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REGULATIONS ON THE INTERNAL CONTROL SYSTEM

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**ARTICLE 1 - PREAMBLE**

The Board of Trustees, in its capacity as the highest body of the Foundation, assumes the duties pursuant to Article 51a BVG/LPP. In particular, it determines the strategic objectives of the pension fund and the means of achieving them. It determines the organisation of the pension fund, ensures its financial stability, appoints, instructs and monitors its Management. It is responsible for applying the legal, regulatory and deontological provisions. It ensures compliance with the data protection principles by means of the technical and organisational measures in place. It carries out all tasks which are not expressly those of another organ.

These Regulations set out the Foundation's internal control system and define the specific responsibility of the Board of Trustees with regard to the internal control requirements of Directive D-01/2021 of the Occupational Pension Supervisory Commission (CHS PP) (hereinafter "Directive D-01/2021").

It takes into account the size and complexity of the Foundation, the main features of which are as follows:

- a) The Foundation is a collective occupational benefits institution.
- b) The Foundation offers separate pension plans to members, subject to the same conditions for all members who have chosen them. The occupational pension expert provides a certificate for all pension plans. The risks of death and disability are reinsured in full by means of a comprehensive and appropriate reinsurance contract with the same insurance company for all insured persons and all pension plans.
- c) The Foundation has delegated marketing to external broker partners. Affiliation agreements are generally concluded reactively following requests for tenders.

- d) Administrative, technical, accounting, sales and investment management are carried out in-house by employees of the Foundation.
- e) The Board of Trustees has delegated the implementation of its investment strategy, as defined in the Investment Regulations, to various asset managers.
- f) The Board of Trustees has delegated the management and real estate portfolio management to external boards or to an external manager.
- g) The Foundation has delegated the function of DPO (Data Protection Officer).
- h) The Foundation has delegated the support and maintenance of the IT infrastructure.

**ARTICLE 2 - DELEGATION OF TASKS**

The Board of Trustees performs its non-transferable and inalienable duties pursuant to Article 51a BVG/LPP. It delegates to agents other tasks that do not fall within this category and, accordingly, the risk assessments associated therewith. It ensures that these agents, who must have a proven reputation and experience, are engaged on customary market terms and have adequate internal controls in place.

The Board of Trustees appoints and dismisses, in particular, an external auditor, an occupational pension expert accredited by CHS PP, as well as one or more asset managers. The Board ensures that legal transactions are executed in accordance with Article 51c BVG/LPP.

The Board of Trustees ensures that the service providers' contracts set out the delegated tasks in detail, that the service providers comply with the instructions received and carry out regular risk assessments for the Foundation for which they are responsible. For asset management in particular, the Board of Trustees may appoint an institutional investment advisor to assist it in monitoring the asset manager(s) and the investments of the Foundation.

An organisational chart of tasks is annexed to these Regulations and forms an integral part thereof.

### **ARTICLE 3 - SUPERVISION OF THE ACTIVITIES OF AGENTS**

The Board of Trustees meets at least six times a year.

It reviews the activities of the agents, in particular the asset manager(s), who submit(s) to it the performance reports on the Foundation's portfolio. Periodically, but at least once a month, the Board of Trustees receives the statement of assets, enabling it to monitor asset management activities.

The Board of Trustees meets at least once a year with the occupational pension expert and the auditor. To this end, it takes note of their respective reports.

Minutes are taken of the decisions of the Board of Trustees.

The members of the Board of Trustees and/or its committees maintain regular contact with external stakeholders (e.g. asset manager(s), occupational pension expert, auditor, others) and with the Foundation's Management.

### **ARTICLE 4 - ANALYSIS OF FINANCIAL RISKS**

The occupational pension expert submits a comprehensive actuarial report to the Board of Trustees on an annual basis. The Executive Committee submits the Foundation's annual financial statements to the Board of Trustees and the recommendation on the approval of the financial statements to the Auditor. In the event of a deficit, the occupational pension expert prepares a position paper on the situation. The Board of Trustees ensures that every effort is made to ensure and maintain the financial equilibrium of the Foundation and shall decide, if necessary, on restructuring measures.

The Board of Trustees keeps abreast of developments in the Foundation's financial

situation at all times. It monitors the proper implementation of the investment policy. The Board of Trustees regularly reassesses the strategic asset allocation and amends it if necessary. The Investment Committee selects the benchmark indices and the type of management (active or index-based) in coordination with the asset manager(s).

### **ARTICLE 5 - ANALYSIS OF INDIVIDUAL SHORT- AND LONG-TERM RISKS**

The occupational pension expert determines the pension liabilities and actuarial reserves and carries out a risk evaluation and analysis. The Board of Trustees ensures, on an annual basis, that the auditor receives the certificate of the occupational pension expert confirming the commitments of the Foundation.

The occupational pension expert and the auditor carry out their duties on an annual basis in accordance with the statutory provisions of the BVG/LPP and BVV2/OPP2.

The Board of Trustees concludes a reinsurance contract for biometric risks (disability and death) on the recommendation of the Management Committee.

In order to verify their integrity and loyalty, and to identify and prevent any potential conflicts of interest, the members of the Board of Trustees and its committees, persons and institutions responsible for management or asset management are to complete an annual declaration pursuant to Article 48 I BVV2/OPP2.

### **ARTICLE 6 - SIGNING AUTHORITY**

Joint signing authority by two is granted to all members of the Board of Trustees, members of the Management and certain employees of the Foundation.

**ARTICLE 7 - AMENDMENTS**

The Board of Trustees may amend these Regulations at any time.

**ARTICLE 8 - ENTRY INTO FORCE**

These Regulations on the Internal Control System of the Board of Trustees enter into force on 1 January 2024 and were approved by the Board of Trustees on 12 December 2023.

## ANNEX

## A) Pension regulations and pension plans

Event	Responsibility	Frequency
Definition of the group of insured persons	Board of Trustees	As required
Definition of the financing system	Board of Trustees / Occupational Pension Expert	As required
Definition of benefits targets	Board of Trustees	As required
Issuing, amending and approving regulations	Board of Trustees	As required

Event	Responsibility	Frequency
Proposed amendments to the regulations	Occupational Pension Expert / Executive Committee	As required
Administrative measures vis-à-vis the supervisory authority	Occupational Pension Expert / Management Committee	As required

## B) Administration

Event	Responsibility	Frequency
Decisions on matters not provided for in the regulations	Board of Trustees / Executive Committee	Permanent

Event	Responsibility	Frequency
Application of the Regulation	Executive Committee	Permanent
Management of the group of insureds	Executive Committee	Permanent
Control of the collection of contributions	Executive Committee	Permanent
Control of regulatory entitlements	Executive Committee	Permanent
Payment of entitlements to (old-age, disability and death) benefits	Executive Committee	Permanent
Relations with the reinsurer	Executive Committee	Permanent
Issuance of pension certificates	Executive Committee	Annually or in the event of changes to the benefits
Information to insured persons	Executive Committee	Permanent
Relations with members' previous occupational benefits institutions	Executive Committee	Permanent
Withholding tax at source	Executive Committee	Permanent
Archiving	Executive Committee	Permanent

## C) Technical management

Event	Responsibility	Frequency
Definition of the actuarial interest rate, actuarial bases and other actuarial parameters	Board of Trustees / Occupational Pension Expert	As required
Definition of the rate of interest on pension assets	Board of Trustees	Annually
Definition of pension indexations	Board of Trustees	Annually
Definition of the use of non-committed funds	Board of Trustees	Annually
Choice of type of reinsurance and reinsurer	Board of Trustees	Contract Renewal
Review of the medium- and long-term reconciliation between the assets invested and the liabilities	Board of Trustees / Occupational Pension Expert	Every 5 years

Event	Responsibility	Frequency
Technical management (management of pension assets, calculation of benefits, determination of benefit entitlement, calculation of contributions, etc.)	Executive Committee	Permanent
Evaluation of technical commitments	Occupational Pension Expert	Annually
Technical expertise	Occupational Pension Expert	Annually
Review and negotiation of the reinsurance contract	Executive Committee	Contract Renewal
Coordination between the Foundation's partners	Executive Committee	Permanent
Definition of the use of non-committed assets at pension fund level	Executive Committee	Annually

## D) Annual financial statements

Event	Responsibility	Frequency
Review of the preparation of annual financial statements	Board of Trustees	Annually
Approval of the annual financial statements	Board of Trustees	Annually
Organisation of the accounting	Board of Trustees	As required
Information to insured persons (delivery of pension certificate)	Board of Trustees	As required, but at least annually

Event	Responsibility	Frequency
Accounting for entries	Executive Committee	Permanent
Preparation of financial statements and notes	Executive Committee	Annually
Audit of financial statements	Auditor	Annually
Coordination between the Foundation's partners and the Board of Trustees	Executive Committee	Permanent

## E) Investment strategy

Event	Responsibility	Frequency
Definition of strategy	Board of Trustees	Triennially
Issuing, amending and approving the Investment Regulations	Board of Trustees	Triennially
Authorisation of any investment extensions	Board of Trustees	As required
Appointment and dismissal of management agents	Board of Trustees	Triennially
Periodic review of the management carried out by the agents	Investment Committee	Monthly
Periodic review of the management carried out by the agents	Board of Trustees	Quarterly
Taking any corrective action	Board of Trustees	As required
Determination of the target value of the reserve for fluctuations in asset value	Board of Trustees / Occupational Pension Expert	As required

Event	Responsibility	Frequency
Custody account for securities	Global Custodian	Permanent
Implementation of asset allocation strategy	Executive Committee	Permanent

## F) Payment of benefits

Event	Responsibility	Frequency
Payment of benefits and verification of their validity	Executive Committee	Permanent
Recording of payment entries	Executive Committee	Permanent