

Information leaflet (valid as of 1 January 2021)

### **Pension Fund Committee (PFC)**

The Pension Fund Committee is a typical body at collective foundations and acts as an interface between the affiliated companies and the Foundation.

The responsibilities and liability of the PFC, as well as its election and its organisation, are governed by the general BVG provisions applying to the organisation of employee benefits institutions (Articles 48–53f) and by the Internal Rules of Procedure of the Nest Collective Foundation as well as its Foundation Charter.

### **Equal representation**

With the aim of ensuring the protection of the employees, the law mandates equal representation on the PFC – similar to the Meeting of Delegates and the Board of Trustees. Equal representation means that employees and employers have the right and obligation to elect the same number of representatives to such bodies (Article 51 BVG). Employers may waive their right of representation in favour of employees, but not vice versa. Such waiver may be revoked at any time.

Employee representatives are restricted to individuals who do not participate in major decision-making processes within the company. Managing directors in salaried employment are deemed to be employees who are subject to compulsory insurance under the BVG; however, they may not represent employees on bodies with equal representation.

The equal representation principle also applies to companies with one single insured employee. Such companies may nominate a member of their executive bodies (e.g. executive board, supervisory body or board of directors) as employer representative.

### **Responsibilities of the PFC**

- Adoption and amendment of provisions concerning the company's pension scheme (pension plan)
- Notification of the company and the members regarding resolutions passed by the other foundation bodies (Meeting of Delegates, Board of Trustees)
- Notifying Nest of major events occurring at the company (structural changes such as mergers, etc.)
- Decision regarding the use of disposable company-specific foundation assets within the scope of the purpose of the employee benefits scheme (allocation to the members' retirement accounts, establishment of a fund for discretionary benefits)
- Election of delegates to the Meeting of Delegates (MD) which is held at least once a year and at which the Board of Trustees is elected and consultative votes are taken on fundamental issues affecting the Foundation as a whole (Article 8 of the Rules of Internal Procedure).

### **Confidentiality**

The activities performed by the PFC may involve access to confidential information regarding members or the company. The law requires all individuals involved in the implementation and monitoring of pension schemes to maintain confidentiality (Article 86 BVG).

### **Obligation in the event of the termination of the affiliation agreement**

Where a company is liquidated or an affiliation agreement with Nest is terminated on other grounds, the respective PFC is obliged to remain in office until the termination is completed (Article 10 para. 6 of the Nest Foundation Charter).

### **Liability of the PFC**

The PFC may be held responsible for damage incurred in the event of its failure to pass on important information or in the event of a violation of its duty of confidentiality.

However, liability with regard to resolutions pertaining to the pension plan provisions under the Regulations lies with the Board of Trustees that approved such provisions.

### **PFC elections**

The law provides no more than rudimentary rules concerning the election of employee representatives (Article 51 para. 3 BVG). Various election procedures are possible depending on the size and structure of the company: open or secret ballots at meetings, written ballots or election by ballot box (see Article 2 para. 2 of the Nest Rules of Internal Procedure). It is advisable to make a written record of the election process.

The Nest Rules of Internal Procedure also allow for the election of individuals to the PFC who are not members of the company.

The company notifies Nest of the elected PFC members and of any changes in the composition of the PFC.