

# ORGANISATIONAL REGULATIONS

Valid from 01 January 2019



*This document has been translated from German. In the event of doubt, the German version is binding.*



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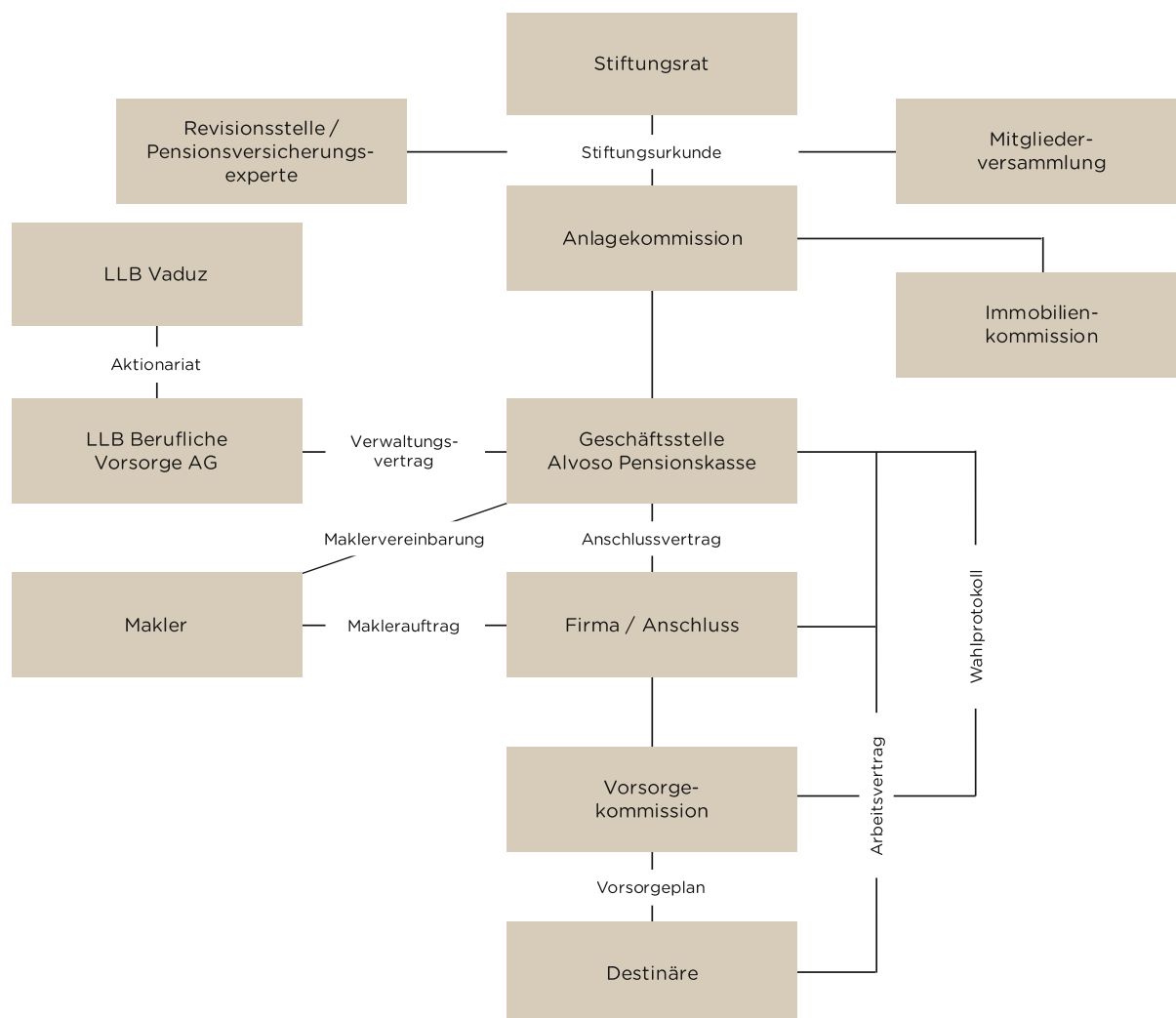


## 1. Introduction

### 1.1. Purpose and scope

The Organisational Regulations govern the organisation and responsibilities within the Alvoso Pension Fund (hereafter referred to as the Foundation). The Foundation Deed and the Pension Fund Regulations are subordinate to these Regulations. If provisions of the Organisational Regulations conflict with higher-level regulations, the provisions of the higher-level regulations shall apply. In the interests of readability, this document refrains from using the masculine and feminine language forms at the same time. Unless otherwise noted, all references to persons apply to both genders.

### 1.2. Structural Organisation of the Foundation





## 2. Official Bodies of the Foundation

### 2.1. Foundation Board

The Foundation Board, as the supreme governing body, manages the Foundation on a parity basis in accordance with Article 4.2 of the Foundation Charter, Article 44 of the Pension Fund Regulations and any other regulatory, statutory and supervisory provisions.

The Foundation Board is elected by the pension commissions of the affiliated companies of the Alviso Pension Fund. The election and composition of the Foundation Board is based on the provisions of Point 3 "Election of the Foundation Board".

The Foundation Board is responsible for the overall management of the Foundation, ensures that its statutory tasks are fulfilled, determines its strategic goals and principles and the means of achieving them. It performs the non-transferable and irrevocable duties under Art. 51a BVV2 and appoints committees to prepare and implement its decisions.

The Foundation Board may delegate decision-making powers for tasks that are not subject to Art. 51a BVV2 to the committees it has appointed.

The composition of the committees need not be based on parity.

In order to ensure that the members of the Foundation Board are qualified to carry out their duties, each new member of the Foundation Board must attend a basic course lasting at least one day on the subject of occupational pension provision in their first year of office. In addition, each member of the Foundation Board must complete at least 1 day of additional training during their three-year term of office, consisting of ten lessons of 50 minutes each. Breakfast or evening events may also be attended. The cost of this additional training is met by the Foundation.

### 2.2. Investment Committee

The Investment Committee is responsible for monitoring, implementing and initiating adjustment of the investment strategy to any changes in the financial situation of the Foundation. The Foundation Board elects the members of the Investment Committee. It is the executive body for operational management of the Foundation's investments.

The tasks and reporting obligations of the Investment Committee are set out in the investment regulations issued by the Foundation Board.

### 2.3. Real Estate Committee

The Real Estate Committee prepares the criteria for decision-making on investment and divestment in direct real estate investments for submission to the Investment Committee. Its tasks and reporting obligations are set out in the investment regulations issued by the Foundation Board.

The Real Estate Committee has no decision-making powers. It is merely a preparatory body. Decisions are taken by the higher-level investment committee.

The tasks and reporting obligations of the Real Estate Committee are set out in the investment regulations issued by the Foundation Board.

## 2.4. Remuneration of the Foundation's bodies

Depending on their function, the members of the Foundation's bodies are paid a lump sum for attending meetings and for preparing for them. Fee rates are based on the expenses expected for the function and have been set by the Foundation Board as follows:

Members of the Foundation Board:	CHF 2,000 p.a.
President of the Foundation Board:	CHF 4,000 p.a.
Members of a committee:	CHF 1,000 p.a. per committee
Chairperson of committees:	CHF 500 p.a. per committee
Temporary working groups:	CHF 300 per session
Chair of temporary working groups:	CHF 100 per session

These rates are cumulative. Fees are paid annually after the General Meeting as follows:

- a. If the Foundation Board member is delegated by the employer during working hours, payment is made to the employer.
- b. If the Foundation Board member is delegated and the FB meeting does not count as working time, payment is made to the Foundation Board member on the basis of a salary statement. Up to the AHV allowance (CHF 2,300 in 2019), no social security deductions are made.

At the first meeting of the Foundation Board in the financial year, the Foundation Board member must state his choice of remuneration in accordance with either point a. or point b.

Additional assignments outside working groups and committees given to members of the Foundation Board on the basis of professional competence or specific expertise will be remunerated at CHF 150 per hour. At the request of the Foundation Board, the appointed person must prove in a suitable manner that the hourly rates charged are in line with market rates.

Such mandates may be issued by the Foundation Board in exceptional cases only. They must meet the requirements of Art. 48i BVV 2 "Legal Transactions with Related Parties".

## 2.5. Loyalty in asset management

All persons and institutions entrusted with the asset management of the Foundation must comply with the following requirements:

- Compliance with ASIP Charter guidelines.
- Annual submission of a declaration of loyalty in asset management, which complies with the requirements of Art. 48j to I BVV2.
- The attainment of personal financial benefits in excess of the agreed fee must be disclosed annually. Minor gifts and customary occasional gifts up to the equivalent of CHF 500 are not subject to disclosure.

## 2.6. Pension Commission

Whenever a company joins the Foundation, it must appoint a Pension Commission. The Pension Commission is composed of at least two members, with at least the same number of employee and employer representatives. In the case of voluntary pension schemes, employees must participate at least in proportion to their own contributions.

The Pension Commission must notify the Foundation of its composition by sending it the appointment minutes. The Pension Commission must notify the Foundation in writing of any changes. If any insured person who was a member of the Pension Commission withdraws from their employment contract with the affiliated pension fund, they must also automatically leave the Pension Commission. A replacement must be elected for the remaining time or term of office.

The term of office of the members of the Pension Commission is three years. If no new elections are held after expiry of the term of office, the term of office is extended tacitly by one year.

The pension commissions represent the interests of their pension funds vis-à-vis the Foundation Board, the management of the Foundation and the General Meeting.

The pension commissions elect the Foundation Board in accordance with the provisions under point 3 of these Regulations.

## **2.7. Alvoso Forum**

The Alvoso Forum is convened at least once a year by the Foundation Board. The members of the pension commissions and the insured persons are invited to the Alvoso Forum.

The Alvoso Forum takes place as soon as the annual accounts are available and serves primarily to exchange information between the bodies of the collective foundation and affiliated companies.

## **2.8. Chief Executive**

The Foundation Board appoints a Chief Executive. This could be a legal entity.

The competent management of a staff pension fund requires the responsible Chief Executive to have extensive knowledge of the occupational pension scheme in general, and of the variety of relationships to be cultivated in particular. The Chief Executive must also meet the requirements of integrity and loyalty under Art. 51b BVG.

The Chief Executive carries out current business on behalf of the Foundation Board. They may delegate tasks and responsibilities to their subordinates.

### **2.8.1. Specific requirements of executive management**

The tasks of the Chief Executive include the following activities in particular:

#### **Re: Foundation Board**

- The Agenda, convening and taking minutes of the meetings of the Foundation Board, as well as participation in and professional support at meetings of the Foundation Board
- Management of technical administration, keeping financial accounts and preparing the annual financial statements and the annual report
- Performance of all tasks described in regulations or schemes, as well as the resolutions of the Foundation Board

#### **Re: Secretariat**

- Performance of operational functions connected with the implementation of occupational pension schemes.
- Advice and support for affiliated companies, pension commissions and insured persons.
- Communication with authorities, external consultants and experts, auditors and other occupational pension institutions.
- Ensuring that internal controls are appropriate to the size and complexity of the collective foundation.
- Processing of insurance claims in cooperation with the reinsurer.
- Implementation and monitoring of payment transactions.
- Management of financial accounting
- Preparation of annual accounts and an annual report
- Compilation of statistics for the supervisory authorities (ZBSA) and the Federal Statistical Office (PF statistics)
- Acquisition of new customers
- Maintaining contacts with agents and brokers

## **2.9. Auditors**

The Foundation must have its business activities audited annually by an independent and recognised auditor (Art. 52b BVG). It must provide the auditors with all information and documents necessary for a proper audit. The auditors are elected by the Foundation Board.

The auditors are in principle obliged to report to the highest governing body of the occupational benefits organisation. It is not bound by instructions to persons who are responsible for the management or administration of the Foundation. The Control Body sends its annual report to the supreme body of the Foundation. If it discovers any defects in the course of its audit, it must grant the pension fund a reasonable period of time in which to restore the proper condition.

#### **2.10. Pension insurance expert**

The Foundation appoints an independent occupational benefits expert (Art. 52a BVG), who has been approved by the Supervisory Committee in accordance with Art. 52d BVG. The pension insurance expert for employee benefits is elected by the Foundation Board.

Based on Art. 52e BVG and Art. 40ff BVV 2, the pension insurance expert periodically assesses whether the pension fund provides sufficient security for it to meet its obligations and whether the regulatory actuarial provisions on benefits and financing comply with statutory provisions.

In the event of underfunding, the pension insurance expert proposes measures to the Foundation Board in accordance with Art. 65c ff BVG, in order to remedy the situation within a reasonable period of time.

### **3. Election of the Foundation Board**

#### **3.1. Introduction**

Based on Article 4.2 of the Foundation Charter, the right to vote and the procedure for electing the Foundation Board are regulated below.

#### **3.2. Composition of the Foundation Board**

The Foundation Board is the supreme body of the Foundation and consists of a minimum of six and a maximum of ten members. It is made up equally of employer and employee representatives.

#### **3.3. Election of employer and employee representatives**

All the pension funds affiliated to the Foundation must be informed by the Secretariat of the procedure and date of the election.

The Secretariat proposes both employer and employee representatives as candidates for election to the Foundation Board. The election proposals are sent in writing to the pension commissions of the affiliated pension funds. All the pension commissions of the affiliated pension funds are entitled to propose additional candidates on the part of both employers and employees.

The following requirements must be met for an insured person insured with the Foundation to be able stand for election to the Foundation Board:

- The insured person must be a member of a Pension Commission as an employer or employee representative whose pension fund is affiliated to the Foundation. Each pension fund of the Foundation is headed by a Pension Commission.
- The candidate must have a non-terminated employment contract with an affiliated employer and the affiliation contract of the pension fund may not have been terminated either.
- For pension funds with fewer than 15 insured persons, the candidature must be supported by at least 2/3 of the persons insured in the pension fund. If the candidate belongs to a pension fund with 15 or more insured persons, at least ten insured persons of the pension fund must support the proposal.

Furthermore, persons not insured with the Foundation may also be elected as employer and employee representatives (for example, professional persons and politicians).

External persons entrusted with company management or asset management or beneficial owners of companies entrusted with these tasks may not be represented on the supreme body.

All candidates should be made aware of their great financial and personal responsibility. Solid knowledge of occupational pension schemes is indispensable for a candidate. The Foundation Board assesses to the best of its knowledge whether the candidate is of good repute in order to be able to perform the duties of the Foundation Board.



### 3.4. Election procedure

Persons who stand for election to the Foundation Board in addition to the candidates proposed by the Secretariat must submit their candidature to the Secretariat of the Foundation within 30 days of the date on which the election notice is sent out.

The Secretariat ensures that at least as many people are available for election as there are seats on the Foundation Board that must be filled.

Unless additional election proposals are submitted by insured persons, the candidates nominated by the Secretariat are deemed to have been elected by silent ballot.

If there are more persons standing for election than there are seats to be filled on the Foundation Board, two electoral lists must be drawn up on which the employee or employer representatives who are standing for election are listed, stating their surname, first name and profession. The employer and employee representatives of the affiliated pension funds elect a maximum of five candidates from their list, with each person being named only once.

The employer and employee representatives of the pension fund commissions entitled to vote vote by correspondence. The completed electoral lists must be returned to the Secretariat no later than 30 days after they have been sent by the Secretariat, as evidenced by the postmark.

The counting of valid votes is carried out under the supervision of the auditors. An electoral list is invalid if more than five candidates are listed, or if names are listed which have not stood for election, or if the completed electoral list has not been received by the Secretariat within the deadline. The result of the election must be recorded in minutes and signed by a representative of the auditors.

The candidates with the highest valid number of votes shall be elected as employer and employee representatives, with a simple majority of the votes cast. Only one person per affiliated employer may be elected to the Foundation Board. If more than one person is elected by an affiliated employer, the one who has received the most votes is elected to the Foundation Board. In the event of a tie, the decision shall be taken by drawing lots.

Within a reasonable period of time, the affiliated pension funds are informed of the (new) composition of the Foundation Board.

### 3.5. Election for a substitute

Members of the Foundation Board who have an employment contract with the employer of an affiliated pension fund must leave the Foundation Board at the end of the said contract. This also applies if the affiliation contract with the pension fund to which the member of the Foundation Board belongs is terminated.

For the remaining term of office, those candidates who were not considered in the last ordinary election to the Foundation Board shall be elected in the order of the number of votes cast. If no substitute member is available, an election for a substitute is required for the remainder of the current term of office, whereby the election procedure under Art. 3 must be applied analogously.

### 3.6. Date of elections and term of office of the Foundation Board

Elections to the Foundation Board take place three months before the end of each term of office.

The term of office of the members of the Foundation Board is three years. Re-election is permissible. There is no restriction on the number of terms of office for members of the Foundation Board.

## 4. Final Provisions

### 4.1. Responsibilities

All persons entrusted with the administration, management and control of the Foundation shall be liable for any damage they cause to it, whether intentionally or negligently.





The persons referred to in paragraph 1 shall be bound by professional secrecy in respect of all matters and information of a confidential nature concerning the Foundation, the pension funds or the insured persons and of which they become aware in the course of their work. This obligation remains in effect even after they have ceased their activities with the Foundation.

#### **4.2. Changes to the regulations**

The Board of Trustees may make changes to these regulations at any time. These must take into account the circumstances of the Foundation and the statutory provisions and are submitted to the supervisory authority.

#### **4.3. Entry into force**

These Regulations enter into force on 1 January 2019.

In cases for which the regulations do not contain any provisions, the Foundation Board shall make a provision corresponding to the purpose of the Foundation.

Lachen, 24 October 2018

The Foundation Board of the Alvoso Pension Fund

Remo Schällibaum Fritz Schoch

President of the Foundation Board Vice-President of the Foundation Board