

The Umbrella Charter of the Country Pension Councils

Introduction

Article 34 of the Act of 27 October 2006 on the supervision of Institutions for Occupational Retirement Provision (IORP) stipulates that Country Pension Councils can be established within the Organisation for Financing Pensions (= OFP). According to this law, the Country Pension Council can obtain information and provide advice on the execution of social and labour law applicable to the pension plans managed by the OFP, but it is not an operational body of the OFP.

The composition, competencies and operation of the Country Pension Councils are regulated in the bye-laws, in an agreement between the OFP and the Sponsoring Companies or in a specific charter for the Country Pension Council.

When any applicable legal or regulatory disposition grants the Country Pension Council the authority to issue binding advice in one or more matters or situations relating to the execution of the retirement scheme or the operation of the OFP, the organization of this binding advice and the methods of settling any dispute between the Country Pension Council and the OFP are specified in the present Charter and in the country specific agreement between the OFP and the relevant Country Pension Council

Objective

The legislator's objective in creating these Country Pension Councils is essentially to allow IORPs which carry out cross-border activities to comply with the social and labour legislation in the Host Country in a practical way. The Host Country is the country where a local employer awards its employees a supplementary retirement pension which is compliant with this country's legislation.

The Country Pension Councils allow for a transfer of information and a consultation procedure, with binding advice if required by Host Country social and labour law, between the IORP on one hand and the Plan Members and Beneficiaries of this scheme and their representatives in the consultative bodies on the other hand, in order to ensure the management of a pension scheme and the payment of pension rights in favour of Plan Members, Beneficiaries or their rightful claimants in full compliance with the applicable social and labour legislation of the Host Country.

Number of Country Pension Councils

Each Sponsoring Company decides whether it will establish one or more Country Pension Councils: the decision will depend on the social and labour legislation in the country where the Sponsoring Company is established and the number and types of supplementary retirement schemes which it offers its workers.

The Sponsoring Companies which are established in the same country and are affiliated to the same Pension Plan(s), can decide to set up a joint Country Pension Council (after consultation with the consultative bodies representing the Plan Members of the pension scheme concerned) in order to ensure a common position with respect to the OFP and to guarantee a uniform interpretation of the pension scheme.

Establishment

The Sponsoring Company is responsible for setting up the Country Pension Council. A Country Pension Council will be established within the framework of this Charter, that covers the composition, rights, tasks and obligations and operating procedures of the Country Pension Council.

If several Sponsoring Companies wish to establish a joint Country Pension Council, they will have to agree among themselves on the composition, competencies and operating procedures of the Country Pension Council(s). If they fail to make a joint decision, the OFP's Board of Directors will designate an arbitrator, who will impose the conditions which will have to be respected by the Sponsoring Companies. If they cannot reach an agreement on the basis of the conditions stipulated by the arbitrator, the arbitrator will impose his final decision on the local companies. A decision of this nature is binding for the parties concerned.

Composition

The Country Pension Councils will be composed in accordance with the Host Country's social and labour legislation. Thus:

- The Country Pension Council will be composed on a joint representation basis, if the local legislation provides for management with joint representation.
- The Sponsoring Companies will appoint the company's representatives.
- The Employee and Beneficiary representatives will be appointed by the appropriate representative/consultative body or by the Plan Members affiliated to the pension scheme in accordance with the common local procedure for appointment of Plan Member representatives and respecting proportionate representation of active Plan Members, deferred Plan Members and Beneficiaries.
- The duration of the mandate in the Country Pension Council will be determined by the Sponsoring Company (in accordance or otherwise with the length of the mandates in the respective consultative bodies). The precise conditions will be determined in the specific charter for the Country Pension Council.
- A member of the Country Pension Council will immediately lose his mandate if he leaves the affiliated company, or if his mandate to the Country Pension Council is withdrawn by the consultative body which appointed him. This member will be replaced by another member in accordance with the normal appointment procedure.
- The Sponsoring Company will communicate the composition of its Country Pension Council(s) to the OFP, within two weeks of the formation or alteration of the Country Pension Council.

Competencies

The Country Pension Councils' assignment is to ensure that the OFP respects all of the obligations stipulated by the Host Country's legislation and regulations with regard to managing supplementary pensions.

To this purpose, all members of the Country Pension Council must have adequate knowledge and expertise to duly fulfill their membership of the Pension Council. If necessary, the Country Pension Council together with the Sponsoring Company and the OFP, can determine training requirements with regard to specific pension related competencies.

The Country Pension Councils have the following rights and responsibilities as described below:

Right to information

The Country Pension Council shall be informed of the OFP's financial situation at regular intervals and at least once per year. This right to information covers the following points including:

-The investment policy which was adopted, as described in the 'statement of investment principles', listing the following among other items:

- The strategic allocation of assets in view of the nature and duration of the retirement commitments
- The evaluation methods applied to calculate the investment risks
- The risk management techniques implemented
- The short- and long-term investment strategy and the extent to which ethical, social and environmental aspects are taken into account

-The 'transparency report', containing information on:

- The financing mode adopted for calculating the pension liability and the structural modifications of this financing (including the actuarial assumptions)
- The funding level of the pension plan: the proportion between the representative assets in the fund linked to the scheme and the liability arising from the pension scheme
- The return on investments
- The structure of the costs and management expenses
- Where applicable, participation in profit-sharing schemes.

-The Annual Report by the Board of Directors to the General Assembly, providing a general overview of the past Financial Year.

-The Report of the Compliance Officer to the extent its content and conclusions concern the scope of the specific Country Pension Council.

-A summary of all complaints procedures addressed to the OFP regarding the operation of the OFP or the pension schemes under the authority of a specific Country Pension Council, including an indication of their outcome.

-A summary of significant events during the previous year with regard to the Plan Members in scope of the specific Country Pension Council.

-Advance notification of the Country Pension Council of all exceptional communications to be sent by the OFP to the Plan Members resorting under that specific Country Pension Council.

Right to Consultation

Apart from the right to information, a Country Pension Council can have a consultative power with respect to the OFP, in execution of Host Country legislation, which gives workers or their representatives a consultative or co-management power. A power of this type can deliver opinions that may be binding or advisory and which will be communicated to the OFP's Board of Directors prior to the decision being made.

An advice is binding to the extent that it is required by the applicable Host Country social and labour law provisions.

Where the Host Country legislation stipulates that certain decisions are to be taken by joint representation between the employers and workers or where they form the subject of a collective labour agreement, the Country Pension Council's opinion will be binding.

The extent to which advice is binding, will be determined separately for each specific Country Pension Council.

The Country Pension Council can give non-binding advice to the OFP on subjects such as:

- The financing plan to be adopted and/or the funding vehicle to be selected to manage the pension scheme.
- A structural modification of the financing plan and in particular any modifications with regard to the conditional indexation policy as included in the Financing Plan.
- The modification, interpretation and execution of the pension scheme, in cases where the Host Country legislation does not provide for parity for decision-making or concluding a collective labour agreement.

- The operation of the OFP.
- The performance of service providers whom the OFP enlists as sub-contractors for the exercise of its activities.
- The assignment of the appointed actuary and the approved statutory auditor.
- The transfer of assets or the management of the scheme to another IORP, if such an opinion is required by the Host Country's legislation.

Supervisory power

In execution of the Host Country legislation, the Country Pension Council can also have supervisory power over the application of the social and labour legislation, notably as regards:

- Supervision of the application and execution of the pension regulations
- The mandatory communication of individual rights to Plan Members and Beneficiaries.

Power of representation

If the Host Country legislation stipulates that the local consultative bodies have a (collective or in certain cases individual) power of representation, this power can be assumed by the Country Pension Council.

Operating procedures

Every Sponsoring Company will define the operating procedures for its own Country Pension Council in consultation with the appropriate representative body or, if there is none, the Plan Members concerned while taking account of the following principles:

- The Country Pension Council appoints a Chairman and secretary from among its members, whereby the Chairman is a representative of the Sponsoring Company.
- The Country Pension Council will be convened by the Chairman at least once per year; it can also convene if the OFP, a Sponsoring Company or at least half of the Plan Member or Beneficiary representatives request this or if changes in applicable social and labour law or an emergency so require.
- A meeting is convened either in writing (including by email) or verbally, with prior notice of at least eight days, except in the case of an emergency. This convening notice shall also state the agenda that will be covered at the meeting.
- The Country Pension Council's decisions will be communicated to the OFP in writing within eight days.
- If there is a tied vote, the Chairman vote will have the decisive vote.

Relationship with the OFP

The Country Pension Councils and the OFP will normally liaise through the Board of Directors and the members of the operational body responsible for the daily management of the OFP, in writing and verbally.

In principle, the Country Pension Councils submit their questions or communicate their opinions to the Chairman of the Board of Directors and/or to the members of the operational body responsible for the daily management in writing.

Should the Country Pension Council wish to have direct contact, it can delegate one or more persons who will handle the issues concerned with the OFP. In case no member of the Board of Directors participates in the Country Pension Council, the Chairman of the Board of Directors or another person whom he has appointed may travel to meet the Country Pension Council of the Sponsoring Company.

The OFP shall report at least once annually to the Country Pension Council on the issues which concern the Country Pension Council, and on the OFP's financial situation.

When the Board of Directors of the OFP does not agree with the advice provided by the Country Pension Council, the Board informs the Country Pension Council of its decision by way of a duly motivated notification.

If the Country Pension Councils hold the view that the OFP is committing serious breaches of the Host Country's legislation or regulations, or if the OFP does not respect the binding advice, they will communicate this to the OFP's statutory auditor and the compliance officer.

Conflicts of competency

If there is a conflict of competency or power between the Country Pension Council and the OFP (e.g. if the OFP refuses to apply a binding advice because it considers it a breach of the law), the two parties will try to settle the conflict by mutual agreement at the latest within four months after the conflict has arisen.

Should the Country Pension Council and the OFP not be able to resolve the issue by common agreement with the aforementioned period, parties will appeal to an arbitration committee. This Committee will be made up of three arbitrators who are regarded as retirement pension experts in the host countries. Each party designates a member of this Committee, while the two appointed members will appoint a Chairman by mutual agreement.

The two parties share these arbitrators' fees and the expenses incurred. The arbitration cost due by the Country Pension Council involved will be taken in charge by the Sponsoring Company concerned.

This Committee determines its operating procedures. The decision of the arbitration committee is final and not subject to appeal. The parties agree to execute within the term set by the arbitration committee the latter's decision.

The present Umbrella Charter of the Country Pension Councils is approved by the Board of Directors of the DuPont European Pension Fund OFP on 12 / 1 / 2015.



Lee Clarke
Director – Chairman



Frans Van Dorsten
Director - Secretary