

Rules of Organisation Swisscanto Flex Collective Foundation of Cantonal Banks

1st January 2023

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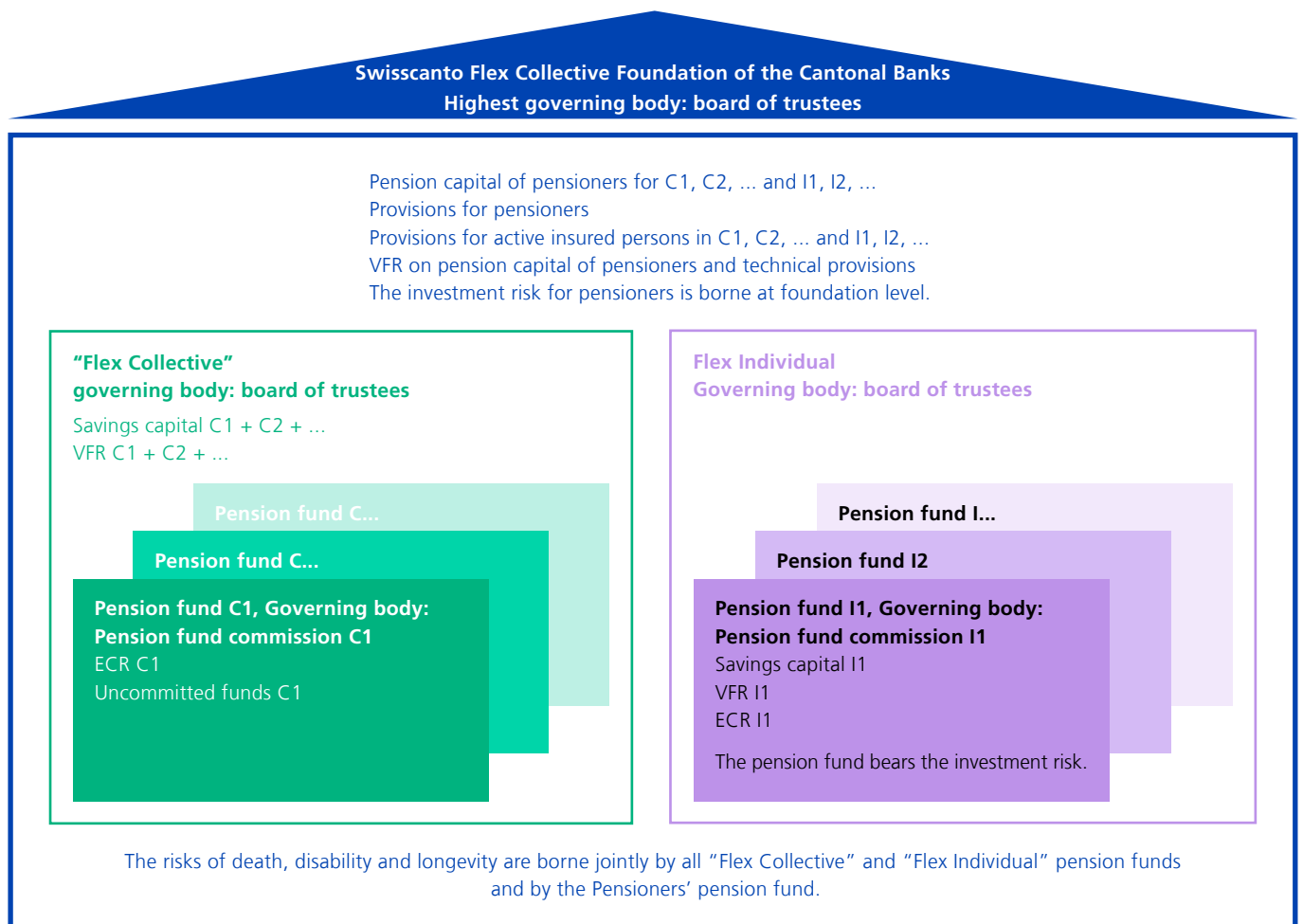
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A Organisational structure

Art. 1 Organisational structure

The pension elements described in these rules of organisation of the Swisssanto Flex Collective Foundation of the Cantonal Banks (hereinafter also referred to as the “foundation”) can be summarised as follows.

Structure of the Swisssanto Flex Collective Foundation of the Cantonal Banks



Terms/definitions

- Swisssanto Flex defines each affiliated or several economically or financially closely related and jointly affiliated employers as a pension fund.
- C1, C2, ... stand for “Flex Collective” pension funds
- I1, I2, ... stand for “Flex Individual” pension funds
- ECR: Employer contribution reserve
- VFR: Value fluctuation reserve

Remarks

- The board of trustees is the highest governing body of Swisscanto Flex, see Art. 2 et seq. of the rules of organisation.
- The pension fund commission is responsible for safeguarding the interests of the persons insured with the pension fund, see Art. 12 et seq. of the rules of organisation.
- The board of trustees and the pension fund commissions are composed of an equal number of employer and employee representatives.
- The foundation manages a separate account for the pensioners. It keeps a separate account for each affiliated “Flex Individual” pension fund. The foundation keeps a joint account for the affiliated employers in the “Flex Collective” area.
- In accordance with Directive W – 01/2021 “Transparency and control requirements for competing pension schemes” issued by the Occupational Pension Supervisory Commission (OAK-BV), Swisscanto Flex has the following communities of solidarity:
- All affiliated employers form a community of solidarity with regard to the actuarial risks of longevity, disability and death.
- All affiliated employers form a community of solidarity with regard to the investment risk at foundation level (pension capital of pensioners and technical provisions).
- The affiliated employers in the “Flex Collective” area form a community of solidarity with regard to the investment risk.
- The affiliated employers in a “Flex Individual” pension fund form a community of solidarity with regard to the investment risk.
- For the purposes of the regulations, Swisscanto Flex’s definition of terms is used.

B Board of trustees

Art. 2 Composition of the board of trustees

The board of trustees is the highest governing body of the foundation and consists of six members, i.e. three employer and three employee representatives. External members may also sit on the board of trustees.

Art. 3 Appointment and constitution of the board of trustees

The board of trustees constitutes itself. It elects a chairman and a vice-chairman from among its members, but these persons may not be both employer or employee representatives. If no agreement can be reached, a neutral arbitrator appointed by mutual agreement decides the matter. If the trustees cannot agree on the arbitrator, the arbitrator is appointed by the supervisory authority.

Art. 4 Term of office of the board of trustees

The term of office of the members of the board of trustees is three years. Re-election is possible.

Art. 5 Election of the employer and employee representatives

All pension fund commissions are informed by the management about the date and procedure of the elections.

The serving board of trustees consisting of an equal number of employer and employee representatives can nominate employer as well as employee representatives as candidates for election to the board of trustees. The nominations are submitted to the pension fund commissions in writing.

The employer representatives on the pension fund commissions are entitled to nominate employer candidates. The employee representatives on the pension fund commissions are entitled to nominate employee candidates. Candidates do not necessarily have to be insured with Swisscanto Flex. For pension funds with less than ten insured persons, the employee candidate must be able to provide the written consent of at least two-thirds of the insured persons, and for bigger pension funds, of at least ten insured persons.

Art. 6 Election procedure

Persons who stand for election to the board of trustees have to notify their candidacy to the management of Swisscanto Flex Collective Foundation within 60 days from the date on which the election notice was sent.

Two electoral lists are prepared containing the names of the candidates for employee and employer representatives. The employer and employee representatives on the pension fund commissions each vote for a maximum of three candidates from their electoral list, whereby a candidate may only be given one vote. The votes of the pension fund commission are weighted by the number of active insured persons for the respective pension fund on 1 January of the election year.

The completed electoral lists must be returned to the management within 30 days from the date of dispatch.

The valid votes are counted under the supervision of the auditors. An electoral list is invalid if more than three candidates are listed, if names are listed of persons who are not standing for election, or if the completed electoral list is not returned to the management by the deadline. The result of the election is recorded in minutes which are signed by the auditors.

The candidates who received the most votes are elected as employer and employee representatives. Elections are determined by a relative majority of the votes cast. Candidates who are unsuccessful in the election are deemed to be reserve members as defined by Art. 7, subject to para. 6. If the same number of persons is nominated as there are seats available for the employee and employer representatives, the nominees are deemed to be elected.

Only one representative (employee or employer) from an affiliated company can be elected to the board of trustees. If more than one person is elected, the person who received the most votes joins the board of trustees. Lots are drawn in the event of a tied vote.

The pension fund commissions are informed of the new members of the board of trustees and the reserve members within 30 days of the final submission date.

Art. 7 By-elections during the term of office

If a member of the board of trustees resigns, the reserve members pursuant to Art. 6 para. 5 are proposed for the position in the order of the number of votes obtained. If the person with the highest number of votes declines, the person with the next highest number of votes will be asked. If the position cannot be filled in this way, the management is responsible for electing a replacement. This is organised in analogy to the provisions in Art. 6 et seq.

The elected reserve member continues the term of office of the resigning member.

Art. 8 Election dates

The election process always starts three months before the term of office ends.

Art. 9 Meetings of the board of trustees

The board of trustees is convened by the chairman as necessary, but meets at least once a year. Every member may make a written request that the chairman should convene a meeting.

Meetings are called by the chairman at least ten days in advance by way of a written invitation listing the items on the agenda. The two reserve members are not invited.

The meeting is chaired by the chairman or, in their absence, the vice-chairman.

The members receive an appropriate fee for their services from the foundation.

The board of trustees is quorate when more than half of its members are present. Resolutions are adopted with a simple majority of the votes.

A qualified majority of the votes of four out of six trustees is needed for the following important decisions.

This applies for:

- Organisation of an unscheduled election of a new board of trustees;
- Election and dismissal of the management;
- Amendments to the regulations;
- Conclusion and cancellation of a management mandate or an insurance contract;
- Opening and closing of banking relationships;
- Election and dismissal of the pension actuary and advisor;
- Election and dismissal of the auditors;
- Proposals for amendments to the deed of foundation;
- Proposals for the liquidation of the foundation.

For all other matters, the chairman's vote counts double if votes are tied.

Resolutions can also be adopted by circular letter. Such resolutions require a qualified majority in order to be valid. These resolutions are only valid if no member of the board of trustees requests that they be placed on the agenda of the next meeting. Circular resolutions are included in the minutes of the next meeting.

Minutes are taken of the resolutions of the board of trustees.

Art. 10 Duties of the board of trustees

Duties of due diligence and loyalty

The members of the board of trustees carry out their duties with all due care and protect the interests of the foundation in good faith.

They must treat the affiliated companies and beneficiaries equally under the same conditions.

Responsibility

All persons entrusted with the administration or management of the foundation and the pension actuaries are responsible for any loss or damage they cause to the foundation intentionally or through negligence (Art. 52 of the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans, BVG).

Art. 755 Swiss Code of Obligations (OR) applies in analogy to the liability of the auditors.

Duty of discretion

The members of the board of trustees and all persons entrusted with the management of the foundation are subject to a duty of confidentiality pursuant to Art. 86 BVG with regard to the personal and financial circumstances of the insured persons and the founder that come to their attention in the course of their activities. This duty of confidentiality continues even after they are no longer active on behalf of the foundation or the founder. Meetings and minutes of the board of trustees must be treated confidentially.

Return of documents

The members of the board of trustees must return all documents relating to the foundation at the latest at the end of their term of office. This does not apply to the minutes of the meetings of the board of trustees.

Art. 11 Tasks of the board of trustees

The board of trustees manages the business of the foundation in accordance with the law, the deed of foundation and the directives of the supervisory authority.

The board of trustees essentially has the following tasks:

- Adopting the financing system;
- Determining the benefit targets and pension plans and adopting the principles for using the uncommitted funds;
- Approving and amending the regulations;
- Preparing and approving the annual financial statements;
- Adopting the technical interest rate and other actuarial tables;
- Determining the organisational structure;
- Adopting the structure and principles of accounting;
- Determining the group of insured persons and ensuring that they are informed;
- Providing basic and advanced training for the employee and employer representatives;
- Appointing and dismissing the persons entrusted with the management of business operations;
- Appointing and dismissing the pension actuary and the auditors;
- Deciding on total or partial reinsurance cover for the foundation and selecting the reinsurer;
- Determining the objectives and principles of asset management as well as executing and supervising the investment process;
- Periodically monitoring whether the investments cover the medium- and long-term obligations of the pension fund;
- Defining the conditions for the repurchase of benefits.

The board of trustees may delegate the management of the foundation in full, unless the law, the deed of foundation or these regulations provide otherwise.

The board of trustees is the highest governing body and supervises and monitors the management. It issues guidelines on the business policy and regularly receives information on the course of business. The board of trustees may pass resolutions on all matters that are not reserved for or were not transferred to another governing or executive body by law, the deed of foundation or regulations.

The board of trustees regulates the activities of the pension fund commissions. It may issue guidelines and directives for this purpose.

Information and monitoring of the pension fund commissions have been delegated to the management.

C Pension fund commissions

Art. 12 Background

The employers have joined the foundation under an affiliation contract in order to provide occupational benefits insurance to the groups of persons employed by them.

Pursuant to Art. 51 BVG, the employer must set up a pension fund commission for its pension fund to ensure the proper implementation of the occupational benefits insurance.

Art. 13 Purpose

The principal task of the pension fund commission is to represent the interests of the persons insured with the pension fund in question towards the foundation and the employer. It issues pension-specific provisions in the context of the pension plan.

Art. 14 Composition

In compliance with Art. 51 BVG, the pension fund commission consists of at least one employer representative and the same number of employee representatives.

Pension fund commissions of pension funds with several affiliated employers must ensure that all affiliated employers and their employees are adequately represented.

Art. 15 Appointment

The employer representatives are appointed by the employer.

The employees elect their representatives from among the insured persons, whereby the individual employee categories should be represented appropriately. The employer organises the election procedure. If the number of nominated candidates and the number of seats on the commission are the same, the nominated candidates are considered to have been elected uncontested.

The term of office is identical to that of the board of trustees. Re-election is possible.

If the employment relationship of a representative of the insured persons is terminated before their regular retirement, the member must withdraw from the pension fund commission. A new member must be elected to replace them, unless a reserve member has already been appointed. The reserve member continues the term of office of the resigning member.

The foundation's management must be informed without delay of any changes in the composition of the pension fund commission.

Art. 16 Constitution

The pension fund commission constitutes itself. It elects a chairman and a deputy chairman from among its members, but these persons may not be both employer or employee representatives. Each member has one vote.

Art. 17 Representation

The pension fund commission elects the members who represent the commission vis-à-vis the foundation, appoints the persons who are authorised to sign on behalf of the commission and determines their signatory authority. It also informs the foundation of the names of the persons who are authorised to sign notices regarding changes in the number of staff, unless these persons are also members of the pension fund commission.

Art. 18 Meetings

The pension fund commission is convened by the chairman on request of at least half of the members or when business requires. The invitation must contain an overview of the items on the agenda.

The meeting is chaired by the chairman or, in their absence, the vice-chairman.

The pension fund commission meets at least once a year. Minutes must be kept of all meetings.

Resolutions by the pension fund commission may only be disclosed to the insured persons after consultation with the board of trustees.

Art. 19 Tasks

The pension fund commission heading a pension fund is responsible for the implementation of the occupational benefits insurance in compliance with the law. It checks the data provided by the foundation and delivers all requested information and documents to the foundation in a timely manner. The pension fund commission is free to make decisions within the legal and regulatory framework defined by the board of trustees.

The pension fund commission essentially has the following tasks:

- Issuing, implementing and amending the plan-specific elements of the pension plan within the framework of the pension fund regulations.
- Amendments to the pension plan may not contradict the law, the deed of foundation, the affiliation contract or the rules of organisation of the foundation. The board of trustees is authorised to check the resolutions of the pension fund commission to ensure that they comply with the law.
- Discussing requests and applications regarding the pension plan and the pension fund regulations.
- Deciding on the use of the uncommitted funds.
- Fulfilling the obligation to provide information to the insured persons in cooperation with the employer:

For “Flex Individual” pension funds, the pension fund commission also fulfils the following tasks:

- Determining the interest rate that applies to the individual savings capital of the insured persons, taking account of the pension fund’s financial situation.
- Defining the security level and time horizon for determining the target value fluctuation reserve.
- Informing the persons insured with the pension fund on the financial situation of the pension fund.

Art. 20 Resolutions

The pension fund commission is quorate when more than half of its members are present.

The pension fund commission passes its resolutions with the simple majority of the votes of the members who are present. If votes are tied, a compromise should be sought. If no agreement can be reached, the proposal is considered to be rejected. However, if an agreement is imperative, the matter should be submitted to a neutral arbitration tribunal appointed by mutual consent.

Resolutions can also be adopted by circular letter. Resolutions that concern regulatory claims as well as the employee and employer contributions require the approval of two-thirds of all members entitled to vote.

Resolutions that oblige the employer to pay higher or lower contributions require the employer's consent.

The pension fund commission has to submit the signed minutes or circular resolution to the management within two weeks.

The decision on the payment of interest must be submitted annually by 20 January in order for it to be implemented. The details are set out in the Regulations on Participation and Restructuring.

Art. 21 Information and control

The members of the pension fund commission must keep abreast of the risks associated with their decisions and the consequences that may result from such decisions.

The members of the pension fund commission are obliged to identify and disclose conflicts of interest in accordance with Art. 51b BVG. In this case, measures must be taken to prevent this.

If legal transactions are conducted with related parties (Art. 51c BVG) in the function as a member of the pension fund commission, these must be identified and disclosed. It must be ensured that these are carried out at standard market conditions.

Art. 22 Right of inspection

The pension fund commission has the right to inspect all the foundation's documents pertaining to its own pension fund that it requires to meet its legal obligations. The annual report of Swisscanto Flex Collective Foundation of the Cantonal Banks and the auditors' report are sent to the pension fund commission. In this context, the foundation is obliged to provide the pension fund commission with the required information. Enquiries in this regard must be addressed to the foundation.

D Employers and beneficiaries

Art. 23 Tasks of the employer

The employer essentially has the following tasks:

- Notifying the foundation of changes to the members of the pension fund commission
- Providing the information required for the implementation of the occupational benefits insurance in full and truthfully, using the reporting channels or forms provided for this purpose
- Checking the completeness and accuracy of and updating the annual salary list submitted by the foundation:
- In accordance with the affiliation contract, the employer has to confirm in writing that there is an obligation to continue making salary payments or daily sickness allowance insurance with a benefit period of 720 days for all insured employees and report any benefit-relevant changes or cancellations of the insurance contract.
- Notifying departures using the “Notification of departure” form
- Notifying deaths (active insured persons and pension recipients) using the “Notification of changes” form
- Notifying disability cases using the “Notification of incapacity for work” form
- Notifying retirements using the “Notification of changes” form

E Management and manager

Art. 24 Background

The management handles the day-to-day business of the foundation. It organises and conducts business in an appropriate and timely manner and in compliance with the law and regulations.

The person entrusted with the management is elected by the board of trustees.

Art. 25 Tasks

The management essentially has the following tasks:

- Organising the foundation's operational activities and monitoring the work of the administration,
- Implementing the resolutions of the board of trustees,
- Representing the foundation vis-à-vis third parties, in particular official bodies,
- Issuing orders to third parties, unless the board of trustees is responsible for this,
- Providing timely and appropriate information to the affiliated pension funds,
- Providing information for beneficiaries,
- Coordinating the schedules of the board of trustees,
- Preparing the meetings of the board of trustees on behalf of the chairman and supporting the chairman in the execution of meetings (agenda, invitations, taking minutes, monitoring pending items),
- Preparing the background and options for decision making for the board of trustees,
- Preparing and implementing the elections of the members of the board of trustees,
- Participating in the meetings of the board of trustees and the commissions in an advisory capacity and preparing the minutes,
- Managing the business operations and handling the ongoing correspondence

Art. 26 Reporting

The manager informs the board of trustees as required and on request about the activities carried out and special decisions taken, as well as the activities of the management.

F Other bodies and offices

Art. 27 Auditors

The auditors appointed by the board of trustees carry out the tasks listed in the BVG. In particular, it checks whether the annual financial statements comply with the statutory provisions and whether the organisation, management and investment of assets comply with the statutory and regulatory provisions. The auditors record their findings annually in a report to the board of trustees.

Art. 28 Pension actuary

The pension actuary appointed by the board of trustees carries out the tasks listed in the BVG. In particular, the pension actuary checks annually whether the foundation can guarantee that it can meet its obligations and whether the actuarial provisions on the benefits and their financing contained in the regulations meet the requirements of the law. It examines all pension plans of the pension funds that are applied. It calculates the foundation's pension capital and technical provisions annually and prepares an annual actuarial report. In particular, it submits recommendations to the board of trustees on the level of the technical interest rate, the demographic basis, the conversion rate and measures to be taken in the event of a funding deficiency.

G Responsibility, duty of confidentiality, loyalty of the persons in charge

Art. 29 Standards of conduct

All documents and information must be treated in the strictest confidence and may not in any form or manner whatsoever be made accessible, either in whole or in part, to any unauthorised persons.

To guarantee data security, all the organisational and technical measures dictated by circumstances must be implemented.

All persons entrusted with the foundation's business activities are obliged to maintain the strictest confidentiality with regard to any information that comes to their attention. In particular, this duty extends to the personal, contractual and financial situation of the insured persons and their dependants, as well as their employer. The obligation to maintain confidentiality continues to apply even after the termination of their activities on behalf of the foundation.

All persons entrusted with the business of the foundation, namely the members of the board of trustees, the manager, the employees of the management office and the asset managers, the pension actuary and the auditors, must have a good reputation and be able to guarantee exemplary business conduct.

They are subject to the fiduciary duty of care and must promote the interests of those insured with the foundation in all their activities. To this end they must ensure that there is no conflict of interests between their personal and professional relationships.

The foundation uses an internal control system adapted to its size and complexity. The internal control system (ICS) comprises the prescribed procedures, methods and measures that serve to ensure adequate security with regard to the risks of management, in particular with regard to the effectiveness of operational business processes, the reliability of financial reporting and compliance with the laws and regulations.

The following principles apply to the internal control system:

- Materiality is derived from the requirements of the management and supervisory bodies.
- Expediency results from focusing on the relevant processes and structures. These are identified, recorded, monitored and, if necessary, adapted or newly created. Relevance is derived from the external requirements or from the internal assessment of the hazard potential.
- The ICS must – as part of a continuous process – identify deviations from targets and flag any need for action. This requires the involvement of the board of trustees, management and all employees.

All persons involved in the administration, management and control of the foundation are liable for any damage they may cause intentionally or through negligence (Art. 52 BVG).

In addition, the provisions on loyalty and integrity in accordance with the Investment Regulations apply to all positions and bodies (Art. 31 et seq. Investment Regulations and Appendix 2).

H Final provisions

Art. 30 Scope of application

These regulations were adopted by the board of trustees on 25 August 2023 and enter into force on 1 January 2023. They replace the previous Rules of Organisation of the Collective Foundation dated 22 October 2020, valid from 1 November 2020.

According to the law and the deed of foundation, the board of trustees may amend these regulations at any time. Amendments must be submitted to the supervisory authority.

Zurich, 25 August 2023

Swisscanto Flex Collective Foundation
of the Cantonal Banks

The Board of Trustees