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Pension solutions. Banking. Real estate.

Organisational regulation

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I Foundation bodies

A Board of Trustees

1 Composition

1.1

The Board of Trustees consists of at least four members.

1.2

It has an equal number of employee and employer representatives.

2 Election of the Board of Trustees

Organisation/election office

2.1

The Board of Trustees will appoint an election office at the foundation's domicile. The election office will consist of three members.

Anyone who has been nominated as an employee or employer representative to the Board of Trustees cannot be a member of the election office.

Elections will be carried out using only the names that are stored in the foundation's data management system at the beginning of the electoral process.

Eligibility

2.2

The following persons are eligible for election

- as employer representatives:
the employer representatives of the pension providers if the affiliation agreement with the affiliated companies has not been terminated
- as employee representatives:
the employee representatives of the pension providers if the affiliation agreement with the affiliated companies has not been terminated

Right to nominate

2.3

The founder may nominate candidates and replacement candidates if they satisfy the eligibility criteria in section 2.2. In this context, the founder will give due consideration to the candidate's qualifications.

2.4

In accordance with the eligibility criteria in section 2.2, the employee representatives of each pension provider have the right to nominate an employee candidate for election to the Board of Trustees. They will exercise their right to nominate jointly.

2.5

In accordance with the eligibility criteria in section 2.2, the employer representatives of each pension provider have the right to nominate an employer candidate for election to the Board of Trustees. They will exercise their right to nominate jointly.

2.6

If the number of candidates standing for election is less than the number of seats to be filled, the Board of Trustees must provide additional candidates.

2.7

Candidates must submit a written declaration stating that they are prepared to accept the mandate if they are elected and that they fulfil all the eligibility criteria.

Election procedure

2.8

To begin with, the election office will give the founder a period of one month to select its candidates (see section 2.3).

2.9

The founder will notify the pension provider of any candidates that it wishes to nominate; at the same time, the candidates will be requested to submit a written declaration of candidacy for election to the Board of Trustees. This must be done by ordinary mail within one month from the mailing date of the election announcement (postmark), using the form provided for this purpose. Together with the official form, the candidate must enclose a signed CV and current extracts from both the register of criminal convictions and the debt collection register.

2.10

Written declarations of candidacy sent by ordinary mail will be checked for conformity with the eligibility criteria in section 2.2. Late declarations of candidacy and declarations with incorrect or incomplete information will be excluded from the election procedure.

2.11

If the number of candidates standing for election does not exceed the number of seats to be filled, the candidates will be deemed to have been elected automatically.

2.12

If the number of candidates exceeds the number of seats to be filled, the election office will produce two ballot papers, one listing the candidates for employer representative and the other listing the candidates for employee representative. This must be done within a period of three weeks from the end of the deadline for submitting declarations of candidacy. The order in which the candidates' names are listed on the ballot paper is determined by the date on which the declaration of candidacy is received, and by alphabetical order if multiple declarations of candidacy are received on the same date.



2.13

After the ballot papers for the election of the representatives to the Board of Trustees have been served on the pension providers, the employer and the employee representatives of the pension fund commissions will elect their respective representatives by secret ballot.

2.14

The pension fund commissions will vote by postal vote whereby the deadline for submitting votes will be one month from the mailing date (postmark) of the ballot papers.

2.15

When the returned ballot papers are received, they are checked to ensure that they are valid. To be valid, the returned ballot papers must be originals, which have been filled out correctly. In particular, the following will be invalid:

- Ballot papers which have been filled out in illegible handwriting
- Ballot papers with handwritten entries, which are irrelevant for the election
- Ballot papers which are not received at the election office within the set deadline
- Ballot papers containing the names of persons who are not listed on the ballot paper prepared by the election office

2.16

If the number of candidates on the ballot paper exceeds the number of seats on the Board of Trustees to be filled, the additional candidates will be deleted from the ballot paper, starting with the candidate whose name appears last on the right-hand side at the bottom of the list and then moving to the left and up.

Similarly, if a candidate's name appears more than once on the ballot paper, the repeats of the name will be deleted (no accumulation of votes is possible).

2.17

The valid votes will be counted. The results will be recorded in the minutes and then notarised.

2.18

The candidates who receive the most votes are elected as members of the Board of Trustees. Lots will be drawn in the event of a tie.

2.19

Only one representative may be elected for each affiliated company. If an affiliated company elects several representatives, the representative with the highest number of votes will take a seat on the Board of Trustees. Lots will be drawn in the event of a tie.

2.20

The pension providers will be notified of the result of the election within one month at the latest.

3 Term of office

3.1

Members hold office for a term of five years. Re-election is possible.

4 Departure

4.1

A member of the Board of Trustees must step down during his term of office if any of the following occurs:

- The member is not employed by an affiliated employer
- The member does not have an unterminated follow-up contract with his employer
- The member no longer satisfies the eligibility criteria in section 2.2 for an employer or an employee representative
- The member resigns
- The member is dismissed from the Board of Trustees

5 Election of new members

5.1

If a member steps down from the Board of Trustees prior to the expiry of his term of office, he will be succeeded by the candidate who had the highest number of votes of those not elected at the last ordinary election (see section 2.18).

6 Constitution

6.1

The Board of Trustees constitutes itself. It elects a chairman and a vice-chairman from among its members; one of these must be an employer representative and the other an employee representative. Re-election is possible.

7 Meetings

7.1

The chairman convenes meetings of the Board of Trustees at least 10 days in advance by sending its members a written invitation, which includes the agenda. If all members of the Board of Trustees have given their consent thereto, the 10-day period may be waived. A meeting of the Board of Trustees must also be convened if one-third of its members call for a meeting.

7.2

The founder may attend meetings of the Board of Trustees. It acts purely in an advisory capacity. The Board of Trustees has the right to exclude the founder from part or all of a meeting.



8 Adoption of resolutions

8.1

The Board of Trustees is quorate if the majority of its members are present.

8.2

Decisions and resolutions are adopted by a simple majority of the votes cast by the members present. In the event of a tie vote, the casting vote decides. Entitlement to the casting vote alternates annually between the chairman and the vice-chairman (see section 6.1).

8.3

A qualified majority of two-thirds of the current members of the Board of Trustees is required for the following decisions and resolutions:

- Amending the foundation deed
- Amending the provisions set out in this regulation
- Amending the number of members of the Board of Trustees
- Dismissing members of the Board of Trustees
- Appointing auditors
- Appointing an accredited pension actuary
- Designating asset managers and real estate managers
- Appointing the Executive Board, actuarial management and sales management

8.4

In the cases mentioned in sections 8.2 and 8.3, resolutions may be adopted by way of a circular resolution with the necessary majority. The foregoing is without prejudice to the right of a member of the Board of Trustees to request that a meeting be convened for the purposes of passing an ordinary resolution.

8.5

Minutes must be kept of the resolutions.

9 Signing authority

9.1

Every member of the Board of Trustees is authorised to sign jointly with another member of the Board of Trustees.

9.2

The Board of Trustees may confer signing authority on other persons.

10 Duties and powers

10.1

The Board of Trustees is responsible for the overall management of the foundation and its compliance with statutory requirements. It determines the foundation's strategic objectives and the principles which it should follow as well as the means of ensuring that this occurs. The Board of Trustees defines how the

foundation should be organised, ensures that it is financially stable and monitors the conduct of business (which is carried out by the Executive Board on its behalf and in accordance with its instructions). It represents the foundation in dealings with third parties.

10.2

The Board of Trustees manages the assets with a view to ensuring that investments are safe and generate adequate returns, that risks are spread appropriately and that projected cash requirements are met.

10.3

In particular, the Board of Trustees has the following non-transferable and inalienable powers:

- Establishing the financing system
- Establishing performance targets and pension plans as well as the policy for the appropriation of non-committed funds
- Issuing and amending regulations
- Preparing and approving the annual financial statements on 31 December of each year
- Defining the level of the technical interest rate and the other technical bases
- Defining how the foundation should be organised and specifying the persons who should be granted signing authority (see section 9.2)
- Appointing and dismissing the members of the investment commission and selecting other external experts such as, for example, an external investment controller to assist the Board of Trustees in performing its management tasks
- Appointing and dismissing the Executive Board
- Selecting and dismissing the pension actuary and the auditors
- Determining the system of accounting
- Ensuring the provision of information to the insured
- Taking measures to ensure that the members of the Board of Trustees receive training and professional development
- Making decisions regarding total or partial reinsurance of the foundation and selecting a reinsurer where applicable
- Determining the conditions for the redemption of payments
- Defining the objectives and principles of asset management as well as implementing and monitoring the investment process
- Conducting periodic reviews to ensure that the investment of the foundation's assets is consistent with its obligations over the medium and long term

10.4

The Board of Trustees may delegate the preparation and implementation of its resolutions or its transaction monitoring to committees or individual members of committees. It ensures that its members receive adequate reports.

10.5

In addition, where duties and powers are transferable and alienable, the Board of Trustees may delegate them to special commissions, the Executive Board or the founder.



10.6

It ensures that the foundation's internal controls are appropriate for its size and complexity.

10.7

The Board of Trustees may, in certain justified cases, make decisions which differ from that which is provided for in the regulations if its decisions take into account the beneficiaries' rights and the provisions laid down by law.

10.8

Any powers that the law, the foundation deed or the regulations do not expressly reserve to other bodies of the foundation, to the employers or insured will reside in the Board of Trustees.

11 Accounting

11.1

Standard 26 of the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER 26), in the version of 1 January 2014, must be applied to the valuation of assets and liabilities and to the preparation and presentation of the annual accounts. If the foundation consults any experts, investment advisers or investment managers, their names and positions must be reported in the annual report.

12 Training and professional development

12.1

The foundation ensures that the members of the Board of Trustees undergo training and professional development in a manner that equips them to carry out their management tasks.

12.2

The Board of Trustees decides by resolution, as appropriate, on reasonable remuneration for its members' attendance at meetings and training courses.

13 Asset management

13.1

The Board of Trustees lays down the requirements which must be satisfied by persons and institutions that invest and manage the foundation's assets.

13.2

The Board of Trustees can obtain assistance in managing the foundation's assets from an investment commission.

13.3

The Board of Trustees has, among others, the following tasks in relation to asset management:

- Laying down the requirements which must be satisfied by persons and institutions that invest and manage the foundation's assets

- Issuing investment regulations and a reserves management policy, which set out the objectives and principles governing asset management
- Approving the asset management strategy (strategic asset allocation)
- Structuring, monitoring and controlling the investment process in a transparent fashion and with due regard to risk and return

13.4

Investments must be carefully selected, managed and monitored. The primary task of the Board of Trustees in connection with asset investment is to ensure that the objective of pension provision is guaranteed. Return targets must be geared to the ability of the pension fund to compensate for market-driven fluctuations in the value of the total assets which are to be expected.

13.5

In evaluating the security of investments, due consideration must be given to total assets and liabilities as well as the structure and the expected growth of the portfolio of pensions.

14 Controlling and reporting

14.1

Investment controlling must be organised in such a way that the necessary management-relevant information is available on a timely and reliable basis and that the transparency of the investment process necessary for efficient management is guaranteed continually and at any time.

15 Administration

15.1

The Board of Trustees transfers, among other things, day-to-day operational management to the Executive Board.

16 Control

16.1

The foundation appoints the auditors for the annual review of the conduct of business, accounts and investments. The auditors perform these tasks in accordance with the statutory provisions.

16.2

The Board of Trustees appoints the auditors for a term of one year at a time. The auditors monitor compliance with the provisions regarding loyalty in asset management and prepare a written report on the results of their audit for the Board of Trustees.

The Board of Trustees must serve a copy of the auditor's report on the supervisory authority and the pension actuary, and have copies available for the insured.



16.3

If circumstances become known to the auditors which are likely to call into question the foundation's good reputation or the proper conduct of its operations by its responsible parties, the auditors will report this to the foundation's most senior governing body and the supervisory authority.

The auditors will inform the supervisory authority without delay if

- the institution's situation requires rapid intervention
- their term of office ends; or
- their licence pursuant to the Swiss Auditor Oversight Act (Revisionsaufsichtsgesetz) is revoked

16.4

The Board of Trustees appoints the pension actuary. He examines, at least every three years, whether

- the foundation offers security to ensure that it can meet its obligations at all times
- the regulations on actuarial provisions governing payments and financing meet the statutory requirements

He prepares a written report on the results of his examination for the Board of Trustees.

He makes recommendations to the Board of Trustees concerning, among other things,

- the level of the technical interest rate and the other technical bases
- the measures to be introduced in the event of underfunding

The pension actuary notifies the supervisory authority if the Board of Trustees does not follow his recommendations and this would appear to endanger the security of the foundation.

B Executive Board

17 Executive Board

17.1

The Executive Board has the duties and powers that are delegated to it by the Board of Trustees. A schedule of tasks may be drawn up for these purposes.

Under the framework of the statutory provisions, in particular the provisions governing proper pension fund accounting, the Executive Board manages the accounting and the conduct of the annual audit, the preparation of the annual financial statements, consisting of the balance sheet, operating statement and the notes, and the preparation of the annual financial report.

In addition, the tasks assigned to the Executive Board include the following:

- Preparing and implementing the resolutions of the Board of Trustees
- Attending meetings of the Board of Trustees in an advisory capacity
- Dealing with the authorities as part of day-to-day management

- Handling any correspondence that arises
- Providing information to the insured
- Handling any other problems related to the objects and purpose of the foundation.

17.2

Those persons who perform the tasks of the foundation's Executive Board must demonstrate that they have a thorough knowledge of both the practical and theoretic aspects of pension insurance.

17.3

The Executive Board is subject to the instructions and oversight of the Board of Trustees.

C Pension fund commission

18 Composition and election of employee representatives

18.1

Each pension provider commission is composed of equal numbers of employer and employee representatives as follows:

- employer representatives appointed by the employer; and
- an equal number of employee representatives who have been elected from among the insured with consideration given to the categories of employees.

18.2

All employees insured by the pension provider whose employment contract is unilaterally terminated are eligible for election and are eligible to vote. External employee representatives are eligible for election.

Representatives are elected by a simple majority of the votes cast (relative majority). The candidates who received the most votes are elected. Lots will be drawn in the event of a tie.

The same rules apply to elections to fill a vacancy in the case of section 18.3.

The foundation must be informed of the election results in writing through submission of a copy of the election minutes.

18.3

Employees will cease to be members of the pension fund commission if their employment terminates. A replacement will be elected for the remainder of the term of office.

18.4

Where the members of the pension fund commissions change, the foundation must be notified in writing without delay.

18.5

The pension fund commission may delegate its rights and duties to another pension provider in a written resolution. It may revoke such delegation at any time.



19 Term of office

19.1

The members of the pension fund commission are appointed for a five-year term of office. Re-election is possible.

20 Constitution

20.1

Each pension fund commission constitutes itself and elects a chairman from among its members. The chairman's term of office is five years. Re-election is possible.

21 Duties and powers

21.1

The pension fund commission represents the interests of the pension fund in relation to the Board of Trustees and manages the employer's pension fund in accordance with the foundation deed and applicable regulations. This means, in particular:

- Administering the individual pension funds
- Issuing and implementing pension plans
- Providing information to the insured
- Checking to ensure that the employer supplies the documents and reports provided for in the affiliation agreement
- Checking to ensure that the contributions are transferred on the expiration date
- Assisting in obtaining the documents required to substantiate a claim in the case of an insured event
- Passing resolutions on the appropriation of the pension provider's non-committed funds in accordance with the foundation's purpose and the principle of equal treatment
- Consenting to the termination of the affiliation agreement

21.2

The pension fund commission may inspect any documents that the foundation has in its possession, which it needs to carry out its tasks.

22 Meetings and resolutions

22.1

Each pension fund commission holds meetings as often as the business of the pension providers requires, but at least once a year.

22.2

Meetings are called either at the chairman's request or if half of the pension fund commission's members request a meeting.

22.3

Meetings are chaired by the chairman.

22.4

Resolutions are adopted by a simple majority of all voting members. In the event of a tie vote, the chairman has the casting vote. Where resolutions are passed, the foundation must be notified of them through submission of a copy of the minutes. Resolutions may also be adopted by way of a circular resolution if no member requests an oral discussion of the resolution. Circular resolutions must be unanimously adopted and recorded in the minutes of the next meeting.

23 Recording of the minutes

23.1

Minutes must be kept of the resolutions and signed by both an employer and an employee representative. Copies of the minutes must be submitted to the foundation.

23.2

Every member may request that his vote be recorded in the minutes. The minutes and the related files must be available to the members of the pension fund commission for inspection at all times.

23.3

Copies of the minutes must be submitted to the Board of Trustees within 14 days from the date of the meeting or the decision and without prior request.

23.4

Where appropriate, resolutions must be notified to the insured; however, in such cases, the Board of Trustees' consent must first be obtained.

24 Signature arrangements

24.1

Unless the pension fund commission has decided otherwise, correspondence with the foundation must be signed jointly by both an employer and an employee representative.

II Joint provisions

25 Conflicting provisions

25.1

In the event of a conflict between the provisions of this organisational regulation and the foundation deed or the pension fund regulations, the provisions of this organisational regulation will prevail.



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26 Confidentiality

26.1

The members of the Board of Trustees, the pension fund commission and any other persons working for the pension fund are obliged to keep secret any information to which they become privy in the course of their work. This obligation will also continue to apply after their membership or administrative tasks terminate.

27 Integrity and loyalty of the responsible parties

27.1

Art. 48f et seqq. of the Swiss Occupational Pensions Ordinance 2 (Verordnung über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge 2 – BVV2) and the attached Code of Conduct (Appendix 5 of the investment regulations) govern the integrity and loyalty of the responsible parties. They constitute an integral part of this regulation.

28 Responsibility

28.1

The members of the Board of Trustees, the pension fund commission and any other persons involved in pension provision are liable for any loss or damage that they cause the foundation, regardless of whether the loss or damage was caused deliberately or through negligence (Art. 52 of the Swiss Occupational Pensions Act [Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge – BVG]).

Art. 755 of the Swiss Code of Obligations (Obligationenrecht – OR) applies mutatis mutandis to the liability of the auditors.

III Final provisions

29 Amendments

29.1

The Board of Trustees may amend or supplement this organisational regulation at any time provided it gives due consideration to the foundation deed.

A copy of the amended regulation must be submitted to the supervisory authority.

30 Entry into force

30.1

This organisational regulation was approved by the Board of Trustees on 5 July 2018 and will enter into force on 15 November 2018. It replaces all previous provisions.

Schwyz, 5 July 2018

Tellco pkPRO
Board of Trustees

Peter Hofmann
Chairman

Thomas Kopp
Vice-chairman

In case of differing interpretations, the German text is authoritative.