

Profond

# Organizational Rules

January 2022

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Should legal differences arise between the original and the translated version, the German version will prevail.

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# 1. General provisions

## Art. 1 Purpose

1 These Rules govern the nature of the cooperation between the governing bodies and committees, and determine the norms regarding organization and delegation. They also define the election, duties, authorities and responsibilities of the individual governing bodies and committees, as well as the principles governing the conduct and actions of all concerned.

## Art. 2 Integrity and loyalty

1 All persons active on behalf of Profond act in its judicious interests and thus to the benefit of insured members and associated employers.

2 They undertake to comply with statutory provisions with regard to integrity and loyalty, and with the ASIP Charter and Specialized Directive (in the October 2011 version).

## Art. 3 Basic and advanced training

1 Profond ensures that its employees and members of its governing bodies and committees receive basic and advanced training commensurate with their needs.

## Art. 4 Duty of confidentiality

1 All persons engaged in implementation, control or supervisory activities for Profond are subject to the statutory duty of confidentiality (Art. 86 of the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision – OPA).

## Art. 5 Signature authority

1 Members of the Foundation Board and the management all have joint signature powers with one other authorized signatory. Their signature powers must be entered in the Commercial Register.

2 The Foundation Board can grant joint signature powers to other persons and decide on entering the signature power in the Commercial Register.

## Art. 6 Responsibility

1 Profond arranges D&O insurance for members of its governing bodies and committees at its expense.

## Art. 7 Compensation

1 Employees' compensation is governed by the staff rules or their contracts of employment.

2 Separate rules exist governing the compensation of members of the Foundation Board and its committees.

# 2. Governing Bodies and committees

## 2.1 Foundation Board

### Art. 8 Eligibility

1 Members of the Foundation Board must be capable of action, have no criminal record, and give no grounds for expecting their conduct to be other than

irreproachable. They must not have any conflict of interest with Profond due to their personal and business circumstances. Current and former employees of Profond are not eligible for election.

2 The majority of the members of the Foundation Board must be active for employers associated with Profond. Self-employed persons are eligible for election as both employee and employer representatives.

3 Members of the Foundation Board representing employees and employers are elected by employee and employer representatives respectively.

4 Before elections the Foundation Board prepares requirement profiles.

### Art. 9 Election

1 The occupational pension commissions and the Foundation Board are entitled to make proposals for the election of Members of the Foundation Board.

2 Management is responsible for conducting the election.

3 Nominations must be submitted electronically to Management by 31 March of the calendar year in which an outgoing member of the Foundation Board's term of office expires.

4 Management prepares lists of all the employer and employee representatives who have been nominated and are prepared to stand.

5 These lists are delivered at least 20 days before the election date to all occupational pensions commissions, who are then called upon to elect as many employee and employer representatives as there are seats on the Foundation Board for each group of representatives. The occupational pensions commissions exercise their voting rights electronically.

6 The employee and employer representatives on the occupational pensions commissions elect their own representatives to the Foundation Board. Each occupational pensions commission has one vote for each seat on the Foundation Board to be filled with employee and employer representatives.

7 The candidates for whom most votes are cast are elected. If two or more persons receive the same number of votes and there are not enough seats for them all, the election is decided by lot. If the number of persons nominated is the same as the number of seats to be filled by employee or employer representatives, the nominees are deemed to have been elected.

### Art. 10 Composition and constitution

1 The Foundation Board consists of at least six members. There must be equal numbers of employer and employee representatives. Before the elections the Foundation Board determines how many members it will have for the coming term of office.

2 The Foundation Board is self-constituting. It elects the Chairman and one or more Deputy Chairmen from among its members.

3 The Chairman represents Profond both internally and externally.

### Art. 11 Term of office and by-elections

1 Members of the Foundation Board are elected for a term of office of four years, beginning on 1<sup>st</sup> June of the year in which the election takes place.

2 They are eligible for re-election.

**3** If a member of the Foundation Board leaves the employment of an affiliated employer or if the employer of a member of the Foundation Board terminates the affiliation agreement with Profond, the member of the Foundation Board can remain on the Foundation Board until the expiry of his term of office with the consent of the relevant employee or employer representative. If a member of the Foundation Board retires before the expiry of his term of office, the employee or employer representatives on the Foundation Board elect a member to replace him.

#### **Art. 12 Duties**

**1** The Foundation Board is the supreme governing body of Profond and is responsible for its overall management.

**2** It ensures that duties prescribed by statute and by these Rules are performed, and defines the strategic objectives and principles of Profond as well as the resources required for their implementation.

**3** The Foundation Board sets out the effective and legally compliant organization of Profond, ensures its financial stability and monitors its management.

**4** It performs its statutory duties that are non-transferable and inalienable, especially the following:

- a) defining the funding system
- b) defining performance targets, pension plans and the principles for the appropriation of disposable assets
- c) enacting and amending rules
- d) preparing and approving the annual accounts
- e) determining the level of the technical interest rate and other technical fundamentals
- f) defining the organization
- g) configuring the accounting system
- h) defining the insured membership and ensuring that insured members are provided with information
- i) providing basic and advanced training for employee and employer representatives
- j) appointing and dismissing persons entrusted with senior management roles
- k) electing and dismissing the occupational pensions expert and the statutory auditors
- l) deciding whether to obtain full or partial reinsurance cover and which reinsurer to select
- m) defining the objectives and principles of asset management, conducting and monitoring the investment process
- n) conducting periodic reviews of the capacity of Profond's invested assets to meet its obligations in the medium to long term
- o) defining the preconditions for surrender
- p) ensuring that internal controls commensurate with the foundation's size and complexity are in place, and regularly monitoring compliance with them
- q) approving all important contracts such as management contracts, the global custody contract, reinsurance contracts, etc.
- r) deciding on affiliation agreements and pension plans at the request of the management in justified individual cases
- s) organising its resources.

**5** The Foundation Board further ensures that only those pension plans are used for which confirmations

by the occupational pensions expert on compliance with the principles of Art. 1 OPA are available.

#### **Art. 13 Delegation**

**1** Where duties are capable of being delegated, the Foundation Board can delegate duties to committees, directors or third parties. These specifically include the preparation and implementation of resolutions of the Foundation Board and managerial activities.

**2** It ensures adequate reporting.

#### **Art. 14 Convening and conducting meetings**

**1** The Chairman convenes meetings as required, but at least six times per year and when at least a quarter of the members of the Foundation Board call on him to do so.

**2** Meetings must be convened and agenda items announced at least five days in advance. This notice period may be waived with the consent of all members of the Foundation Board.

**3** Meetings are chaired by the Chairman of the Foundation Board, or in his absence by a Deputy Chairman.

**4** The managing director and, if necessary, other members of management attend meetings in an advisory capacity.

**5** The Chairman of the Foundation Board arranges for minutes to be kept.

**6** Profond's external service providers or third parties can be invited to meetings if necessary.

**7** The Foundation Board can designate observers who are not members of the Foundation Board. Observers attend meetings in an advisory capacity and with no voting rights. The number of observers must not exceed a quarter of the number of members of the Foundation Board.

#### **Art. 15 Resolutions**

**1** The Foundation Board is quorate when a majority of its members is present.

**2** It adopts resolutions by a simple majority. Amendments to the foundation's charter, however, require a two-thirds majority of the members of the Foundation Board.

**3** In the event of a tie the motion is lost.

**4** Resolutions can be adopted by way of circular letter. Resolutions of this nature come into force only with the unanimous consent of the members of the Foundation Board.

## **2.2 Committees**

#### **Art. 16 Duties and authorities**

**1** The Foundation Board establishes project-related and permanent committees to assist it in the performance of its duties. Their duties and authorities are governed by separate rules.

**2** The committees prepare and implement resolutions of the Foundation Board. Managerial activities can also be assigned to them.

#### **Art. 17 Composition**

**1** A maximum of five members are elected to each committee by the Foundation Board. There must be at least one member of the Foundation Board and up to

three experts, who need not be members of the Foundation Board. Art. 8 para. 1 applies mutatis mutandis.

#### **Art. 18 Election and term of office**

**1** The Foundation Board elects the members and chairmen of committees. The term of office of committee members is four years, coinciding with that of the members of the Foundation Board.

#### **Art. 19 Meetings and resolutions**

**1** The provisions of Art. 14 and Art. 15 for the Foundation Board also apply mutatis mutandis to committees, subject to any specific rule to the contrary.

### 2.3 Management

#### **Art. 20 Appointment of the director**

**1** The Foundation Board appoints a director who is employed by Profond.

**2** The Foundation Board can transfer management to third parties in part or in whole. In this event a written contract governing rights and obligations must be drawn up.

#### **Art. 21 Duties and responsibilities**

**1** The director performs the operating business within the framework of the rules and requirements of the Foundation Board and issues the necessary guidelines for the internal organization.

**2** The duties of the director include the following in particular:

- a) defining the entire structural and procedural organization and ensuring its continuing development
- b) preparing proposals for decisions by the Foundation Board and implementing its resolutions, unless a committee is responsible for doing so
- c) establishing a system for key indicators, reporting and supervision for the appropriate management levels and regularly reporting on business performance to the Foundation Board
- d) briefing the Chairman of the Foundation Board about unusual occurrences without delay
- e) preparing an annual business plan
- f) continuing to develop the pensions area and support
- g) working in the investment area in accordance with the relevant investment rules
- h) appointing, managing and dismissing employees
- i) managing the entire business administration in the occupational pensions area
- j) securing shared pension fund functions
- k) monitoring project portfolio management
- l) reporting to supervisory authorities
- m) conducting elections to the Foundation Board
- n) representing Profond externally, unless this is a duty of the Foundation Board or its Chairman.

**3** The director drafts proposals for the attention of the Foundation Board on the development of the strategy and, once such proposals have been established, defines the short- and medium-term objectives for their implementation.

## 3. Inspection bodies

#### **Art. 22 Statutory auditors**

**1** The statutory auditors scrutinize Profond's management, accounting and asset situation annually, as required by statute. They prepare a written report for the Foundation Board and attend the meeting of the Foundation Board at which the annual accounts are discussed.

**2** The statutory auditors' report must be submitted to the supervisory authority and the occupational pensions expert and made available to the insured persons.

**3** The statutory auditors are elected by the Foundation Board.

#### **Art. 23 Occupational pensions expert**

**1** The expert must perform the duties assigned to him under statute, especially the preparation of an annual actuarial assessment. In particular, he verifies that Profond can guarantee at all times that it is able to meet its obligations and that the actuarial rules on benefits and funding comply with statutory provisions.

**2** He makes recommendations to the Foundation Board, especially

- on the level of the technical interest rate and other technical fundamentals
- on measures to be taken in the event of a shortfall.

**3** The occupational pensions expert is elected by the Foundation Board.

## 4. Provisions relating to individual pension funds

#### **Art. 24 General provisions**

**1** The affiliation of an employer or employers' association to Profond is the subject of contractual agreement.

**2** Each affiliated entity has its own pension fund and its own occupational pensions commission.

#### **Art. 25 Composition and constitution**

**1** When affiliating to Profond, each employers or professional association elects an occupational pensions commission.

**2** The occupational pensions commission comprises at least two members. There must be equal numbers of employer and employee representatives.

**3** The employee representatives must work for the affiliated employer and must belong to the group of actively contributing members. The employee and employer representatives of an affiliated professional association must be members of that professional association.

**4** Self-employed individuals (with no employees) who have joined a professional association's pension fund can represent employees or the employer.

**5** The occupational pensions commission constitutes itself. It notifies the Foundation Board of its composition by sending it the record of its election, and informs it of any change.

**6** All submissions to Profond must be signed by one employer representative and one employee representative.

#### **Art. 26 Duties**

**1** The occupational pensions commission has the following duties:

- a) Decision concerning the pension plan offered by Profond to which the employer subscribes or which is available as an option in the pension fund of a professional association;
- b) Decision concerning the use of the pension fund's uncommitted funds in compliance with Profond's relevant principles; informing and advising insured persons
- c) supervising the supply by employers of all the information required for insurance cover to Profond (changes in pay, departure, invalidity, change in marital status, death etc.)
- d) monitoring the payment to Profond of employees' and employers' contributions
- e) circulating nominations for election to the Foundation Board
- f) electing the Foundation Board.

**2** The duties under letters d) and e) do not apply to the pension funds of professional associations.

**3** The obligations under lets. f) and g) do not apply when only one insured person is concerned.

**4** The staff pension fund commission informs the management about material decisions.

## 5. Transitional and final provisions

#### **Art. 27 Right and modification**

**1** The Foundation Board is entitled to amend these Organizational Rules at any time.

#### **Art. 28 Entry into force**

**1** These Organizational Rules come into force on 1<sup>st</sup> January 2022. They supersede the Rules dated 1<sup>st</sup> January 2021.

The Foundation Board  
Zurich, December 2021

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