

Fondation Patrimonia

# Governance Charter



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The current Charter was adopted by the Board of Trustees on 30 August 2024.

## Foreword

Founded in 1984, Patrimonia is an **independent collective foundation** as defined in the Federal Law on Occupational Old-Age, Survivors' and Disability Benefit Plans (LOB).

We are monitored by the Cantonal Supervisory Authority for Foundations and Pension Schemes (ASFIP). Our purpose is to provide occupational pensions, disability and death benefits for employers with one or more employees.

In a world that is constantly changing, where stakeholders' expectations are rising faster than ever and where technology redefines the way in which we operate, **governance lies at the heart of our commitment to excellence, transparency, security and adaptability.**

**We are committed to ensuring that our organisation is managed effectively, while maintaining the trust and security of our insured members, affiliates and partners.**

The Governance Charter that we present embodies our commitment to ensuring that our organisation is managed effectively, while maintaining the trust and security of our insured members, affiliates and partners.

Digital transformation opens up new exciting opportunities, while imposing fundamental data security challenges. The quest for optimal financial performance must be compatible with the guaranteed financial security of our insured members.

Our mission relies on our ability to build quality relationships, to provide good quality advice, to promote sustainable investments and to manage risk and return.

This Governance Charter reaffirms our commitment to balancing innovation and security, financial performance and data protection, while maintaining strong and transparent relationships with our insured members, affiliates and partners. It is the mainstay of our future, our responsibility towards our insured members and our commitment to excellence.

## I. Patrimonia's Mission

Our mission is to offer employers an independent, sustainable, and high-performing pension solution by ensuring high-quality governance based on essential values such as proximity, sustainability, and quality, to guarantee long-term benefits for our insured members:

- Taking technical measures that are related to the investment policy.
- Making adjustments to the regulatory bases.
- Ensuring that the Board of Trustees is able to work in a professional manner and providing a focused and effective management.

The key elements are:

- Ensuring strong governance.
- Implementing measures to maintain long-term financial stability.
- Setting realistic benefit objectives.
- Providing clear and effective communication for insured members and affiliated companies.

Defining oneself as a forward-thinking partner means embracing this mission.

## II. Patrimonia's Commitments

We are committed to serving our insured members in order to provide them with valuable benefits.

**Proximity, quality, sustainability:  
The key values that make Patrimonia  
an exceptional pension fund.**

### Our key values

#### Sustainability

- For investment management: integration of sustainability in the portfolio.
- For employees: fair working conditions.
- For our partners: mutual respect and trust.

#### Proximity

- Personalized and tailored service.
- Experienced employees.
- Effective and optimised management.

#### Quality

- ISO 9001:2015 quality management system.
- Internal control standards.
- Risk management.
- Loyalty and integrity.

## III. Patrimonia's Strategic Bodies

**In order to be effective, the governance structure of the Fondation Patrimonia relies on various strategic and decision-making bodies.**

### The Board of Trustees

The Board of Trustees is composed of six members, elected for four-year terms from among the affiliated companies. It is the highest governing body of Patrimonia, responsible for the administrative and financial management of our institution. Its balanced composition, with three employer representatives and three employee representatives, ensures fair representation.

### The Committees

- **The Investment Committee**

The Investment Committee is responsible for the management, coordination, and oversight of indirect financial assets and real estate investments. The Investment Committee is composed of at least three members of the Board of Trustees.

- **The Real Estate Committee**

The Real Estate Committee is in charge of managing, coordinating and monitoring investments in direct immovable property. The Real Estate Committee is composed of at least three members of the Board of Trustees.

- **The Audit Committee**

The purpose of the Audit Committee is to monitor in a systematic and structured manner, the practices of the pension fund with regard to governance, risk management and internal control.

### The Management Team

The Management Team is responsible for managing and monitoring the ongoing activities of the Foundation and implementing its internal organization. It implements the strategic decisions of the Board of Trustees and ensures compliance with legal and regulatory obligations.

There is a clear dividing line between the roles and responsibilities of the Board of Trustees and the Management Team, which fosters a culture of transparency, respect, and mutual trust.

## IV. Patrimonia's Strategic Goals

### Relationships between all the stakeholders

- **Relationships and commitment**
  - Fostering closer relationships with the insured members, employers and brokers.
  - Responding proactively to their specific requirements.
- **Excellence and advice**
  - Providing good quality advice.
  - Assisting our insured members and employers in making informed decisions.
- **Promotion and awareness raising**
  - Increasing recognition and improving understanding of our services.
  - Actively raising the awareness of our insured members and employers of the importance of pension provision.
- **Keeping pace with developments**
  - Adapting to new trends on the labour market and to emerging social trends.
  - Adaptation of our benefits to the requirements of the insured members and affiliates.

### Performance, sustainability and financial security

- **Financial performance and security**
  - Maintaining financial stability while ensuring an adequate return on the savings capital.
  - Guaranteeing the future financial security of our insured members.
- **Sustainable investments**
  - Evaluating investment efficiency in terms of sustainable development goals.
  - Increasing the confidence of our insured members in our choice of investments.
- **Risk and return management**
  - Continuous improvement of the risk-return profile of our investments.
  - Finding the right balance between asset growth and risk management.

## **Data security and transparency**

- **Digital transformation and security**
  - Strategic application of digital technologies.
  - Achievement of specific objectives while ensuring data security.
- **Data analysis and transparency**
  - Enhancing data analysis to improve decision making.
  - Providing relevant and transparent information to our insured members and employers.
- **Digital communication**
  - Enhancing digital communication channels for seamless interaction.
  - Facilitating the transmission of important information and promoting effective information sharing.
- **Automation and cyber security**
  - Accelerating the automation of repetitive tasks.
  - Investing in cyber security to ensure the data of our insured members remains secure.



## V. Patrimonia's Investment Philosophy

The assets of the Fondation Patrimonia, comprising the contributions by its insured members, are invested with the aim of efficiently generating the returns that are required to pay the current and future pensions of its insured members, while having a positive environmental and social impact.

The risks are diversified appropriately and the sustainability criteria are taken into account. Investments are made in assets that are related to the real economy and generate returns: shares (dividends), debt securities (interest) and real estate (rents).

Given the difficulty in predicting short-term market developments, the Patrimonia Foundation maintains a long-term investment horizon. It systematically redistributes the wealth between assets by following its strategic allocation, without attempting to make short-term predictions about market performance. In order to monitor the long-term performance of assets, the portfolio is predominantly managed as low-cost index funds, without speculating or relying on the ability of individuals to make good investment decisions.

**Far from speculation, our diversified investment strategy is based on the real economy and aims to create sustainable wealth.**

The Fondation Patrimonia is convinced that its returns, derived from the real economy, can only be generated in the long term by creating sustainable, cost effective, socially equitable and environmentally sustainable wealth.

It consequently invests responsibly by incorporating sustainability criteria (environmental, social and governance – ESG) into all of its activities.

For the management of its transferable securities, it is convinced that a responsible and committed investor has a positive impact on society and the environment. It prioritises sustainable investment strategies by applying best practices and encouraging process improvement, and making a specific commitment to achieving carbon neutrality by 2050.

It maintains and renovates its properties in order to reduce their energy consumption and uses renewable energy sources where feasible. It is committed to reducing the emissions generated by heat production from its real estate to net zero.

The Fondation Patrimonia reports on its activities, the performance of its assets, and progress made in terms of sustainability in a transparent manner through regular reports, accessible on its website.

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## VI. Patrimonia's Commitment to Sustainability

Nowadays, the legal framework for investing the assets of Swiss pension funds applies solely to the risk and return aspects. Patrimonia is nevertheless convinced that its returns, derived from the real economy, can only be generated in the long term by creating sustainable, cost effective, socially equitable and environmentally sustainable wealth.

Patrimonia accordingly seeks to deliver the necessary financial performance while having a positive environmental and social impact. Patrimonia is fully committed to achieving carbon neutrality by 2050 for its investments in transferable securities, and to reducing the emissions generated by heat production from its real estate to net zero. It is nevertheless aware that the implementation of these commitments is complex and that the multiple incremental approaches are not unanimously accepted.

### 1. Financial Assets

The Board of Trustees believes that the most effective means of changing behaviour and maximising its impact in terms of sustainability is to act as an active and responsible investor. Patrimonia consequently prefers to engage in dialogue with the companies in which it invests, with the aim of encouraging them to change, rather than excluding them from its investment universe, which leads it to focus on companies that have already adopted best practices. In other words, Patrimonia aims to transform the company rather than aiming to transform portfolios.

The exercise of the right to vote, in connection with the activities and the results of the dialogue with the companies, is also an important and effective means of influencing corporate behaviour. It is exercised directly by Patrimonia whenever possible, otherwise by the selected asset managers.

The active ownership strategies outlined above are mainly adopted for so-called index or passive investing with a broad market index or indices. All the financial and extra-financial risks faced by the companies are managed through broad diversification, which prevents poor security selection. In the long term, the impact of the materialisation of specific risks, regardless of their nature, is thus minimised.

Patrimonia also invests its assets in portfolios which incorporate broader sustainability criteria into their investment processes in a variety of ways. Impact investing strategies in green bonds and best-in-class security selection are implemented.

**Maximising its impact with regard to sustainability requires acting as an active and responsible investor.**

In specific cases of a breach of Swiss legislation or international conventions, the approach adopted by Patrimonia to such companies is their systematic exclusion from the investment universe. Broader exclusion criteria are also applied to certain portfolios.

## **2. Real estate Assets**

Environmental, social and governance criteria are incorporated into the decisions to acquire and manage the properties that comprise the real estate portfolio of the Foundation. The 18 criteria selected by the Green Building Observatory (OID) are applied to measure the improvements made as a result of the action taken.

With regard to environmental challenges in particular, Patrimonia maintains and renovates its properties in order to reduce the consumption of energy and resources. It uses renewable energy sources when feasible and aims to meet the ambitious climate targets set by the Swiss Confederation and the cantons, and to reduce the emissions generated by heat production from its real estate to net zero by 2050.

## **3. Transparency**

The Patrimonia Foundation gives an account of its activities, the performance of its assets and the progress made towards sustainability in a transparent manner in the regular reports that are available on its website.

## VII. Patrimonia's Commitment to Quality

In order to strengthen our organisation and manage our risks, we have implemented a rigorous quality management system.

As the first private collective scheme in French-speaking Switzerland to obtain the prestigious ISO 9001:2015 certification, a globally recognised standard, in 2010, we ensure quality management best practices within our organisation. This certification enhances our risk management system, a crucial issue for pension funds nowadays.

### **Quality is the mainstay of our activity**

Our quality management system, based on the ISO 9001:2015 standard, is an essential tool that has been used for many years to continuously improve the internal operations and the quality of the services provided by the Patrimonia Foundation. The purpose of this commitment is to fully meet the requirements of our insured members, affiliated companies and partners.

Quality management is at the centre of our corporate culture and our strategy. We are continually striving to provide our stakeholders with services that fulfil their expectations and meet the highest standards. Our clients' satisfaction is crucial for the success and continuity of our activity.

### **Objectives of Our Quality Policy**

We have identified three main areas for our Quality Policy, which aim to improve our performance and ensure the sustainability of our institution. These areas are:

#### **1. Satisfaction of the insured members, affiliates and partners**

- Listening to our stakeholders by measuring their satisfaction at regular intervals.
- Maintaining a relationship based on listening to, identifying and understanding their requirements.
- Continuous improvement of our response times and the quality of our services.

#### **2. Skills development**

- Identification, development and maintenance of the skills of our employees.
- Raising our teams' awareness of the targets to be achieved, the ongoing campaigns and the results obtained, by actively involving them in a participatory approach.

### **3. Improvement and performance of our processes**

- Optimising the quality of our internal cost control processes and remaining competitive.
- Maintaining seamless and transparent external communication.

**Our Quality Policy enables us to enhance our organization and manage our risks effectively.**

### **Collective commitment**

Our Quality Policy binds the members of the Board of Trustees, the Management Team and all our employees.

Together, we are committed to:

- Providing the resources that are required to ensure continuous improvement and the continued existence of the Fondation Patrimonia.
- Promoting the process approach and risk management.
- Conducting an annual review of the Management Team, which ensures the effectiveness of the quality management system, by defining or revising the targets and the Quality Policy.
- Comply with and fulfill regulatory requirements.

## VIII. Appendices

Our governance guidelines are set out in the following regulations:

- By-laws
- Signature regulations
- Remuneration regulations
- Internal control standards
- Data protection regulations
- Code of conduct of the Swiss Pension Funds Association (ASIP)



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