

# Rules of Procedure

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Liberty BVG Collective Foundation

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## Rules of Procedure

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Relying on Article 9 of the Charter of Liberty BVG Collective Foundation (hereafter "Foundation"), the Board of Trustees adopts the following Rules of Procedure (hereafter "Rules"):

### Art. 1 Purpose

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- 1 These Rules of Procedure regulate how the Foundation and its pension funds are organised, and the duties and activities of the governing bodies.
- 2 The governing bodies of the Foundation are:
  - a) Board of Trustees
  - b) pension fund committees
- 3 If necessary, ad hoc committees may be established to deal with special issues. Their powers and responsibilities shall be defined in accordance with these Rules.
- 4 Relationship with other regulations  
The Rules of Procedure are the basic internal regulations of the Foundation; they shall take precedence over other regulations.
- 5 Accounting groups (Pool Invest or Mandate Invest)  
The following qualify as accounting groups (own accounting unit) within the Foundation:
  - a) a collective pension fund consisting of several pension funds (Pool Invest); or
  - b) an individual pension fund (Mandate Invest).An accounting group is separated from other accounting groups in respect of all flow and valuation parameters, save mortality reserves in accordance with the Regulations on Reserves. Accounting groups have their own investment strategy.

### Art. 2 Board of Trustees

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- 1 Highest governing body  
The Board of Trustees is the highest governing body of the Foundation; it represents the Foundation externally.
- 2 General management
  - a) Pursuant to Article 51a BVG, the Board of Trustees is responsible for the general management of the Foundation, it fulfils the statutory tasks, determines the strategic goals and policies of the Foundation and the means for implementing them.
  - b) It regulates the organisation of the Foundation, ensure its financial stability and monitors management.
- 3 Composition  
The Board of Trustees consists of at least two employer representatives and two employee representatives. The representatives must be members of one of the affiliated businesses or, if they are not members (external persons), they must have a relationship with the affiliated business.

- 4 The Board of Trustees is responsible for its own organisation. The meetings shall be presided by an independent, as a rule non-voting, Chair elected unanimously by the equal representation board members. Each board member and the outgoing Chair of the Board of Trustees shall be entitled to propose a candidate as Chair. If the equal representation members of the Board cannot agree on a Chair, the latter shall be designated by the President of the cantonal court of Canton Schwyz.
- 5 Each business or group of businesses and persons may appoint no more than one representative to the Board of Trustees.
- 6 The Manager shall attend the meetings of the Board of Trustees in an advisory capacity.
- 7 The person in charge of investments shall attend the meetings of the Board of Trustees in an advisory capacity.
- 8 The members of the Board of Trustees, the persons in charge of investments and the Manager are bound by the code of ethics in occupational benefits.
- 9 Term of office  
The members of the Board of Trustees shall be appointed for a three-year term of office. On expiry of their term of office, members may be re-elected. If an employer or an employee representative leaves the Foundation following the termination of an affiliation agreement or employment contract with an affiliated employer, his membership in the Board of Trustees shall cease simultaneously. In this case, a substitute elected at the last election of Board members shall replace the outgoing member for the remainder of the term of office. The election shall be recorded in minutes.

### 10 Remit

The Board of Trustees has the following remit:

- preparation of Board of Trustees meetings and elections to the Board of Trustees. The Board of Trustees may delegate the preparatory work and the conduct of business transactions to one or more of its members;
- all matters concerning occupational benefits which are not assigned to another body by law, the Charter, these Rules of Procedure or the Investment Regulations;
- designating the authorised signatories. Signing powers are always joint (with another signatory);
- strategic responsibility for all investments;
- setting the Foundation's investment strategy;
- determining the investment pools available to pension funds and approving the investment strategy of the pools (Pool Invest);

- setting the investment strategies offered by the Foundation to pension funds in the framework of Mandate Invest;
- review and prior approval of the investment strategies chosen by the pension funds in the framework of Mandate Invest;
- overseeing individual asset management at pension fund level (Pool Invest or Mandate Invest);
- monitoring the annual performance of the Foundation, investment pools and pension funds;
- ensuring that internal controls of the appropriate scope and complexity are implemented at Foundation, investment pool (Pool Invest), and pension fund (Mandate Invest) levels and, especially, that internal processes (ICS) for overseeing the asset management and investment strategy of the Foundation, investment pool (Pool Invest) and pension funds (Mandate Invest) are defined;
- designating the Manager, investment managers, asset and property managers;
- designating the Auditor for one year at a time and the Accredited Pension Actuary;
- outsourcing pension plan administration to third parties;
- adoption of all regulations;
- adoption of remuneration and compensation rules;
- decisions on subscribing, granting and securing loans, advances and mortgages;
- designating the reinsurer;
- approving the annual report;
- setting crediting interest rates for the pension assets in the investment pools (Pool Invest), for employer contribution reserves and for special assets of the Foundation and pension funds;
- review and approval of interest rates set by pension funds for pension assets and employer contribution reserves in the framework of Mandate Invest;
- deciding the allocation of the Foundation's non-committed assets;
- defining admission criteria and business strategy;
- decisions on recovery measures and measures to eliminate underfunding of the Foundation and investment pools (Pool Invest), and approval of recovery measures and measures to eliminate underfunding requested by pension fund committees in the framework of Mandate Invest;
- setting the discount rate, other actuarial bases and the conversion rate;
- creation of investment fluctuation reserves and actuarial provisions;
- cost-of-living adjustments;
- decisions on proposals to the Regulatory Authority for changes in the Charter of the Foundation and the dissolution of the Foundation;
- the Board of Trustees may deny requests without stating reasons.

#### 11 Principles of integrity and ethical conduct:

- a) The Board of Trustees is responsible for ensuring compliance with the principles of integrity and ethical conduct (Articles 48f to 48l BVV2/OPP2). To ensure implementation and monitor compliance with such principles, it shall adopt

appropriate organisational measures (Article 49a BVV2/OPP2) and sanction persons and institutions that infringe those principles;

#### b) In particular, it shall ensure that:

- possible conflicts of interest are considered when persons are appointed or employed by the Foundation;
- the disclosure of conflicts of interest is periodically included on the agenda;
- third parties are informed about the regular disclosure of potential conflicts of interest.

#### 12 Meetings and resolutions

- a) The Board of Trustees shall be convened by its Chair or by any two of its members. The Board is quorate when a majority of its members are present. Decisions shall be adopted by a simple majority of the votes present; in principle, the Chair does not have a vote but presides the meetings with an advisory vote. In the event of a tie, the Chair has a single vote by way of exception, and thus has the casting vote in the event of a tie. Resolutions may be adopted by circulation. Resolutions adopted by circulation shall be recorded in the minutes of the following meeting;
- b) Meetings of the Board of Trustees shall be convened by the Chair with at least 10 days' notice; the invitation to Board members shall include the agenda. If all Board members agree, the time limit may be waived;
- c) The resolutions of the Board of Trustees shall be recorded in minutes. The minutes shall be signed by the Chair of the meeting, the Manager and the secretary and approved at the next meeting.

#### Art. 3 Election of Board of Trustee members

- 1 The Manager shall inform all pension fund committees about the timing and procedure of elections. In the case of professional associations, the Manager shall inform the respective executive boards and the latter shall forward the information about the timing and the procedure of elections.
- 2 The incumbent Board of Trustees may propose both employer and employee representatives as candidates for election to the Board: the employer representatives may propose candidates as employer representatives and the employee representatives may propose candidates as employee representatives. The proposals shall be submitted to the pension fund committees in writing.
- 3 Each business shall be entitled to propose employer candidates, and the employee representatives to the pension fund committees shall be entitled to propose employee candidates. For the purposes of this clause and with respect to the provision of occupational benefits for professional associations, Annex I shall apply.
- 4 Candidates shall be made aware of their significant financial and personal liability. Sound knowledge of occupational benefits is indispensable to stand for election. The incumbent Board of Trustees may refuse candidates who do not satisfy the requirements.

- 5 Persons willing to stand for election to the Board of Trustees shall file their candidacy with the Manager within 60 days of the date the election announcement was sent.
- 6 Two lists shall be prepared, one presenting the employee candidates, the other the employer candidates. The employee and employer representatives on the pension fund committees shall each choose a candidate from their list. The votes of a pension fund committee shall be weighted by the number of active members in the corresponding pension fund on 1 January of the election year.
- 7 The employee and employer representatives of the voting pension fund committees shall vote by correspondence. The duly completed election lists must be returned to the Manager at the latest within 30 days.
- 8 The candidates with the greatest number of valid votes shall be elected as employee and employer representatives. Elections are decided by a relative majority of the votes cast.
- 9 No more than one representative of any affiliated employer may be elected to the Board of Trustees. If more than one is elected, the one with the greatest number of votes shall sit on the Board of Trustees. Tied votes shall be decided by the drawing of lots.
- 10 The pension fund committees shall be informed of the new composition of the Board of Trustees within 30 days of the submission deadline.
- 11 **Substitute elections during a term of office**  
If a member of the Board of Trustees leaves the Board, the employee or employer representative, as the case may be, with the second highest number of votes in the last election shall step in as substitute for the remaining term of office of the outgoing member. If no substitute employee or employer representative is available, substitute elections shall be organised following the normal election procedure. If there is only one candidate standing or proposed to replace an outgoing Board member, the proposed candidate shall be deemed elected by silent voting at the end of the time limit for proposals, subject to the Board of Trustees' right of refusal in accordance with Article 4. If there are several proposals or candidates, the substitute shall be elected following the normal election procedure.

## Art. 4 Pension fund committee

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- 1 **Constitution and composition**
  - a) On joining the Foundation, each business shall establish a pension fund committee responsible for the administration of pension benefits, implementation of the regulations and for informing members. A pension fund committee shall be established (as for separate pension funds) for the groups of self-employed members of the professional associations. For the latter, the provisions of the annex on occupational benefits for professional associations (Annex I) shall apply

- for the purposes of this Article;
- b) The pension fund committee is responsible for its own organisation, whereby the office of chair shall rotate between an employer and an employee representative. The committee shall send the minutes of the election detailing its composition to the Board of Trustees and shall automatically inform the Board about any changes;
- c) The pension fund committee shall consist of at least two members, and an equal number of employee and employer representatives must be appointed. The employer representatives shall be designated by the employer. Are eligible for election as employer representatives members whose employment contract with the employer has not been terminated and non-members (external persons) who have a relationship with the affiliated business. The employee representatives shall be elected from the members of the pension fund with due regard where applicable to the different categories of employee. Eligible for election as employee representatives members are employees whose employment contract with the employer has not been terminated and non-members (external persons) who have a relationship with the affiliated business. All members whose employment contract has not been terminated shall be entitled to vote as employees.

### 2 Term of office

Members of the pension fund committee shall be elected for a three-year term of office. On expiry of their term of office, they may be re-elected. If an employer or employee representative leaves the pension fund following the termination of his employment contract, his membership in the pension fund committee shall terminate simultaneously. The new election shall be recorded in minutes and notified to the Foundation.

### 3 Powers

- The pension fund committee shall have the following powers:
- representing the interests of the pension fund committee vis à vis the Foundation;
  - decisions concerning the benefits scheme and its implementation; applications to the Foundation for changes in the benefits scheme or the establishment of new benefits schemes;
  - administration of the pension fund (for pension funds with individual asset management): selecting the investment strategy from the range of investment solutions offered by the Foundation for individual asset management (Pool Invest or - if the conditions are satisfied and subject to the verified risk capacity of the pension fund - Mandate Invest), and reporting periodically to the Manager and responsible asset managers on the liquidity status, investment and liquidity requirements of the pension fund (Pool Invest or Mandate Invest);
  - checking record-keeping (changes in salaries, exits, disability, changes in civil status, deaths, etc.);
  - support in obtaining the requisite claim documentation in case of an insured event;
  - reconciling contribution payments with the reports of the employer or his representatives;
  - advising members;

- information to members and organisation of the appropriate information events;
- preparing and submitting proposals to the Board of Trustees (e.g. for amendments to regulations, etc.);
- responding to enquiries and applications from the Foundation, members and pensioners;
- approving amendments to the affiliation agreement or its termination by the business;
- decisions concerning the allocation of the pension fund's non-committed assets in accordance with pension objectives and subject to the principle of equal treatment.

#### 4 Additional duties for Mandate Invest

With respect to Mandate Invest, the pension fund committee shall have the following additional duties:

- a) Subject to the provisions specified in the Investment Regulations, it shall be responsible for:
  - asset management of the pension fund;
  - setting the investment strategy;
  - decisions on the implementation of the investment strategy and the granting of an asset management mandate to an asset manager accredited with the Foundation;
  - concluding the requisite asset management agreements with the Foundation's consent;
  - overseeing asset management and periodical review of the investment strategy and compliance with BVV2/OPP2 requirements;
- b) it decides on benefit enhancements if the investment fluctuation reserve falls short of the target level. However, this decision is additionally subject to the approval of the Board of Trustees;
- c) it sets the interest rate on pension assets (taking into account the minimum BVG interest rate) and the employer contribution reserves subject to Board of Trustee approval. Employer contribution reserves with a declaration of renounced use may not accrue interest. Failing a decision by the pension fund committee, the interest rates set by the Board of Trustees shall apply;
- d) it sets the projection interest rate for the calculation of the expected pension assets at retirement. However, this decision is additionally subject to the approval of the Board of Trustees. Failing a decision by the pension fund committee, the interest rates set by the Board of Trustees shall apply;
- e) in the event of underfunding, it shall ask the Board of Trustees to implement appropriate recovery measures for the elimination of the deficit within the framework of the principles applied by the Foundation; the Board of Trustees may, however, consult the pension fund committee.

#### 5 Meetings and resolutions

- a) The pension fund committee shall meet whenever necessary but at least once a year. Meetings shall be convened by the Chair of the committee or by a majority of its members. Unless disallowed by any data protection requirements, the pension fund committee may delegate business (administrative processing without decision-making powers) to one or more persons appointed by the employer who may attend meetings in an advisory capacity;
- b) the pension fund committee shall be quorate when a majority of its members are present. Decisions shall be adopted

- by a simple majority of the members present and voting. In case of a tie, the Chair's vote shall count double;
- c) minutes shall be kept of all decisions of the pension fund committee; the Board of Trustees may view the minutes. The minutes shall be signed by the Chair and the secretary of the meeting. Decisions shall be communicated to the Foundation and the members of the business.

#### Art. 5 Management

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- 1 Management shall be outsourced to a specialised company.
- 2 Powers
  - a) Management shall have the following powers in particular:
    - structure and organisation of distribution;
    - relations with employers, members, financial intermediaries, asset managers, consultants and brokers;
    - technical administration;
    - finance and securities accounting;
    - preparation of annual financial statements;
    - monitoring and securing operational liquidity;
    - support in defining, managing and implementing control processes (ICS) especially for monitoring asset investment and the investment strategy of the Foundation, investment pools (Pool Invest) and pension funds (Mandate Invest);
    - acting as contact office for all governing bodies, employers, members, pensioners and partners (banks, asset managers, etc.);
  - b) the separate management agreement shall be the reference basis for the duties entrusted to the Manager.

#### Art. 6 Auditor

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- 1 The Board of Trustees shall designate the auditor. The Auditor shall verify the governance, books and investments of the Foundation once a year.
- 2 The Auditor shall submit a written report on its observations and findings to the Board of Trustees.

#### Art. 7 Accredited Pension Actuary

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The Board of Trustees shall appoint an accredited pension actuary who shall periodically prepare an actuarial appraisal showing the financial situation of the Foundation (Article 52e(1) BVG).

#### Art. 8 Related-party transactions

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- 1 Legal transactions with related parties shall be admissible provided they serve the financial interests of all recipients.
- 2 All activities relating to asset and real estate management shall be deemed significant legal transactions.
- 3 In the case of significant legal transactions with related parties, the Board of Trustees shall request at least two competing offers and shall ensure that the offers are appraised objectively and transparently. The decision-making process shall be

documented so as to allow full and proper verification by the Auditor during the annual audit. The decision shall be made in the interest of all recipients.

- 4 The Investment Regulations shall stipulate the rules and responsibilities for related-party transactions relating to asset management.

## **Art. 9 Disclosure and written confirmation of pecuniary benefits**

- 1 The amount and nature of the compensation of persons and institutions entrusted with management, administration or asset management shall be clearly defined and stipulated in a written agreement. They shall surrender any pecuniary benefits, within the meaning of Article 48k BVV2/OPP2, to the Foundation. Excepted from this rule are small presents and occasional customary gifts worth no more than CHF 200 per case and CHF 1,000 per year per partner, subject to a maximum limit of CHF 2,500 per year.
- 2 The Manager shall require all persons and institutions responsible for the management and administration of pension assets to provide a written confirmation once a year indicating any personal pecuniary benefits (within the meaning of Article 48k BVV2/OPP2) and shall report thereon to the Board of Trustees.
- 3 In case of infringement of the obligation to disclose, the Foundation may apply sanctions including, in individual cases, the termination of a mandate or dismissal, and the filing of a criminal complaint.

## **Art. 10 Other provisions**

- 1 Confidentiality  
All persons responsible for the provision of occupational benefits shall be bound to strict confidentiality with regard to any information acquired in the scope of their duties, in particular with regard to the personal and financial situation of members, pensioners, their families and the employers. The confidentiality obligation shall survive the termination of their assignment.
- 2 Obligation to provide information  
The annual report and financial statements will contain, in addition to the statutory indications, a listing of all the Foundation's investments.
- 3 Liability  
The members of the Foundation's governing bodies and all persons and institutions entrusted with benefits administration, management and auditing shall be liable for any damages caused, intentionally or negligently, to the Foundation or a pension fund (Article 52 BVG).
- 4 Recusal  
Members of the governing bodies shall withdraw when matters affecting them or their spouse, partner, children or parents,

personally or professionally, are discussed. If a member is obliged to withdraw, he shall not participate in the discussion or decision-making. The business or item shall be dealt with in his absence.

## **5 Remuneration**

Members of the governing bodies and all other persons and institutions entrusted with the management of the Foundation's occupational benefits shall be remunerated for their activities on behalf of the Foundation.

## **Art. 11 Omissions in the Rules**

If any provision on any specific point has been omitted from these Rules, the Board of Trustees shall adopt an appropriate rule.

## **Art. 12 Amendments**

The Board of Trustees may decide to amend these Rules at any time. The Foundation shall inform members in an appropriate manner about any amendments to these Rules. The currently valid version shall be available at [www.liberty.ch](http://www.liberty.ch) or may be obtained from the Foundation.

## **Art. 13 Annexes**

All annexes constitute integral parts of these Rules.

## **Art. 14 Language and equality**

All regulations shall be construed and interpreted in the German-language version. Words in the male form shall apply indifferently to men and women.

## **Art. 15 Jurisdiction and governing law**

All Regulations are governed by Swiss law. Disputes between members, other entitled parties and the Foundation shall be subject to the jurisdiction of the courts in accordance with Article 73 BVG. For the rest, the place of jurisdiction for all types of proceedings shall be Schwyz, as shall the place of performance and debt collection for members and contractual partners not resident or domiciled in Switzerland.

## **Art. 16 Validity**

These Rules come into force on 1 January 2023; they cancel and supersede the prior Rules of 25 September 2020.

Schwyz, 2 December 2022

Board of Trustees, Liberty BVG Collective Foundation

## Annex I

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to the Rules of Procedure of Liberty BVG Collective Foundation

### Occupational benefits for professional associations

In amendment to the Rules of Procedure, the following provisions shall additionally apply to occupational benefits for professional associations.

#### Art. 3 Election of Board of Trustee members

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- 3 Each professional association shall be entitled to propose employer candidates, who must be members of the professional association and have concluded an affiliation agreement with the Foundation.

#### Art. 4 Pension fund committee

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- 1 Constitution and composition  
For the groups of self-employed members of the professional associations, a pension fund committee shall be established for each association's pension fund (as for separate pension funds). The pension fund committee of an association's pension fund shall be designated by the affiliated self-employed from among their circle.
- 2 Term of office  
Not applicable in the case of professional associations.
- 3 Powers  
The pension fund committee of an association's pension fund shall have the following powers in particular:
  - represent the interests of the professional association and its members vis à vis the Foundation;
  - setting up and managing occupational benefit solutions;
    - decision-making on benefits schemes and their implementation; applications to the Foundation for changes in benefits scheme or the establishment of new benefits schemes;
    - in the event that an own BVG pool is maintained within the framework of an association's occupational benefits solution, decisions concerning the investment strategy and its implementation, and applications to the Foundation for changes in investment strategies;
      - periodical review of contractual and regulatory bases;
  - information to members and organisation of the appropriate information sessions;
  - preparing and submitting proposals to the Board of Trustees (e.g. for amendments to regulations, etc.);

- responding to enquiries and applications from the Foundation and members;
- decisions concerning the allocation of the pension fund's non-committed assets in accordance with pension objectives and subject to the principle of equal treatment.

The duties of the pension fund committee may be delegated to the executive board of the professional association. In particular, the executive board shall be responsible for the administration of the association's pension fund/occupational benefits solution, proper maintenance of the contractual bases and informing members. The executive board may delegate administrative functions to third parties.

- 4 Additional duties in the case of Mandate Invest  
Not applicable in the case of professional associations
- 5 Meetings and resolutions  
Minutes shall be kept of the decisions of the pension fund committee of an association's pension fund; the Board of Trustees may view the minutes. The minutes shall be signed by the Chair and the secretary of the meeting. Decisions shall be communicated to the Foundation and the members of the association's pension fund.