid

	2023	2022
	CHF	CHF
Pensions borne autonomously by the Foundation	2'581'202.30	1'719'745.90
Reinsured pensions	3'405'979.80	3'538'413.90
Total	5'987'182.10	5'258'159.80

7.3.3 Survivors' pensions paid

	2023	2022
	CHF	CHF
Pensions borne autonomously by the Foundation	1'666.00	0.00
Reinsured pensions	665'465.70	613'609.55
Total	667'131.70	613'609.55

7.3.4 Payments following divorce

	2023	2022
Number	10	10
Total amount in CHF	639'513.03	540'408.60

7.3.5 Insurance benefits

These mainly contain the retirement, survivors', and disability benefits (pensions and capital) received from AXA Life Ltd, as well as savings contribution and premium waivers.

7.3.6 Cost premiums / administration expenses

Cost premiums

Cost premiums include administration costs which the Foundation pays to AXA Life Ltd. for the purpose of settling administration expenses. These break down as follows:

	2023	2022
	CHF	CHF
Costs for general administration expenses	1'066'467.28	1'165'534.45
Marketing and advertising expenses	18'704.83	19'865.60
Remuneration for distribution and closing costs	962'322.44	916'373.10
of which remuneration for brokers	329'233.00	294'621.95
of which remuneration for distribution costs excl. brokers' commission	633'089.44	621'751.15
Total	2'047'494.55	2'101'773.15

The cost premium is an element of the insurance cost booked in the reporting year. It reflects the compensation which the Foundation pays to AXA Life Ltd for administration and services in accordance with the insurance and management contract as well as to recompense sales costs such as closing and brokerage commissions.

Administration expenses

The administration expenses reported in the operating accounts contain administration cost contributions for special expenses and services billed by AXA Life Ltd. to the Foundation in addition to the cost premium as well as direct Foundation costs.

Costs of special expenses

(financed by occupational benefits funds or employers)

	2023	2022
	CHF	CHF
Costs of debt collection	1'880.00	2'100.00
Costs of total and partial liquidation of occupational benefits funds	31'200.00	26'779.85
Costs of voluntary distribution of non-committed funds	150.00	0.00
Costs of reporting	9'450.00	9'600.00
Costs of special services	2'650.00	5'350.00
Total	45'330.00	43'829.85

Direct costs of Foundation (financed from the Foundation's assets)

	2023	2022
	CHF	CHF
Costs of training and compensating the Board of Trustees	46'632.60	47'820.90
Auditor's costs	24'792.55	25'600.30
Costs of occupational pensions actuary	27'835.95	21'045.60
Supervisory authorities' costs	31'838.70	30'065.45
Costs for administration of autonomous pensioners	40'656.75	28'002.00
Costs of special expenses ¹⁾	126'020.00	51'472.55
Total	297'776.55	204'006.80

Total administration expenses

343'106.55 **247'836.65**

¹⁾ In 2022, the Founder assumed part of these costs (CHF 6,000.00). The amount credited is contained in the position "Other income".

7.3.7 Income from services rendered

For the purpose of settling special expenses (e.g. for debt enforcement/debt collection measures, contract terminations), additional cost contributions were levied in accordance with the cost regulations.

7.3.8 Other income

This position contains above all credits from the Founder in relation to the assumption of losses on receivables as well as the decrease in del credere.

7.3.9 Other expenses

This includes the Foundation's losses on receivables as well as the premium for financial loss liability insurance.

7.3.10 Expense/income surplus of occupational benefits funds (net)

The distribution of non-committed funds in favor of insured participants is the main reason for the expense surplus.

7.3.11 Expense surplus of Foundation

	2023	2022
	CHF	CHF
Interest on active participants' liabilities	-4'539'141.60	-3'035'070.94
Share of surplus in favor of insureds	0.00	988'322.00
Share of surplus still to be distributed	0.00	-112'233.40
Increase in actuarial reserves of the Foundation	-913'716.00	-497'143.00
Autonomously paid pensions and change in pensioners' liabilities (net)	-6'457'681.08	-1'969'396.21
Insurance expense financed by the Foundation	-472'686.90	-337'110.35
Settlement of affiliation solution	-61'519.03	-78'841.80
Settlement of contributions to Guarantee Fund	636.40	214.30
Net return on investments	33'853'600.36	-75'854'020.73
Other income from assets	11'386.60	8'855.47
Direct Foundation costs (administration expenses)	-297'776.55	-204'006.80
Assumption of costs by Founder	0.00	6'000.00
Losses on receivables (net)	-19'065.06	-6'943.80
<i>Losses on receivables</i>	-32'929.03	-6'943.80
<i>Losses on receivables assumed by Founder</i>	13'863.97	0.00
Decrease/increase in del credere	6'826.00	-424.00
Premium for asset loss liability insurance	-11'970.00	-11'970.00
Other expenses and income (net)	-44'439.62	23'417.13
Income/expense surplus prior to increase/decrease in reserves for fluctuations in asset value	21'054'453.52	-81'080'352.13
Increase/decrease in reserves for fluctuations in asset value	-21'054'453.52	63'479'501.78
Expense surplus of Foundation	0.00	-17'600'850.35

8 Supervisory authority requirements**8.1 Supervisory authority requirements**

None

9 Further information regarding financial situation**9.1 Underfunding / comments on measures taken**

The Foundation is not underfunded.

9.2 Total and partial liquidations

The conditions for the partial liquidation of the Foundation and the execution of a partial liquidation procedure are laid down in the "Regulations on the partial liquidation of a collective foundation". In 2023, no partial liquidation procedures were executed at Foundation level.

In the course of business operations, partial and total liquidation procedures are executed at the level of the occupational benefits funds. These procedures are laid down in the "Regulations on the partial and total liquidation of occupational benefits funds".

9.3 Legal proceedings in course

None

10 Events after the balance sheet date

None

The annual report of the AXA Foundation for Occupational Benefits, Principality of Liechtenstein is published in English and German. If the text of the English version differs from the original German text, the German version is binding.


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**Report of the Statutory Auditor to the Foundation Board of
AXA Stiftung Betriebliche Vorsorge, Fürstentum Liechtenstein, Vaduz**
Report on the Audit of the Financial Statements
Opinion

We have audited the financial statements of AXA Stiftung Betriebliche Vorsorge, Fürstentum Liechtenstein (Company), which comprise the balance sheet as at 31 December 2023, the income statement for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion pursuant to Article 38 Para. 1, Letter a BPVV, the financial statements for the year ended 31 December 2023 comply with the law, the ordinance, the guidelines, the Foundation's charter and regulations.

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Foundation Board for the Financial Statements

The Foundation Board is responsible for the preparation of the financial statements in accordance with Swiss GAAP FER 26, the Foundation's charter and regulations as well as such internal controls as the Foundation Board determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Foundation Board is responsible for assessing the employee benefit fund's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Foundation Board either intends to liquidate the employee benefit fund or to cease operations, or has no realistic alternative but to do so.


AXA Stiftung Betriebliche Vorsorge Fürstentum Liechtenstein, Vaduz
 Report of the Statutory Auditor
 to the Foundation Board

Responsibility of the Expert in Occupational Benefits

In addition to the auditor, the Foundation Board appoints an expert in occupational benefits. At least every three years, the expert examines whether the employee benefit fund can guarantee that it can meet its obligations at all times and in particular whether the statutory insurance-related provisions regarding benefits and funding comply with the law and the ordinance. Moreover, the expert prepares an annual interim report that contains information on the current pension capital and actuarial provisions as well as details on the situation as compared to the previous year. In accordance with Article 33 Para. 2 BPVV, the current report of the pension insurance expert is authoritative for the reserves required to cover actuarial risks.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Foundation Board or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on Other Legal and Regulatory Requirements

We recommend that the financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

**This is the English translation of the
German Report of the Auditor**

Hans Vils
Chartered Accountant
Auditor in Charge

Lars Klossack
Chartered Accountant

Vaduz, 16 June 2023

Enclosure:

- Financial statements (balance sheet, income statement and notes)

Sustainability Report

Sustainability at the AXA Foundation for Occupational Benefits

The Board of Trustees of the AXA Foundation for Occupational Benefits, Principality of Liechtenstein, is responsible for fulfilling its obligations towards the affiliated companies and their employees in the best possible way and ensuring attractive retirement provision on a long-term basis. The Board of Trustees firmly believes that responsible, sustainable use of all resources adds value over the long term and therefore addresses the topic of sustainability at various stages of the investment process. In accordance with its pension mandate as a Pillar 2 institution, the Foundation ensures generational fairness. This means ensuring payment of the promised benefits and maintaining a balance between the entitlements of different generations – whether pension recipients or active insureds. When exercising its duty to ensure fiduciary due diligence, the Board of Trustees takes careful account of all relevant investment opportunities and risks, including environmental, social and governance (“ESG”) criteria.

ASIP – the Swiss pension fund association – published its ESG reporting standards for pension funds in September 2022. It recommends that all pension funds report on their investments in accordance with these standards. AXA Foundation for Occupational Benefits, Principality of Liechtenstein, takes its responsibilities seriously and is increasing transparency in relation to ESG implementation through ASIP reporting.

“As a Board of Trustees, we have an obligation to invest our beneficiaries’ money with foresight and due care, as well as to ensure financial stability. We are conscious of our responsibility, and also intend to provide transparency in relation to our investments. That’s why we report in accordance with ASIP.”

The Board of Trustees of the AXA Foundation for Occupational Benefits, Principality of Liechtenstein

Commitment to sustainability through memberships and initiatives

The companies entrusted with managing the Foundation’s assets are actively committed to promoting sustainable investments via their membership of a range of initiatives and organizations. The AXA Group signed the Principles for Responsible Investing established by the United Nations (UN PRI) back in 2012, and is a member of various other initiatives and organizations in the sustainability space, including the Task Force on Climate-Related Financial Disclosures (TCFD). As a directly mandated asset manager, AXA Insurance Ltd is additionally a member of Swiss Sustainable Finance (SSF). The AXA Group also has its own ESG team, which is closely focused on sustainability issues and takes account of sustainability criteria in the investment process.

As the asset manager, AXA Insurance Ltd employs various sustainability-related approaches in accordance with the ASIP-ESG reporting standards:

Asset classes	Active ownership		ESG integration	
	Exercise of voting rights	Engagement	Exclusions	Best in class
Bonds		x*	x	x
Equities	x	x*	x	x

* if applicable

Exercise of voting rights and dialog with companies

The AXA Group and AXA Insurance Ltd – as the directly mandated asset manager – believe that the incorporation of ESG criteria into the exercise of voting rights and dialog with companies are key components of sustainable value growth. Through the active exercise of voting and election rights, the aim is to encourage companies to maintain strong, effective governance as well as adhere to high sustainability standards.

Where it makes economic sense, voting and election rights in relation to listed equities of Swiss and foreign companies are exercised as a matter of principle. In the case of AXA Vorsorge Fonds, voting and election rights (where granted) in relation to indirectly held shares of Swiss and other companies are exercised in accordance with the voting guidelines of Credit Suisse Funds AG, as the fund management company. In the case of third-party products, the instructions on the exercise of voting rights of the respective asset managers were accepted. In the equity funds¹ held by the AXA Foundation for Occupational Benefits, Principality of Liechtenstein, votes were cast in line with their weighted asset allocation as follows²: On a cumulative basis, 75% of the votes on climate matters were supported. The share of motions on which a vote was cast was 99% in the case of Switzerland and 98% in countries outside of Switzerland. In 82% of cases in Switzerland and in 85% of cases outside Switzerland, votes were cast in favor of the proposals of the Board of Directors. Of the total votes cast, 83% were in favor and 17% against, with 0.2% abstentions.

Incorporating sustainability criteria into the investment process

AXA Insurance Ltd and the vast majority of the investment managers it has appointed incorporate sustainability criteria into their investment processes. ESG criteria are taken into account when selecting investment managers. Furthermore, an “AXA Blacklist” of companies – where investment is excluded or avoided for ethical, social or environmental reasons based on specific criteria – is used for asset management purposes. AXA considers that these companies do not conform with its ESG approaches. Companies may be placed on the AXA Blacklist if, for example, they are involved in business practices that result in human rights violations, pollution or other ethically questionable actions. Another example is the exclusion of companies included in the list produced by the Swiss Association for Responsible Investments (SVK-ASIR). This list reflects current Swiss legislation as well as international agreements.

In addition to the exclusions lists, AXA pursues a best-in-class approach for AXA Vorsorge Fonds (“AXA Whitelist”). The “AXA Whitelist” refers specifically to the oil and gas sector, which is completely excluded as a matter of principle. However, AXA permits investments in oil and gas companies that demonstrate a clear transition strategy toward low-carbon activities.

¹ Based on equity funds held as at December 31, 2023 where voting rights were cast (coverage: 100%)

² Based on total equity funds held with exercise of voting rights in aggregation with the Foundation allocation of the AXA Foundation for Occupational Benefits, Principality of Liechtenstein, as at December 31, 2023

Incorporating sustainability criteria into real estate investments

The incorporation of sustainability criteria into the investment process plays a crucial role in relation to Swiss real estate investments. Given that a considerable portion of greenhouse gas emissions is caused by buildings³, real estate is a major focal point of the sustainability debate.

The Swiss real estate investments indirectly held by the AXA Foundation for Occupational Benefits, Principality of Liechtenstein, have an average GRESB score of 88.3⁴ on a scale of 1 to 100. The GRESB (Global Real Estate Sustainability Benchmark) is a system for measuring and evaluating the sustainability performance of entire real estate portfolios based on ESG criteria.

Measuring and evaluating sustainability characteristics

To evaluate the portfolio’s sustainability characteristics, they are measured and evaluated on a regular basis that is designed in particular to enable comparison with the market. In line with the recommendations published in December 2022 by ASIP, the Swiss pension fund association, a number of key indicators are summarized below.

Since climate risks feature frequently in the public debate, special attention is paid to climate indicators in general. The climate indicators recognized in accordance with the ASIP ESG reporting standards include CO₂ intensity⁵ and CO₂ footprint. Both key figures illustrate the exposure to carbon-intensive companies.

Weighted average carbon intensity for equities and corporate bonds (WACI, weighted average carbon intensity) versus the benchmark as at December 31, 2023⁶

		Coverage	Weighted average carbon intensity Scope 1+2	Portfolio vs. benchmark (%)
Total from equities and corporate bonds	Portfolio	72.2%	94.4	-25%
	Benchmark	69.1%	125.9	
Equities	Portfolio	91.5%	136.3	-11%
	Benchmark	91.9%	152.8	
Corporate bonds	Portfolio	56.3%	59.9	-43%
	Benchmark	51.7%	105.2	

The CO₂ intensity of the indirectly held equity and corporate bond investments (Scope 1 and 2) of the AXA Foundation for Occupational Benefits, Principality of Liechtenstein, at the reporting date of December 31, 2023 was 25% below the benchmark (94.4 vs. 125.9 tCO₂e/CHF million revenue).

³ Greenhouse gas emissions of buildings (admin.ch)

⁴ The value (GAV-weighted) based on ASIP ESG reporting standards takes into account the available GRESB scores for each indirectly held Swiss real estate investment as at December 31, 2023 (coverage: 97%)

⁵ CO₂ equivalent

⁶ Tonnes of CO₂ equivalent (tCO₂e) per million CHF revenue – Scope 1+2 (source: MSCI)

Weighted average carbon intensity for government bonds (WACI, weighted average carbon intensity) versus the benchmark as at December 31, 2023⁷

		Coverage	Weighted average carbon intensity Scope 1+2	Portfolio vs. benchmark (%)
Government bonds	Portfolio	80.5%	247.4	+5%
	Benchmark	90.4%	235.7	

The CO₂ intensity of the government bond investments (Scope 1 and 2) held by the AXA Foundation for Occupational Benefits, Principality of Liechtenstein, at the reporting date of December 31, 2023 was 5% above the benchmark (247.4 vs. 235.7 tCO₂e/CHF million GDP).

Carbon footprint for equities and corporate bonds (CO₂ footprint) versus the benchmark as at December 31, 2023⁸

		Coverage	Carbon footprint Scope 1+2	Portfolio vs. benchmark (%)
Total from equities and corporate bonds	Portfolio	58.9%	43.1	-32%
	Benchmark	55.7%	63.6	
Equities	Portfolio	87.1%	58.3	-16%
	Benchmark	87.4%	69.1	
Corporate bonds	Portfolio	35.6%	30.6	-49%
	Benchmark	31.3%	59.5	

The CO₂ footprint of the indirectly held equity and corporate bonds investments (Scope 1 and 2) of the AXA Foundation for Occupational Benefits, Principality of Liechtenstein, at the reporting date of December 31, 2023 was 32% below the benchmark (43.1 vs. 63.6 tCO₂e/CHF million invested capital).

The proportion of investee firms whose revenues come partly from coal activities (revenues > 5%) was -0.2 percentage points below the benchmark (0.9% vs. 1.1%) at the reporting date of December 31, 2023⁹. The proportion of firms whose revenues come from other fossil fuel types (revenues > 5%) was 0.7 percentage points below the benchmark (4.9% vs. 5.6%)⁹.

Climate indicators are also calculated for the real estate investments¹⁰. The energy intensity (Scope 1 and 2) of the Swiss real estate indirectly held by the AXA Foundation for Occupational Benefits, Principality of Liechtenstein, as at the reporting date of December 31, 2023, was 126.0 kWh/m²¹¹, while CO₂ intensity (Scope 1 and 2) amounted to 17.5 kg CO₂e/m²¹¹. The proportion of fossil fuels in the energy source mix for indirectly held Swiss real estate investments was 71.6%.

⁷ Tonnes of CO₂ equivalent (tCO₂e) per million CHF GDP (gross domestic product) – Scope 1+2 (source: MSCI)

⁸ CO₂ equivalent per million CHF invested capital – Scope 1+2 (source: MSCI)

⁹ Source: MSCI

¹⁰ The collection periods for the ESG data on Swiss real estate investments indirectly held by the AXA Foundation for Occupational Benefits, Principality of Liechtenstein, may vary. The weighted values based on ASIP ESG reporting standards take into account the available data for each indirectly held Swiss real estate investment (coverage: 95.6%) as at December 31, 2023

¹¹ In terms of energy reference area or lettable area, based on data available as at December 31, 2023

AXA Insurance Ltd – as the directly mandated asset manager – also invests indirectly in green bonds on behalf of the AXA Foundation for Occupational Benefits, Principality of Liechtenstein. The market for such securities came into being in 2007, when the European Investment Bank (EIB) issued the first green bond. Issuers today include companies, financial institutions, authorities and public institutions, as well as governments. Green bonds are bonds that are invested in sustainability-oriented projects. The AXA Foundation for Occupational Benefits, Principality of Liechtenstein, had invested around CHF 10.3 million in green bonds¹² as at December 31, 2023, thus making an active contribution to decarbonization.

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¹² Source: Bloomberg; green bonds are generally used to finance green projects and activities that promote climate protection, adjustment to climate change, or other environmental sustainability objectives.

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