

INVESTMENT REGULATIONS

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CIEPP

Caisse Inter-Entreprises
de Prévoyance Professionnelle

ZKBV - Zwischenbetriebliche Kasse für Berufliche Vorsorge
CIPP - Cassa Interaziendale di Previdenza Professionale

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INTRODUCTION

The Investment Regulations are the instrument that clearly establishes the principles, rules and objectives, as well as the organisation and procedure, which govern the investment of the assets. It defines the requirements that must be met by persons and institutions that invest or manage the pension fund's assets.

I. LEGAL AND REGULATORY BASES

ARTICLE 1

The Investment Regulations are based on the binding requirements of Federal Law on Occupational Old Age Survivors' and Disability Benefit Plans (LPP) and its ordinances, as well as on the statutory and regulatory bases of the CIEPP.

ARTICLE 2

In applying its investment principles, the CIEPP practises an investment policy that takes into consideration protection of the assets, security, profitability, and activism that is realistic and economically supportable.

In line with its statutory provisions, the CIEPP has drawn up regulations (for pensions insurance, organisation, liabilities of an actuarial nature, and for partial or total liquidation) as well as directives relating to investments.

II. GENERAL PRINCIPLES AND OBJECTIVES

ARTICLE 3

The CIEPP's investment strategy focuses on 3 basic principles which are security and spreading of risks, targeting a return enabling it to achieve its pension insurance objectives, and an appropriate level of liquidity.

ARTICLE 4

Evaluation of risk tolerance is based, among other things, on a periodic study of the congruence between assets and liabilities, as well as on an actuarial assessment.

ARTICLE 5

The CIEPP pursues an objective of long-term return that enables it to maintain a balance between the assets and the actuarial commitments, as well as to provide as far as possible an adequate remuneration to its insured persons and the payment of appropriate pensions.

The return objective is determined by the CIEPP's ability to tolerate market fluctuations, in function notably of the demographic evolution of the persons insured and of forecasts of its commitments and cash flows.

III. ORGANISATION AND COMPETENCES OF THE BODIES

The organisation of investments is established by the Board of Trustees.

The competences of the different bodies, committees and representatives are as follows:

ARTICLE 6 - THE BOARD OF TRUSTEES

The Board of Trustees has full powers to administer the CIEPP, manage its assets and determine its resources. It represents the CIEPP in relations with third parties.

It has the following responsibilities in particular:

- it manages the CIEPP's assets and decides how the free assets are used;
- it decides on the financing of the pensions insurance;
- it determines the allocation of the assets and the delegation of the power to manage them;
- it decides on the acquisition and sale of properties, on underwriting and reimbursement of mortgages, and on extraordinary building works;

- it monitors risks;
- it nominates and dismisses the Management of the CIEPP, delegated third-parties and fund managers;
- it decides on applications for affiliation;
- it establishes the regulatory provisions applicable to the CIEPP (in particular the Pension Regulations, Organisation Regulations and Investment Regulations);
- it draws up the annual accounts;
- it defines the communication policy;
- it appoints the persons authorised to commit the CIEPP and determines their method of signing;
- it may entrust committees or certain of their members with preparing and executing its decisions;
- it defines the policy and processes for exercising voting rights.

ARTICLE 7 - THE BOARD'S OFFICE

The Board's Office monitors the CIEPP's ongoing activity. It has the following responsibilities in particular:

- it monitors the day-to-day business of the CIEPP;
- it issues directives on the management of risks;
- it monitors the Management and delegated third-parties;
- it prepares the meetings of the Board of Trustees and prioritises its decisions.

ARTICLE 8 - SECURITIES INVESTMENT COMMITTEE

The Securities Investment Committee ensures that the CIEPP's movable assets are managed in compliance with the law, the decisions of the Board of Trustees, the Investment Regulations and the applicable directives.

It has the following responsibilities in particular:

- it executes the decisions of the Board of Trustees;
- it monitors the performance of movable assets and submits proposals on investment and assets allocation to the Board of Trustees;
- it controls the risks of investments in securities;

- it defines the mandate of delegated third-parties and fund managers, monitors their activity and submits proposals for their nomination or dismissal to the Board of Trustees;
- it issues implementation guidelines.

ARTICLE 9 - REAL ESTATE INVESTMENT COMMITTEE

The Real Estate Investment Committee ensures that the CIEPP's real estate assets are managed in compliance with the law, the decisions of the Board of Trustees, the Investment Regulations and the applicable guidelines.

It has the following responsibilities in particular:

- it executes the decisions of the Board of Trustees;
- it monitors the performance of the real estate assets and submits proposals to the Board of Trustees on the acquisition or sale of properties and on the underwriting or reimbursement of mortgages;
- it controls the risks relating to real estate investments;
- it decides on ongoing needs for renovation and submits proposals for extraordinary works and renovation to the Board of Trustees;
- it defines the mandate of delegated third-parties, monitors their activity and makes proposals for their nomination or dismissal to the Board of Trustees;
- it issues implementation guidelines.

ARTICLE 10 - MANAGEMENT OF THE CIEPP

The Management has the following responsibilities in particular:

- it establishes the internal organisation of the CIEPP;
- it is the natural contact point vis-à-vis the authorities, service providers and the CIEPP's delegated third parties;
- it monitors the proper execution of the legal and regulatory obligations;
- it proposes the communication policy;
- it reviews and monitors the CIEPP's periodic accounts; it prepares the annual accounts and presents them to the Board of Trustees;
- it implements the exercise of voting rights in line with the directives issued by the Board of Trustees.

The Management reports regularly to the Board of Trustees through the Board's Office. It provides a written report on its activity before each meeting of the Board's Office, as well as when an unforeseen or exceptional event occurs.

ARTICLE 11 - AUDITING BODY

Among other things, the auditing body verifies whether:

- the annual accounts and retirement accounts comply with the legal provisions;
- the organisation, management and investments comply with the legal and regulatory provisions.

It ensures that the CIEPP has taken all necessary measures in the context of particular situations.

ARTICLE 12 - ACCREDITED EXPERT

The accredited expert is responsible for determining on a periodic basis:

- whether the CIEPP consistently provides the guarantee that it can fulfil its obligation;
- whether the actuarial provisions and those relating to benefits and financing comply with the legal requirements.

ARTICLE 13 - INTERNAL AUDITOR

The internal auditor is responsible for ensuring that the CIEPP's legal, statutory and regulatory obligations are respected.

Periodically he makes a report to the Board of Trustees via the Board's Office.

ARTICLE 14 - ASSET MANAGERS

The operational management of the marketable and other securities is assigned to internal and external asset managers. They follow strictly the directives of the mandates entrusted to them by the Board of Trustees.

ARTICLE 15 - GLOBAL DEPOSITARY

The global depositary holds and administers all the securities. It keeps the accounts and accounting of the securities, collects the interest and dividends, monitors events affecting the different securities as well as the transactions, establishes stamp duty statements, recovers Swiss and foreign withholding tax, consolidates supplementary investments (direct real estate, mortgages and external liquidities), handles the reporting and calculates the performance on a daily basis.

ARTICLE 16 - EXTERNAL CONSULTANTS

The external consultants provide analyses and recommendations on managing investments, especially in the areas of assets allocation and selection of service providers. They also provide a function of control of internal and external asset managers and of the performance of the assets and of the mandates that constitute them.

IV. INVESTMENT POLICY

IV. 1 SECURITIES MANAGEMENT

ARTICLE 17 - MANAGEMENT PRINCIPLES

Management of the assets is carried out in a framework that ensures the security of the CIEPP's global financial situation, notably through allocation of the investments between different asset classes, regions and economic sectors and maintaining a sufficient level of liquidities to be able to provide benefits at all times.

The CIEPP invests its fortune in assets that generate revenue. The investment scope includes claims, shares and real estate. Within these asset classes, the CIEPP is particularly careful in selecting investment vehicles in function of its own objectives, avoiding solutions that are not transparent or are too costly.

The strategic allocation of assets and the room for manoeuvre authorised can be adjusted, in particular in function of the valuation of the assets and the evolution of the CIEPP's structure.

The strategic allocation of the assets is detailed in Annex 1.

Systematic implementation of the strategic allocation, through rebalancing rules set down in a directive, combined with the use of efficient investment vehicles, form the basis of the CIEPP's investment strategy.

The investment policy focuses on management specialised by asset category (for example: Swiss shares, foreign shares, international bonds, etc.) as opposed to global mandates.

The granting of specialised mandates presents the advantage of retaining control of the asset allocation and choosing asset managers in function of their competences.

The CIEPP favours index-based management through careful and judicious selection of its reference indexes. This approach, which presents certain advantages in terms of efficiency, makes it possible to reduce the risk of dependence vis-a-vis external asset managers as well as the risk of underperformance.

The selection and monitoring of asset managers follows a strict process described in a directive.

The Securities Investment Committee regularly analyses the asset classes in which the CIEPP invests, and validates their holding while taking into account their nature and valuation level in the macroeconomic context.

ARTICLE 18 - AUTHORISED INVESTMENTS / LIMITS APPLICABLE

The Securities Investment Committee ensures that these investment limits are respected.

Furthermore, in line with the provisions of the OPP2, the CIEPP extends the investment possibilities as follows:

- The CIEPP may waive the limit of 30% in foreign currencies without hedging the foreign exchange risk, with a view to diversifying its assets on a geographical level;

The CIEPP may invest direct or in a non-diversified manner in investments considered as alternative by the law.

ARTICLE 19 - LEVERAGE EFFECTS / REPURCHASING

The CIEPP does not use any leverage effect or repurchase its assets. The investment vehicles permitted by the regulations to do this are used prudently and sparingly.

ARTICLE 20 - INVESTMENTS WITH THE EMPLOYER

Investments with the employer are not authorised.

ARTICLE 21 - CLAIMS

The CIEPP holds loans, notably in the form of sight or term deposits, units in money market funds, mortgages or bonds, denominated in the national currency or in foreign currencies. Claims involving credit risk, in particular corporate bonds, are considered only if their remuneration is sufficiently attractive to cover default risks.

Only the claims listed in Article 53 paragraph 1 letter b OPP2 are included in the bond allocations. All other forms of debt are included in the alternative investments allocation.

ARTICLE 22 - SHARES

The CIEPP holds an allocation in Swiss shares due to the attractiveness of the domestic market, both with regard to the quality and diversity of the companies that it comprises and to the absence of exchange risk. In addition the allocation in shares is split over the main areas of the world with a view to benefiting from global growth and a good measure of diversification. With the same objective, positions in small and mid-capitalisation companies, as well as non-listed companies, are also considered.

ARTICLE 23 - ALTERNATIVE INVESTMENTS

The CIEPP does not invest in alternative investments such as hedge funds.

ARTICLE 24 - REAL ESTATE

The CIEPP invests in direct or indirect or securitised real estate.

ARTICLE 25 - DERIVATIVES

The use of derivative products is authorised in a framework defined by a directive. Derivative instruments are considered provided that have no leverage effect on the global assets and that they contribute to increasing the potential for return and/or reduce the risk. The counterparty and liquidity risks are carefully assessed.

ARTICLE 26 - CURRENCY HEDGE

Exposure to foreign currencies is the consequence of the allocation in foreign shares in implementing the strategic allocation. The risk deemed excessive of exposure to a currency is reduced, notably by the use of derivative instruments.

ARTICLE 27 - LOANS OF SECURITIES

The CIEPP does not loan the securities it holds directly in its portfolio.

In the context of its indirect investments, the vehicles for which the loan of securities is permitted by the regulations are used prudently and sparingly.

IV. 2 REAL ESTATE MANAGEMENT

ARTICLE 28 - PRINCIPLES CONCERNING REAL ESTATE POLICY

The policy on the acquisition, construction, sale, renovation, maintenance and control of property assets is defined in function of the CIEPP's investment and return objectives as well as its capacities.

Real estate acquisitions are to be made in towns or economic agglomerations that offer first-class locations; acquisition with building rights must be subject to a decision by the Board of Trustees.

Any acquisition must be subject to a specific decision by the Board of Trustees on the basis of a report by the Real Estate Investment Committee.

ARTICLE 29 - ACQUISITION, CONSTRUCTION, SALE

The primary objective of the geographical distribution of investments and divestments in Switzerland is to operate pro-rata to the contributions collected by each CIEPP agency.

For acquisition and construction, the CIEPP applies criteria of size and use to spread the risks; direct investments in rental properties are favoured, rather than mixed (rental/commercial) and specific (medico-social establishments, etc.) properties.

The acquisition of new or existing properties is made at market value; in certain cases the CIEPP may assume the risk of development of a project.

The CIEPP uses an evaluation grid of properties and mandates its consulting architect who draws up and submits a report to the Real Estate Investment Committee.

ARTICLE 30 - TECHNICAL, ADMINISTRATIVE AND RENTAL MANAGEMENT

Management of the buildings is entrusted to independent property management companies which are chosen according to a proven process.

These companies handle the technical, administrative, accounting and rental management in line with the instructions communicated by the CIEPP Management, which controls their activity.

The primary management of risks (state of the buildings, maintenance, operating costs, administrative charges, return and market risk) remains with the CIEPP Management.

V. EXERCISE OF VOTING RIGHTS

ARTICLE 31

The Board of Trustees defines the policy and processes for the exercise of voting rights, and issues directives.

In application of the legislation in force, its investment principles and its Investment Regulations, the CIEPP systematically exercises its voting rights for shares in Swiss companies listed in Switzerland or abroad in the interests of the insured persons, that is to say in such a way as to ensure the CIEPP's prosperity in the long term.

The sustainable prosperity of the CIEPP implies that the voting positions be defined in the long-term interests of the companies, their shareholders and civil society.

For shares in Swiss companies held through funds, the CIEPP transmits its voting preferences to the fund managements that offer this possibility.

For shares in foreign companies, the CIEPP may delegate the exercise of its voting rights to its asset managers or investment consultants.

The CIEPP puts at the disposal of its insured persons a summary annual report on the exercise of the voting rights.

VI. CONSTITUTION OF THE SECURITIES FLUCTUATION RESERVE

ARTICLE 32

To be able to deal with a negative evolution of the financial markets, the CIEPP is required to constitute a securities fluctuation reserve. This can be dissolved in the event of losses on the investment of the assets.

The target level of the securities fluctuation reserve is determined according to an economic and probabilistic method. It is set in percentage of the retirement capital committed. The target value is measured at the closing date of the balance sheet in function of the return/risk characteristics of the investment strategy, taking into account the minimum return targeted and a sufficient degree of security.

The method and the hypotheses used are described in Annex 2.

VII. REPORTING AND CONTROL

ARTICLE 33 - EVALUATION OF INVESTMENTS

In compliance with the accounting standards Swiss GAAP RPC 26, all investments are valued at their market value at the balance sheet date.

The properties are valued at the current value obtained by the capitalisation of their rental status at 31 December. The plots of land and projects underway are valued at their acquisition cost or cost price, less the asset adjustments needed to compensate for any drop in value to which the said land or projects may be subject.

The performance of the assets is calculated according to the method of the weighted average rate of return in function of the capital (MWRR), that is to say, taking into account the revenues and payments during the calculation period.

Quarterly and annual reports on the assets are drawn up and submitted to the Board of Trustees by the CIEPP's analyst-managers and external consultants. The global depositary and the external consultants provide all bodies with a monthly report.

ARTICLE 34 - REQUIREMENTS TO BE MET BY PERSONS AND INSTITUTIONS RESPONSIBLE FOR INVESTMENTS

Investment and management of the assets can only be entrusted to persons or institutions whose skills and organisation meet the requirements defined in the charter of the Swiss Pension Fund Association (ASIP) to which the CIEPP is subject.

Persons and institutions involved in managing the CIEPP's assets apply the principles contained in the Code of Deontology of Pension Funds.

Persons responsible for the administration, management or control of the CIEPP are liable for any damage they may cause it either by intention or by negligence.

Persons and institutions responsible for managing the assets meet the legal requirements as per the OPP2.

VIII. INTEGRITY AND LOYALTY OF THOSE RESPONSIBLE FOR MANAGEMENT

ARTICLE 35

Les personnes chargées de gérer ou d'administrer la CIEPP ou sa fortune doivent jouir d'une bonne réputation et offrir toutes les garanties d'une activité irréprochable. Elles sont tenues, dans l'accomplissement de leurs tâches, de respecter le devoir de diligence fiduciaire et de servir les intérêts des assurés et de la CIEPP. A cette fin, elles veillent à ce que leur situation personnelle et professionnelle n'entraîne aucun conflit d'intérêts.

IX. MANAGEMENT OF RISKS AND CONTROL OF RESULTS

ARTICLE 36

The CIEPP puts in place appropriate and effective management of risks and an internal control system (ICS).

The present regulations were adopted by the Board of Trustees on 30 September 2016. They come into force on 31 December 2016.

On behalf of the Board of Trustees

The Chairman

Aldo Ferrari



The Secretary

Fabrice Merle



Genève, 30 september 2016

NB: These regulations are published in French, German and English. In the event of inconsistencies, the French text shall prevail.

ANNEX 1

STRATEGIC ALLOCATION AS OF 12.10.2022

INVESTMENT CATEGORY AS PER OPP 2	INVESTMENT STRATEGY		Limits OPP 2
	Strategic allocation	Tactical allocations	

INVESTMENTS LIMITS

Short term, liquidities	1.5%		10.0%	100.0%
Swiss and foreign bonds in CHF	13.5%			100.0%
Real estate pledges	3.0%			50.0%
Bonds in foreign currencies	19.0%			30.0%
Swiss shares	10.0%			50.0%
Foreign shares	30.0%			
Properties	22.0%			30.0%
Direct real estate	12.0%			
Indirect real estate	10.0%			
Alternatives excl. hedge funds	1.0%		3.0%	15.0%
TOTAL	100.0%			

GLOBAL LIMITS

Total monnaies étrangères non couvertes en CHF	36.0%			30.0%
Total actions	40.0%			50.0%
Total obligations y.c. liquidités et alternatifs	38.0%			100.0%

The present Annex 1 to the Investment Regulations cancels and replaces that previously adopted on 20 December 2019.

It was ratified by the Board of Trustees on 12 October 2022 and comes into force on 12 October 2022.

On behalf of the Board of Trustees

The Chairman

Aldo Ferrari



Geneva, 12 october 2022

The Secretary

José Agrelo



ANNEX 2

OBJECTIVE OF THE SECURITIES FLUCTUATION

The reserve is calculated on a time horizon of 1 to 3 years, in percentage of commitments, according to the Value at Risk (VaR) method; the measure of risk is made on the basis of random scenarios with a degree of security set between 95% and 99%.

HYPOTHESES ON ASSETS AND LIABILITIES

The performance objective, time horizon and degree of security are defined annually for the current year by the Board of Trustees within the framework set in this Annex.

The minimum performance objective enabling financial equilibrium in the long term is determined on the basis of the results of the last actuarial assessment made in a dynamic open fund (projections according to several scenarios over periods of 10 years and 20 years).

Reserves needed as per the strategic allocation:

- minimum level (according to min. level of security applied): calculated annually;
- maximum (according to max. level of security applied): calculated annually.

The calculation of the necessary reserves is based on the hypothesis of normality for returns on the assets. Empirical studies show that the financial assets can deviate from the normal distribution. On the one hand, extreme events tend to occur more frequently than predicted by normal distribution. On the other hand, returns on certain financial assets are asymmetric. In consequence, the proposed objective of the fluctuation reserves under the hypothesis of normality may be lower or higher than what it should be.



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