



CERN Pension Fund

Annual Information Meeting - 2023

26 October 2023

A warm welcome to our Annual Information Meeting



Our presentation today will be delivered in English. A simultaneous interpretation to French is available for this webcast and also via Zoom videoconference.



Members and Beneficiaries present or connected via Zoom videoconference will have the possibility to submit questions (for Zoom videoconference via the 'chat only').



A recording of today's meeting will be available for those unable to join us live.



We are unable to provide individual financial advice. Please contact pensions.benefits@cern.ch for individual questions or if you have any feedback on today's presentation.

Agenda for today

- 1 PFGB Chair's Welcome
- 2 CEO Introduction
- 3 Membership and Benefit Services
- 4 2022 Annual Report & Financial Statements
- 5 Investment Report
- 6 Opportunity for Questions
- 7 Closing Remarks

PFGB Chair's Welcome

Annual Information Meeting 2023



Ossi Malmberg

Chair
Pension Fund Governing Board

The purpose of the CERN Pension Fund

Our purpose is to insure our members and beneficiaries, together with their families, against the financial consequences of disability, old age and death.

(Article 1 1.01)

CERN Pension Fund

As an international organisation, CERN and ESO operate their own social security system, including a pension scheme, the CERN Pension Fund.

Defined benefits

Benefits paid are not affected by the market value of investments.

A solidarity scheme

No member has an individual balance, and all benefits are paid from a common fund.

Introduction by the Chair of the Governing Board

The Governing Board represents all stakeholders of the Pension Fund and works to ensure the purpose of the Fund is achieved. During 2022 the Board met on five occasions to consider a range of matters connected to its functions.

2022 was a year where the recovery after Covid was expected but instead we saw the events in Ukraine escalate and have a significant effect on investment markets. The Pension Fund, under the Board's oversight, navigated these events well with the financial effect contained within the risk limit and no operational issues.

Despite these significant external challenges, the Pension Fund continues to support its beneficiaries and in 2022 paid a total of 324 MCHF in benefits to more than 3,300 beneficiaries. Service performance levels remained excellent throughout the year.

The Funding Level has understandably fallen below the level at the Periodic Actuarial Review (PAR) as at 1 January 2022. The next PAR will take place as at 1 January 2025.

The Governing Board continues to hold a constructive dialogue with the Council and the Finance Committee concerning matters relating to Pension Fund risk, investment strategy, funding levels and operational performance.

Pension Fund Governing Board (at 30 September 2023)

A Delorme 	I Mardirossian 	J Segars 	O Malmberg 	R Bello
T Groffmann 	O Capatina 	P Charpentier 	A Hilka 	D Ryckbosch

	PFGB Chair		ATC Chair
	Vice Chair		IC Chair

	Council (ESO / CERN)		Pensioners Association		Professional
	CERN Ex-officio		Staff Association (E/C)		

Governing Board – rotation in mandates



A Glindemann

Mandate ended 31 October 2022
After serving two 3-year terms

Representative for ESO Staff
Association

Succeeded by Mr Alain Delorme



O Malmberg

Mandate will end 31 December 2023
Chair since 25 September 2020

Appointed by CERN Council

Succeeded by Dr Florin-Dorian Buzatu



D Ryckbosch

Mandate will end 31 December 2023
Member since 1 January 2021

Appointed by CERN Council

Succeeded by Prof Cristina Biino

CEO Introduction

Annual Information Meeting 2023



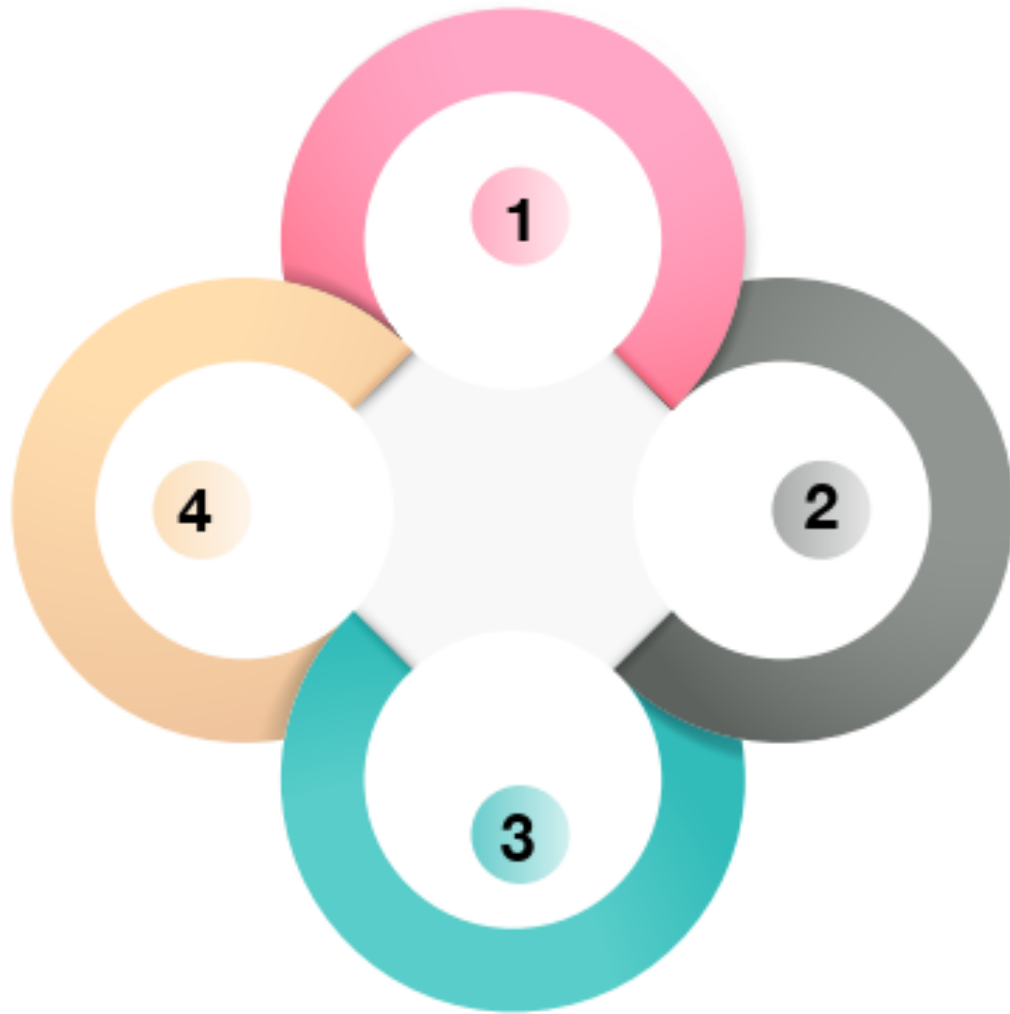
Doug Heron

Chief Executive Officer
CERN Pension Fund

A reminder of how your membership works

Becoming a Member	Membership is automatic with eligible contracts of employment The PFMU creates / administers your file and is the point of contact for queries Benefits accumulate according to service period x reference salary
At the end of your employment	Become a beneficiary (if older than minimum retirement age) Become a deferred beneficiary (and take benefits later) Accept a transfer value (non-optional below 5 years of service)
When you become a Beneficiary	Monthly pension benefits are payable until your death Benefits reviewed each year for indexation Survivor benefits payable according to eligibility
Insurance against death or disability	Benefits payable to you or your survivors for eligible family scenarios
Special transactions	Provisions apply for cases of early retirement; purchase of additional benefits You can acquire rights to survivor benefits for partnerships after employment

Governance Principles



1 The Fund is an integral part of CERN, has no separate legal personality and is under the supreme authority of the Council. The activities of the Fund are part of the official activities of CERN and benefit from privileges and immunities.

2 The Fund has operational autonomy within CERN and shall be managed in accordance with its Rules and Regulations. The Director-General shall have no responsibilities with respect to the management of the Fund.

3 The assets of the Fund shall be held separately from those of CERN and shall be used solely for the purpose of the Fund. Neither CERN nor ESO shall reclaim, borrow or impose a lien upon the assets of the Fund.

4 The oversight of the Fund shall be entrusted to the Governing Board, assisted and advised by the Investment Committee and Actuarial and Technical Committee. The management of the Fund shall be entrusted to the Chief Executive Officer.

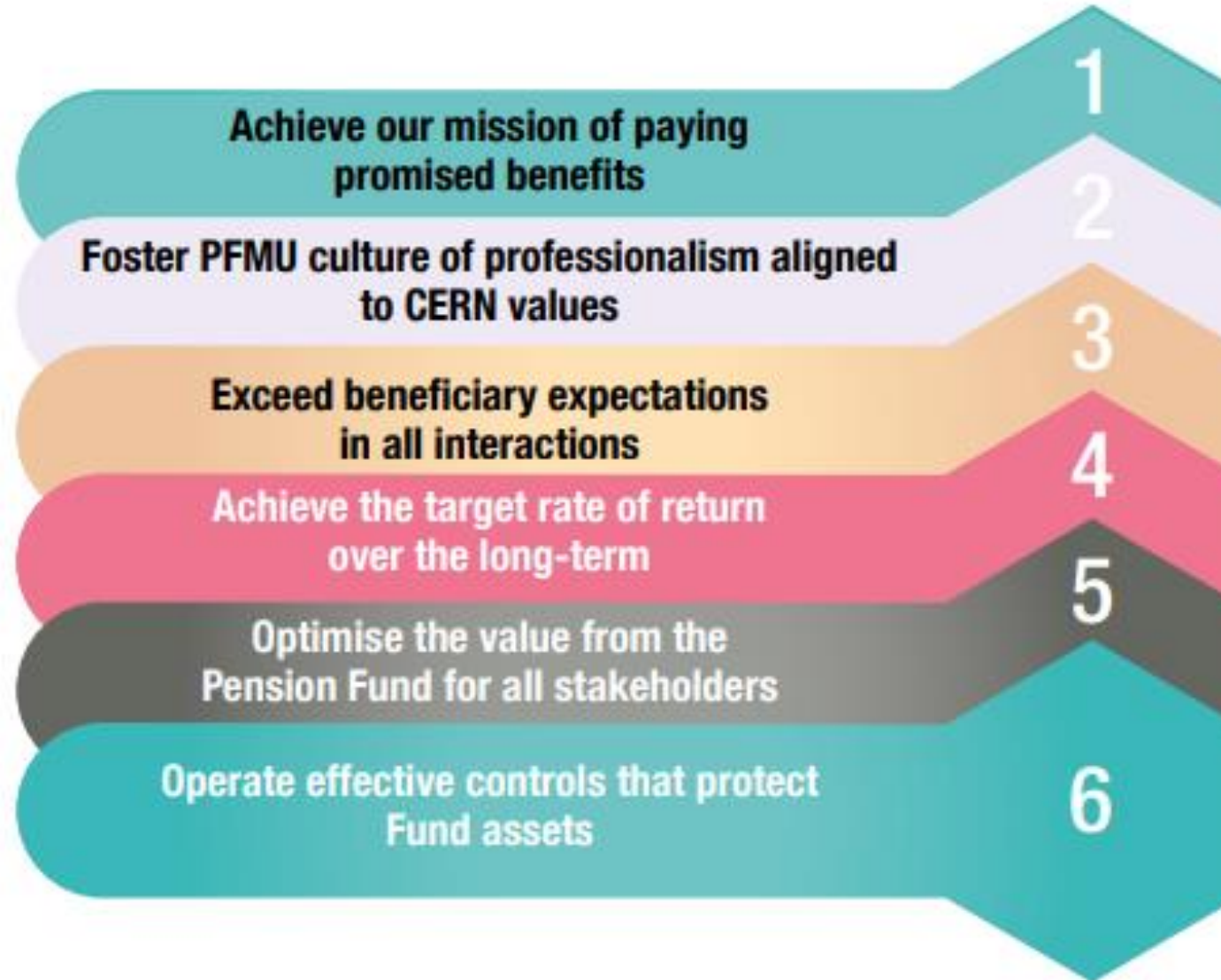
Governance Arrangements for the Pension Fund

CERN Council	<p>The Supreme Authority: defines the Pension Fund and its arrangements; acts as ultimate oversight body and approves significant policies or changes.</p> <p>For contributions and benefits, the Council acts on recommendations from the Director-General.</p>
Governance principles	<p>Set out how the Fund is governed.</p>
Governing Board	<p>Primary oversight body. Includes professional (independent) members and representatives from all key stakeholder groups. Meets quarterly to review performance of the Pension Fund.</p>
Investment Committee / Actuarial and Technical Committee	<p>Sub-committees to the PFGB. Include experts to provide advice and guidance in technical areas.</p>
Chief Executive Officer	<p>Legal representative of the Fund. Analogous to CERN Department Head. Responsible for the Management Unit and all delegated activities of the Fund.</p>

The activities of managing the Pension Fund

Administering benefits	Maintaining records of eligibility Liaising with members, beneficiaries or their survivors Providing information and assisting with enquiries
Collecting contributions	Accounting for and collecting the contributions from members and CERN / ESO
Managing assets of the Fund	Establishing investment strategy and risk appetite Making investments in asset classes Monitoring performance and making interventions to achieve stable returns
Monitoring funding level	Working with the Actuary to ensure benefit promises (liabilities) are fully valued Reviewing ~100 different factors of liability risk to ensure a balanced view Completing Periodic Actuarial Reviews to establish and monitor the funding level
Governance / leadership	Following the rules of the Pension Fund Working with all stakeholders to ensure the Pension Fund is well managed Leading the PFMU team to ensure plans are set and goals achieved

PFMU strategic goals




Strategic Partners during 2022




Buck (UK)
Actuarial Services
Valuation of liabilities



Northern Trust (UK)
Asset Safe Custody



UBS (CH)
Main Banker
Payments



Apex (IRE)
Investment back-office services



Ortec (CH)
Risk Consultant
Advise on investment risk



National Audit Office Finland
External Auditor
Review annual accounts




CERN / EY (CH)
Internal Auditor
Perform internal audits

Membership and Benefit Services

Annual Information Meeting 2023


Delivering our purpose in 2022


Our purpose is to insure our members and beneficiaries, together with their families, against the financial consequences of disability, old age and death.


 **Launched new benefit factsheets**
Each new member and new beneficiary is issued with a 1-page key information sheet


 **Payment of monthly benefits**
Paid 300 MCHF to 3'309 beneficiaries (100% accuracy)

 **Performance against SLAs**
11 / 13 services rated green. 2 amber (cause: high demand and external delays)

 **Welcoming new members**
550 new members. 4 085 total members.

 **Leaving the Fund**
395 leavers (376 transfer values; 19 to deferred status)

 **New beneficiaries**
Established 64 new beneficiaries

 **Caring for families**
Supported the families of 138 beneficiaries who sadly passed away

Membership Overview

4 Beneficiaries aged 100 and over

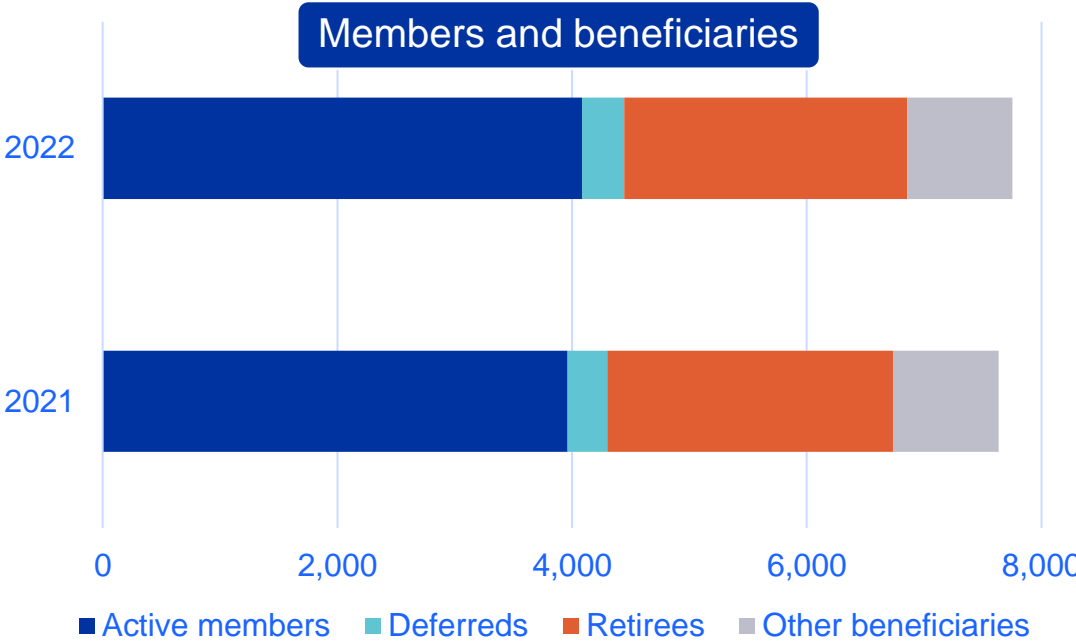
16 Beneficiaries aged under 21



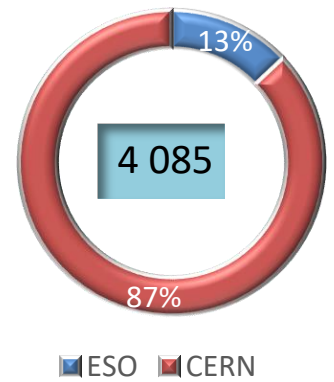
47 Countries with beneficiaries

25 Million CHF paid each month

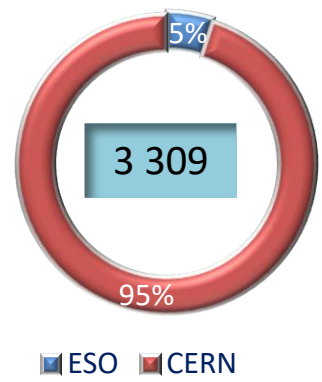
10 Beneficiaries in payment > 50 years



Members by Organisation



Beneficiaries by Organisation (excl. deferred)



Listening to beneficiaries and members



Member and beneficiary feedback directly influences our priorities. We engage with GAC and Staff Association constructively and often.

The positive themes are: that benefits are valued and recognised to be valuable; the service from PFMU is efficient and easy to access.

The less positive themes are: that transfer values paid on leaving < 5 years of service feel too low; the mechanism (PPL) for annual indexation is a growing concern; payment arrangements (CH only) aren't flexible enough.

Recent progress – new factsheets

CAISSE DE PENSION INFORMATIONS POUR LES NOUVEAUX MEMBRES DEPUIS LE 1 JANVIER 2012

Caisses de pensions du CERN
Service des prestations,
Bât. 5 - 1211 Genève 23, Suisse

Notre but est d'assurer nos membres et bénéficiaires, ainsi que les membres de leur famille, contre les conséquences économiques de l'invalidité et de la veillesse, ainsi qu'en cas de décès.

- A PROPOS DE LA CAISSE**
- COTISATIONS**
- TRANSFERTS D'AUTRES CAISSES**

- Caisse en préamont de prestations.
- Cotisations et prestations calculées en fonction de votre salaire de référence mensuel.
- Titulaires : salaire de base **Statut C** / Boursiers : 6.273 CHF / Nouveaux diplômés : 5.683 CHF
- Affiliation obligatoire en tant que membre du personnel employé du CERN ou de l'ESO (titulaires, boursiers, nouveaux diplômés)
- La Caisse est un régime basé sur la solidarité: les cotisations sont déduites mensuellement.
- L'Organisation paie également une cotisation.
- Des transferts de caisses de pensions prévoyant une participation de l'employeur sont acceptés et vous permettent de rattraper des périodes d'affiliation afin :
 - > d'augmenter vos prestations à la fin de votre contrat;
 - > de pouvoir être au bénéfice d'une pension de retraite différée (si vous avez au moins cinq ans de service)
- Ces transferts peuvent être effectués à l'import qui moment pendant la durée de votre contrat, mais doivent être reçus avant votre dernier jour de contrat. [Pour en savoir plus...](#)

- VALEUR DE TRANSFERT**
- OPTION DE RETRAITE DIFFÉRÉE**
- PENSION DE RETRAITE**

- Obligation si vous avez moins de cinq ans de service.
- Le montant est basé sur votre dernier salaire de référence et est de 14,7 % pour les dix premières années et de 22 % pour les années suivantes.
- Elle peut être versée :
 - > sur votre compte personnel Suisse (bénéficiaire si vous avez moins de dix ans de service)
 - > à une autre caisse de pensions privée (si elle accepte)
- L'imposition dépend de votre pays de résidence.
- A la fin de votre contrat, vous pouvez opter pour une pension de retraite différée au plus tard jusqu'à l'âge de 67 ans.
- Le droit commence si vous avez au moins cinq ans de service.
- Le montant mensuel est de 1,85 % de la moyenne de vos salaires de référence des 36 derniers mois, par année d'affiliation.
- Cette pension est payable quand vous atteignez l'âge de la retraite applicable, et 67 ans. Une pension de retraite anticipée est possible à partir de 52 ans.
- L'imposition dépend de votre pays de résidence.
- Le droit commence si vous avez au moins cinq ans de service.
- L'âge de la retraite applicable est 67 ans.
- Une pension de retraite anticipée est possible à partir de 52 ans.
- L'âge de la retraite applicable est 67 ans.
- Le montant mensuel est de 1,85 % de la moyenne de vos salaires de référence des 36 derniers mois, par année d'affiliation.
- Cette pension est payable quand vous atteignez l'âge de la retraite applicable, et 67 ans.
- L'imposition dépend de votre pays de résidence.

- PENSION D'INVALIDITÉ**
- EN CAS D'UN DÉCÈS D'UN MEMBRE**
- SERVICE DES PRESTATIONS**

- Une pension d'invalidité est versée à un membre dont l'invalidité, partielle ou totale, a été reconnue par l'Organisation.
- Le montant est égal à la pension de retraite ou au-delà jusqu'à l'âge de la retraite applicable (peu importe la durée du contrat)
- L'imposition dépend de votre pays de résidence.
- Conjoint(s) survivant(s) :
 - > Une pension mensuelle est versée pour autant que le mariage/partnership légitimement enregistré ait duré au moins un an.
 - Le montant est de 1,1 % du dernier salaire de référence par année d'affiliation que le membre avait au à l'âge de la retraite applicable.
 - Versée jusqu'au dernier jour du mois du décès/mariage ou conjoint survivant.
 - Orphelins : une pension mensuelle est versée aux enfants célibataires et sans emploi, jusqu'à l'âge de 20 ans, ou jusqu'à l'âge de 25 ans s'ils poursuivent des études à plein temps. [Pour en savoir plus...](#)
- A disposition pour répondre à vos questions.
- Rendez-vous possibles en personne ou par zoom.
- Mardi / Mercredi / Jeudi de 9h30 à 11h30 et de 14h30 à 16h30.

Les informations contenues dans ce guide ont pour but de résumer les aspects pertinents des statuts et règlements de la caisse de pensions. En cas d'ambiguïté ou de contradiction, seuls les statuts et règlements de la caisse font foi. Le texte intégral des statuts et règlements peut être consulté sur le site de la caisse de pensions.

+41 22 767 88 11
pension.benef@cern.ch
<http://pensionofund.cern.ch>

CAISSE DE PENSION INFORMATIONS POUR LES BÉNÉFICIAIRES

Caisses de pensions du CERN
Service des prestations,
Bât. 5 - 1211 Genève 23, Suisse

Notre but est d'assurer nos membres et bénéficiaires, ainsi que les membres de leur famille, contre les conséquences économiques de l'invalidité et de la veillesse, ainsi qu'en cas de décès.

- PAIEMENT DES PENSIONS ET DROITS**
- COMMUNICATIONS OFFICIELLES**
- CERTIFICAT DE VIE**

- Les prestations sont payées :
 - > en francs suisses sur des comptes personnels en Suisse,
 - > entre le 6 et le 10 de chaque mois pour le mois en cours.
- Les comptes joints sont acceptés et permettent d'être en débit dans le salariat de la personne de conjoint survivant suite au décès du défunt.
- Les dates de paiements sont disponibles sur le site de la Caisse et dans le bulletin du CERN en décembre. [Pour en savoir plus...](#)
- Vous recevez par courrier postal :
 - **En Suisse** : un décompte de vos prestations mensuelles, valable pour l'année en cours (pas de décompte mensuel). Une mise à jour de ce document sera envoyée en cas de changement de situation.
 - **En Suisse** : une attestation pour la déclaration de revenus.
 - **En Italie** : une "déclaration d'intention" pour les bénéficiaires ayant des enfants à charge entre 20 et 25 ans) à nous retourner dûment complétée et signée.
 - **En Belgique** : une lettre d'information concernant l'indexation des prestations ainsi qu'un "certificat de vie" à nous retourner dûment complété et signé.
- Questionnaire envoyé chaque année fin décembre.
- Confirmez à la Caisse que vos droits à pension sont corrects.
- Out être retourné, par courrier postal ou email, au plus tard à la date indiquée. Sans retour de ce document, les prestations seront automatiquement suspendues.
- Si vous envisagez de vous absenter pendant la période mentionnée, merci de bien vouloir prendre contact avec le Service des prestations avant de partir.

- CHANGEMENT DE DONNÉES PERSONNELLES**
- EN CAS DE DÉCÈS**
- PRESTATIONS DES SURVIVANTS**

- Il est important de notifier à la Caisse, tout changement dans les 30 jours suivant la survenue de celui-ci.
- Adresse postale / adresse email : envoyer, par courrier postal ou email, un document signé mentionnant le changement et la date de celui-ci.
- Comptes bancaires : envoyer, par courrier postal uniquement, un document de la banque mentionnant votre nom, l'IBAN et le BIC. Ce document doit impérativement être signé par vous-même.
- Etat civil : envoyer, par courrier postal ou email, une copie du document officiel. Statut d'enfant à charge : envoyer, par courrier postal ou email, une copie du document pertinent.
- Conjoint(s) désigné(s) : une pension égale à 50 % de la pension de base du défunt (figure décédée) + une somme fixe de 564 CHF (reduite si la période d'affiliation est inférieure à la période maximale). Le droit à pension peut être acquis si l'n n'est pas automatique.
- Conjoint(s) divorcé(s) éligible(s) : une pension égale à la pension alimentaire définie par le jugement, ou le montant payé par le bénéficiaire décédé, si, au moment du décès, le montant était inférieur.
- Orphelins : une pension basée sur le dernier salaire de référence indexé du bénéficiaire décédé et appliquant un taux dépendant du nombre d'enfants à charge au moment du décès.
- Les droits à pensions sont définis par les Statuts et Règlements.
- [Pour en savoir plus...](#)

- INDEXATION ANNUELLE DES PRESTATIONS**
- IMPOSITION**
- SERVICE DES PRESTATIONS**

- Les pensions, la somme fixe et les allocations sont adaptées annuellement conformément à la méthode définie dans l'Annexe C (selon la date à laquelle vous êtes devenu bénéficiaire)
- Les prestations sont versées sans privilèges d'imposition fiscale ni d'une quelconque déduction d'imposition interne.
- A disposition pour répondre à vos questions.
- Rendez-vous possibles en personne ou par zoom.
- Mardi / Mercredi / Jeudi de 9h30 à 11h30 et de 14h30 à 16h30.

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pension.benef@cern.ch
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PENSION FUND KEY INFORMATION FOR BENEFICIARIES

Caisses de pensions du CERN
Service des prestations,
Bât. 5 - 1211 Genève 23, Suisse

Our purpose is to insure our members, beneficiaries and members of their family against the economic consequences of disability, old age and death.

- PENSIONS PAYMENT AND CURRENCY**
- OFFICIAL COMMUNICATIONS**
- LIFE CERTIFICATE**

- Benefits are paid :
 - > in Swiss francs into a personal bank account in Switzerland,
 - > between the 6th and the 10th of each month for the current month.
- Joint accounts are acceptable and could avoid any delay of surviving spouse's pension following the death of the beneficiary.
- **En Suisse** : a statement of your income for tax declaration purposes.
- **En Italie** : a "declaration of intention" (for beneficiaries with dependent children aged 20 to 25 years old) to be completed and returned.
- **En Belgique** : information on the annual adjustment and a "Life certificate" to be completed and returned.

- CHANGE OF DETAILS**
- IN THE EVENT OF DEATH**
- SURVIVOR BENEFITS**

- Important to inform the Fund of any change within 30 days.
- Address/postal address: send, by post or email, a signed document with new details and the date at which the change should be made.
- Bank accounts: send, by post only, a document issued by your bank showing your name, IBAN and BIC. You should sign the document.
- Marital status: send, by post or email, a copy of the official relevant document.
- Child dependency status: send, by post or email, a copy of the official relevant document.
- You will receive by post :
 - **En Suisse** : a statement of your monthly benefits, valid for the entire year (no monthly pay notification). An updated breakdown will be issued in case of a change to your personal situation.
 - **En Suisse** : a declaration of your income for tax declaration purposes.
 - **En Italie** : a "declaration of intention" (for beneficiaries with dependent children aged 20 to 25 years old) to be completed and returned.
 - **En Belgique** : information on the annual adjustment and a "Life certificate" to be completed and returned.
- The Fund should be informed as soon as possible.
- The Fund will provide support on the process to follow.
- Surviving spouse and/or orphan pension(s) may be payable.
- Eligible spouses: a pension equal to 55% of the basic pension of the deceased beneficiary + a fixed sum of 564 CHF (reduced if not maximum membership).
- Eligibility can be presumed if not automatic. Eligible divorced spouses: a pension equal to the maintenance defined by a judgement or the amount paid by the deceased beneficiary, if lower.
- Orphan: pension based on the beneficiary's last indexed reference salary and using a rate depending on the number of dependent children at the time of death.
- Eligibility is established by the Rules. [To find out more...](#)

- ANNUAL ADJUSTMENT OF BENEFITS**
- TAX**
- BENEFITS SERVICE**

- Pensions, fixed sum and allowances are adjusted annually in accordance with the method defined in Annex C (depending on the date you became a beneficiary).
- There is an under indexation mechanism in place linked to the Funding rate of the Fund.
- Tax treatment depends on your country of residence.
- Benefits are paid without any privilege of tax exception or deduction of any internal taxation.
- Available to answer any queries.
- Appointments possible in person or by Zoom, if you prefer.
- Tuesday / Wednesday / Thursday 9.30 to 11.30am / 2.30 to 4.30pm.

The information in this guide is intended to summarize the relevant aspects of the pension fund rules and regulations. In the event of ambiguity or conflict then only the content of the rules shall apply. The rules can be accessed via the pension fund website.

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PENSION FUND KEY INFORMATION FOR NEW MEMBERS (JOINING AFTER 1 JANUARY 2012)

Caisses de pensions du CERN
Service des prestations,
Bât. 5 - 1211 Genève 23, Suisse

Our purpose is to insure our members, beneficiaries and members of their families against the economic consequences of disability, old age and death.

- ABOUT THE FUND**
- CONTRIBUTIONS**
- TRANSFERS FROM OTHER CAISSES**

- A defined benefit scheme.
- Contributions and benefits are based on your monthly reference salary.
- The Organization also makes a contribution.
- The Fund is a solidarity scheme and benefits are defined by the Rules and not by individual contributions.
- Compulsory affiliation, as employed member of the CERN or ESO personnel (full, part-time, graduates or staff).
- Transfers accepted from employer pension schemes allowing you to purchase additional pension benefits to:
 - > increase your benefits at the end of your contract;
 - > become entitled to a pension (if at least five years of service).
- Can be made at any time during your contract however must be received before the end of your contract. [To find out more...](#)

- TRANSFER VALUE**
- DEFERRED RETIREMENT PENSION**
- RETIREMENT PENSION**

- Compulsory for less than five years of service.
- The amount is based on your final reference salary and is 14.7% for each of the first 10 years and 22% for each further year.
- Can be paid :
 - > to your personal Swiss bank account (only if you have less than 10 years of service)
 - > into another private pension scheme (if they agree).
- Tax treatment depends on your country of residence.
- At the end of your contract, you could be entitled to a retirement pension deferred to age 67 at the latest.
- Entitlement begins after a minimum of five years of service.
- The monthly amount is 1.85% of the average of your last 36 months' reference salaries per year of membership (maximum: 70% for 37 years and 10 months).
- Playable when you reach the applicable retirement age (67 years old). Early retirement option is available from 52 years old.
- Entitlement to a pension begins after a minimum of five years of service.
- Applicable retirement age is 67. Early retirement option available (from 52 years old). [To find out more...](#)
- The monthly amount is 1.85% of the average of the last 36 months' reference salaries per year of membership (maximum: 70% for 37 years and 10 months).
- Tax treatment depends on your country of residence.

- DISABILITY PENSION**
- IN THE EVENT OF DEATH OF A MEMBER**
- BENEFITS SERVICE**

- Paid to a member whose disability (partial or total) is recognised by the Organization.
- Amount is equal to the retirement pension the member would have received at the applicable retirement age (regardless of the contract duration).
- Tax treatment depends on your country of residence.
- Surviving spouses:
 - > Monthly pension payable provided the marriage/partnership lasted at least a year.
 - > Amount is 1.1% of the last reference salary per year of membership (the member should have cumulated up to the applicable retirement age).
 - > Fact and the death or remarriage of the spouse/partner.
- Orphan: monthly pension payable to unemployed and unmarried children until 20 years old, or until 25, if in full-time education. [To find out more...](#)
- Available to answer any queries.
- Appointments possible in person or by Zoom, if you prefer.
- Tuesday / Wednesday / Thursday 9.30 to 11.30am / 2.30 to 4.30pm.

The information in this guide is intended to summarize the relevant aspects of the pension fund rules and regulations. In the event of ambiguity or conflict then only the content of the rules shall apply. The rules can be accessed via the pension fund website.

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Providing easy access to key information.
Issued to each new member or beneficiary and available on our website



Current priorities – heading into 2024

Digital capability

Ensuring our digital capability meets member and beneficiary needs.
Reduced reliance on paper forms.
Giving beneficiaries and members easy access to their own records.
Further improvements to our website.

Payments outside of Switzerland

Adapting to ensure we are able to pay benefits in a convenient, secure and efficient way. Even where beneficiaries do not reside in Switzerland.

Factors and parameters

Reviewing selected factors and parameters (those values that determine payment of benefits and entitlements) to ensure they remain suitable.

Indexation and PPL (purchasing power loss)

What is PPL?

Benefits are indexed to keep in line with changes to prices and cost of living
PPL is the reduction in what we can buy with a given amount of money
Each beneficiary has an individual accumulated PPL account

Why was it introduced?

Introduced in 2005 and updated in 2012 (as part of package of measures)
Indexation not granted or is slowed down until individual PPL reaches 8%
Equitable distribution of measures amongst stakeholders (different ceilings)

How is it calculated?

Annual adjustment depends on retirement date i.e. before/after 1.1.2012
Inflation reference is Geneva CVI and was 3.1% for the 2023 exercise
Post 1.1.2012, Geneva CVI is adjusted by the accounting funding ratio

How to find out more?

Beneficiaries receive a letter each year with details on their personal situation and information on how the adjustment and PPL balance is calculated
The Benefits Service is available to respond to questions

Any interesting points?

As at 1.1.2023 around 400 beneficiaries received an annual adjustment of 1.1%
Given current levels of inflation, the number of beneficiaries receiving an annual adjustment in 2024 is expected to increase.

Benefits Service



Emilie Clerc



Pilar Herguedas



Garance Louvin

pension-benefits@cern.ch

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<http://pensionfund.cern.ch>

Building 5/5 (CERN)

2022 Annual Report & Financial Statements

Annual Information Meeting 2023

2022 Annual Report & Financial Statements

The format follows International Public Sector Accounting Standards (IPSAS) and pension fund best practice. Includes:

- Message from the PFGB Chair
- Pension Fund Governing Board's Report
- Management Commentary
- Membership disclosures
- Financial statements and explanatory notes
- Actuarial Status of the Fund
- Investment and ESG Report



Available on request or via [our website](#)

2022 Annual Report & Financial Statements

Enhanced format introduced in 2022:

- Additional information on governance
- More transparency on our Environmental, Social & Governance work
- Increased accessibility to key information

MESSAGE FROM CEO

MANAGEMENT COMMENTARY

Report by the CEO

Another challenging year for members, beneficiaries and their families. The challenges of Covid-19 continued throughout 2021 and required the Fund to continue to adapt its working arrangements to best meet the needs of our members and beneficiaries. Our mission is to pay the benefits promised to our beneficiaries and we did this successfully throughout the year. I offer my thanks to colleagues in the Pension Fund Management Unit for their dedication and commitment to our mission during 2021, and to our members and beneficiaries for their support to us.

Evaluating the Funding Ratio

Every three years, or earlier by exception, the Pension Fund conducts a Periodic Actuarial Review to determine the Funding Ratio, broadly defined as the sufficiency of its assets to meet obligations to pay pension benefits at the current time and over a projected time period. In contrast to the Funding Ratio that we update each year in the Annual Report & Financial Statements, this review is carried out by our independent Actuary and uses a 'best estimate' view of the expected future returns from the investment of the Fund's assets. The results of the Periodic Actuarial Review will be reported to CERN Council in the June 2022 session and communicated to all of our stakeholders later in the year.

Medium-term operating plan

In the autumn of 2021 the PFGB endorsed the plans of the PFMU for 2022 and beyond. This Medium Term Operational Plan forms part of the integrated operational planning across CERN and sets out the recurring, new and continuing projects where the work involved requires a significant use of resource. In our plan there are a total of 37 different commitments: 10 recurring, 9 new and 12 continuing.

The plan includes the implementation of technology upgrades to increase our efficiency, strengthen our controls and improve the experience of our members and beneficiaries when interacting with us such as with reduced requirement for paper forms.

Our work in Responsible Investment

During the year and following completion of a Working Group led by members of the PFGB, the Pension Fund set out an ambitious work plan to channel its focus and add momentum to our Responsible Investment journey.

14 | Pension Fund

MEMBERS AND BENEFICIARIES

Over **24** million chf benefits paid each month

Welcomed **498** new members

BENEFITS SERVICE OVERVIEW OF THE YEAR 2021

Supported **127** families of beneficiaries who sadly passed away

Converted **23** members to deferred status

48 countries with beneficiaries

Processed **59** members to retiree status

The purpose of the Fund is to insure its members and beneficiaries as well as the members of their families against the economic consequences of disability, old age and death. (Article 1.1.01)

Last year saw another difficult year for many of the Fund's members, beneficiaries and their families as a result of the COVID-19 pandemic and the resulting restrictions in many countries. CERN implemented a four-level COVID-19 scale, including determining conditions for onsite access. Whilst the overarching objective remained to safeguard the health and safety of everybody on the CERN sites, it did mean that many beneficiaries were not being able to visit the Benefits Service in person. The Benefits Service was still able to provide a seamless service using other communication means and thanks to the patience and flexibility of members and beneficiaries.

Amendments to Fund's Rules and Regulations (effective 1 January 2021)

The beginning of the year saw amendments to the Fund's Rules and Regulations, including the introduction of the possibility of a fractional purchase of a surviving spouse's pension, for beneficiaries who married after retirement and since 2006. The amendments to Article II 5.09 introduced the possibility to purchase a deferred tranche 20%, 40% or (the maximum) 55% of the deceased beneficiary's pension. An introductory measure allowed beneficiaries who were already married on 1 January 2021 to submit a request to procure an entitlement to all or part of a surviving spouse's pension where no entitlement to a surviving spouse's pension from the Fund pre-existed or had been procured. During the 180 days when the introductory measure was available twenty five beneficiaries requested calculations and of those seven chose to procure the entitlement. A number of these beneficiaries elected to purchase a reduced spouse's pension i.e. 20% or 40% of the deceased beneficiary's pension.

The amendments to the Fund's Rules and Regulations also included the introduction of a specific article setting out the definition of fraud, as well as new articles to describe the Fund's process for the recovery of undue payments or the refund of overpayments. A number of technical changes were also included to align the Rules with existing practices.

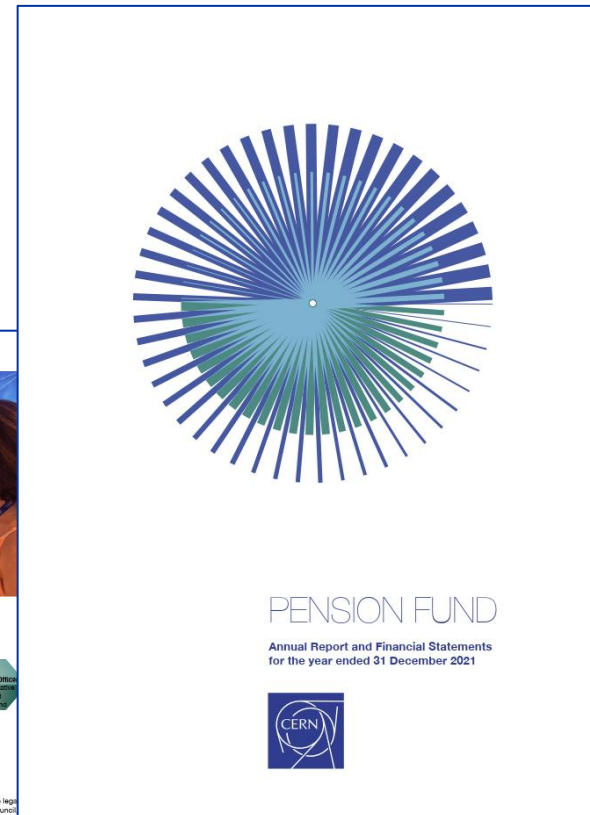
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GOVERNANCE

GOVERNANCE PRINCIPLES FOR CERN PENSION FUND

- 1 The Fund is an integral part of CERN, has no separate legal personality and is under the supreme authority of the Council. The activities of the Fund are part of the official activities of CERN and benefit from privileges and immunities.
- 2 The Fund has operational autonomy within CERN and shall be managed in accordance with its Rules and Regulations. The Director-General shall have no responsibilities with respect to the management of the Fund.
- 3 The assets of the Fund shall be held separately from those of CERN and shall be used solely for the purpose of the Fund. Neither CERN nor ESO shall reclaim, borrow or impose a lien upon the assets of the Fund.
- 4 The oversight of the Fund shall be entrusted to the Governing Board, assisted and advised by the Investment Committee and Actuarial and Technical Committee. The management of the Fund shall be entrusted to the Chief Executive Officer.

2021 | 15



Transparency on implementation of ESG policy

ESG remains a key priority, integrated with our investment management approach:

- Update on progress of ESG policy implementation plan
- ESG report follows voluntary guidelines of TCFD (Task Force on Climate-Related Financial Disclosures)
- Governance, Strategy, Risk Management and metrics
- Results of two exploratory studies:
 - Climate impact analysis
 - Carbon footprint and transition pathway study

UPDATE ON THE OPERATIONAL INFRASTRUCTURE

The implementation of the Portfolio Management System (PMS) continued in 2022 and is due to be completed by the second quarter of 2023. The implementation of a PMS represents a major improvement in the infrastructure of the Fund, which will strengthen all trade flow processes and provide an overall more robust and reliable set-up in terms of operations and business continuity.

CONCLUSIONS – MACRO OUTLOOK

Looking ahead to 2023, the macroeconomic and financial outlook remains challenging. On the positive side, the global economy has shown continued resilience, despite tighter financial conditions and an energy supply shock. Additionally, the reopening of the Chinese economy, slowly abating inflationary pressures and lower market valuations are all positive developments.

However, the situation remains highly uncertain, with evidence suggesting that consumer demand in developed economies may weaken and investments and housing activity may remain subdued. This is expected to impact economic growth and increase the likelihood of an economic downturn in 2023. Moreover, high inflation remains a concern, and the potential for new geopolitical shocks with an impact on commodity prices could further constrain the ability of central banks to support economic growth.

UPDATE ON THE IMPLEMENTATION OF THE ESG POLICY

In November 2021, the PFGB adopted an ESG policy as an integral part of the Fund's Statement of Investment Principles. At the same time, the PFGB approved an ESG implementation work plan, with an explicit focus on addressing climate-related risks and opportunities. The progress achieved in 2022 is reported in the next section.

MANAGEMENT OF CLIMATE RELATED RISKS AND OPPORTUNITIES: PROGRESS REPORT

This section summarizes the work carried out in 2022 to strengthen the Fund's management of climate-related risks and opportunities. It is organized according to the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD), as reproduced below, around the pillars of governance, strategy, risk management and metrics/targets.

I. Governance

The Fund acknowledges that climate risk can have a systemic impact on the value of its investments. Climate change is expected to be a source of increased physical risks (e.g. climate events) and transition risks (e.g. tighter regulatory requirements, legal risks, stranded assets, social unrest).

The Fund is on a path of progressively integrating the management of climate risks into its global investment risk management framework. While the responsibility for this integration lies within the remit of the CEO and the COO, the progress is continuously monitored by the Investment Committee and the PFGB.

II. Strategy

Over the reporting period the Fund completed two exploratory studies, a climate impact analysis and a carbon footprint and transition pathway study, with the objective of providing an initial evaluation of the Fund's climate risk. In addition, the Fund is active in identifying opportunities to invest in climate transition themes. This combination of bottom-up and top-down approaches is deemed to be appropriate, given the complexity of the matter and the inherent uncertainties.

The ESG plan itself is updated on an annual basis. In parallel, the Fund continued to take part in collective engagement activities. In 2022, it participated in 10 initiatives on various ESG topics led by Ethos Engagement Pool International (EESI), a platform established by the Fund's provider of proxy voting services.

Over the reporting period, the PFGB commissioned a climate impact analysis (Figure 1) to evaluate the Fund's strategic asset allocation over a long-term investment horizon, according to three stylized climate scenarios:

- Delayed Transition** – explores the transition and physical risks involved in an orderly and smooth transition towards a low-carbon, climate-resilient economy consistent with the goals of the Paris Agreement.
- Disorderly Transition** – explores how a transition can have more severe financial impacts when the pricing of climate risks occurs abruptly and with financial settlement shocks.
- Failed Transition** – explores the severe physical impacts of a scenario where current policies continue, the Paris Agreement is not met and global temperatures increase well beyond 2°C, triggering serious physical risks.

The three climate scenarios, which should be regarded as possible rather than probable outcomes, are viewed relative to the base case. The base case represents a scenario where all currently existing policies and past physical impacts are assumed to have been priced in by the markets, but no future transition policies or future physical risks are explicitly accounted for (in other words, a sort of "status quo").

As shown in Figures 2 and 3 below, the investment return would be only modestly lower in an orderly transition. In a disorderly scenario, the effect is larger, with transition risks manifesting themselves early. In the failed transition scenario, the performance is expected to deteriorate quite significantly later on, as physical risks start to be realized.

In the short term (next 5 years), a disorderly transition scenario would expose the portfolio to climate risk and result in approximately 3% lower cumulative returns than the baseline expectations.

However, already by the end of this decade, the failed transition scenario will expose the portfolio to more severe impacts than an orderly transition to a low-carbon world. This leads to structural underperformance compared to the baseline expectations. By 2051, under the failed transition scenario, the portfolio value is expected to represent only 82.5% of what it would have been according to the baseline.

Figure 1: Climate MAPS methodology. Source: Oris Finance

Impact on yearly return (annualized)	Year 1-5	Year 6-10	Year 11-20	Year 21-30	Year 31-40	Year 41-50
Paris Orderly	-0.10%	0.12%	-0.02%	0.01%	-0.10%	-0.02%
Disorderly	-0.02%	0.21%	-0.02%	0.01%	-0.10%	-0.08%
Failed Transition	-0.11%	-0.26%	-1.05%	-0.29%	-0.51%	-0.50%

Figure 2: Impact on yearly returns over the next forty years according to each of the climate pathways. Source: Oris Finance for CERN Pension Fund

INVESTMENT AND ESG REPORT

MACROECONOMIC HIGHLIGHTS

In 2022, global economic activity continued to expand but at a slower pace. According to the IMF, global GDP rose by 3.2%, which represented a significant slowdown from the robust growth of 6.2% observed in 2021.

The moderation of growth was caused by several factors, including the impact of a commodity supply shock, higher consumer price inflation, which negatively affected real incomes, and the tightening of global financial conditions.

The conflict in Ukraine led to an increase in energy prices, disrupting the supply of crucial commodity imports and impacting economic growth, particularly in the eurozone. Despite lower growth, labour market tightness persisted in numerous economies. On the other hand, the Chinese economy experienced slow growth due to COVID-related restrictions that were only lifted towards the end of the year.

The delayed impact of the very accommodative fiscal and monetary policies that were implemented in 2020 and 2021, coupled with higher commodity prices, led to a rise in inflation to the highest level in many decades. The IMF estimated that global CPI inflation rose to 8.8% in 2022, the highest since the 1980s.

In the US, inflation accelerated to multi-decade highs, while headline figures in Europe and the UK also rose at record paces. Notably, elevated prices for commodities such as gas and crude oil resulted in increased heating and electricity costs, particularly in Europe. Core inflation was also elevated as wage pressures picked up, and long-term inflation expectations were revised upwards.

As a result, central banks initiated quantitative tightening programmes and significantly tightened monetary policy.

RISK MANAGEMENT AND ASSET ALLOCATION

The Fund's risk management and asset allocation policy is set out in the Statement of Investment Principles, which has been approved by the PFGB. It is based on an annual risk limit and an annual strategic asset allocation (SAA), and on managing the current asset allocation (CAA) in a manner compatible with both the risk limit and the investment return objective.

The Fund's return objective is to meet or exceed the actuarial best-estimate discount rate, adjusted for Geneva inflation, over the long term. Since 2022, the best-estimate real-rate assumption stands at 2.65% per annum. The PFGB set the same risk limit for 2022 as for 2021, namely a 5% Conditional Value-at-Risk (CVaR) limit of -8%.

The SAA for 2022, which was defined by the PFMI in collaboration with the Risk Consultant (Ortec Finance) and was subsequently endorsed by the Investment Committee and approved by the PFGB, is shown in Table 4 below.

The actual exposure by asset class (CAA – current asset allocation) as at 31 December is shown in the first column.

20 | Pension Fund

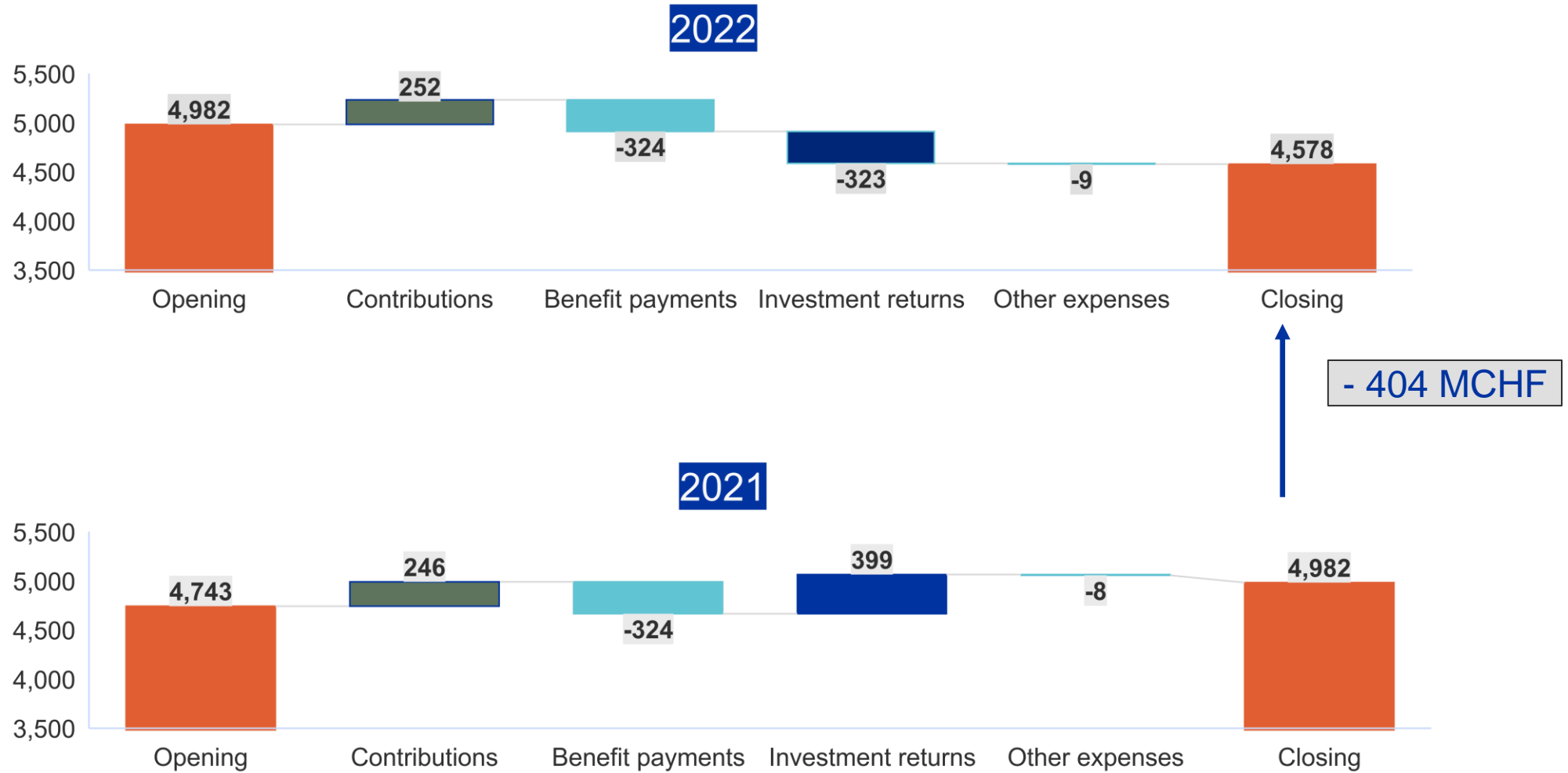
2022 Annual Report & Financial Statements (M CHF)

Funding Ratio:

2022: 51.1%

2021: 40.3%

Accounting measure



2022 Annual Report & Financial Statements

Annual Report and Financial Statements

- Enhanced format in 2022 to provide transparency and accessibility to key information
- Provides key information to members and beneficiaries and informs all stakeholders
- According to IPSAS (International Public Sector Accounting Standards)

Net Assets

- Net Assets decreased to 4 578 MCHF
- Financial markets were challenging during 2022 and continue to be this year so far

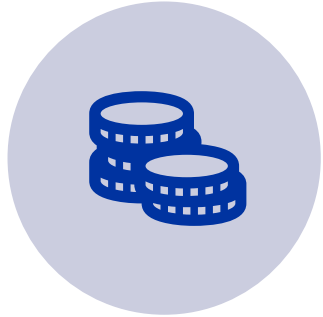
Funding levels

- Funding ratio increased to 51.1% despite a fall in assets
- Accounting funding ratio is different to that of the periodic actuarial review due to different discount rates and different rates of long-term inflation
- Actuarial funding level fell from 77.1% (January 2022 / PAR 22) to 69.0%

Investment Report

Annual Information Meeting 2023

Investment markets – important note



The CERN Pension Fund pays *defined-benefit* pensions. Benefits are calculated according to your service period, reference salary and any applicable factors



Benefits are not affected by the funding level or investment performance



This report on investment activity, markets and performance is provided for insight and transparency



The investment activities are overseen by the Governing Board and its Investment Committee. More information is available in our Annual Report.

Managing our assets

What are the assets of the Fund?

The Pension Fund pays benefits from its financial resources: funds it has built up through contributions and investment returns.

Why do we invest?

The Pension Fund is only sustainable if we are able to earn returns, over the long-term, in excess of the rate of inflation. This is known as positive real returns.

Do we have a target?

To achieve or exceed a return in excess of the real discount rate (currently 2.6%)
To manage the portfolio within a Risk Limit of $\pm 8\%$ using 5% Conditional Value at Risk

Who manages the assets?

The PFMU and advisers propose a Strategy and Risk Limit, for PFGB to approve.
The implementation of the strategy is delegated to PFMU, under oversight of PFGB.
PFMU takes advice or outsources some strategies, but most assets are internally managed

Are there risks?

Virtually all major events in the world affect financial markets, positively or negatively.
Diversification within the assets is key to managing risk.
A long-term view and approach is essential to managing through volatility.

Strategic Asset Allocation – asset classes



Precious metals

- Store of value, diversification of risk



Private Equity and Venture Capital

- Access to early-stage capital growth with a premium for complexity and risk



Hedge Funds

- Risk management; access to positive returns over benchmark through active management



Equities

- Access to capital growth and income from corporate profits



Real Assets

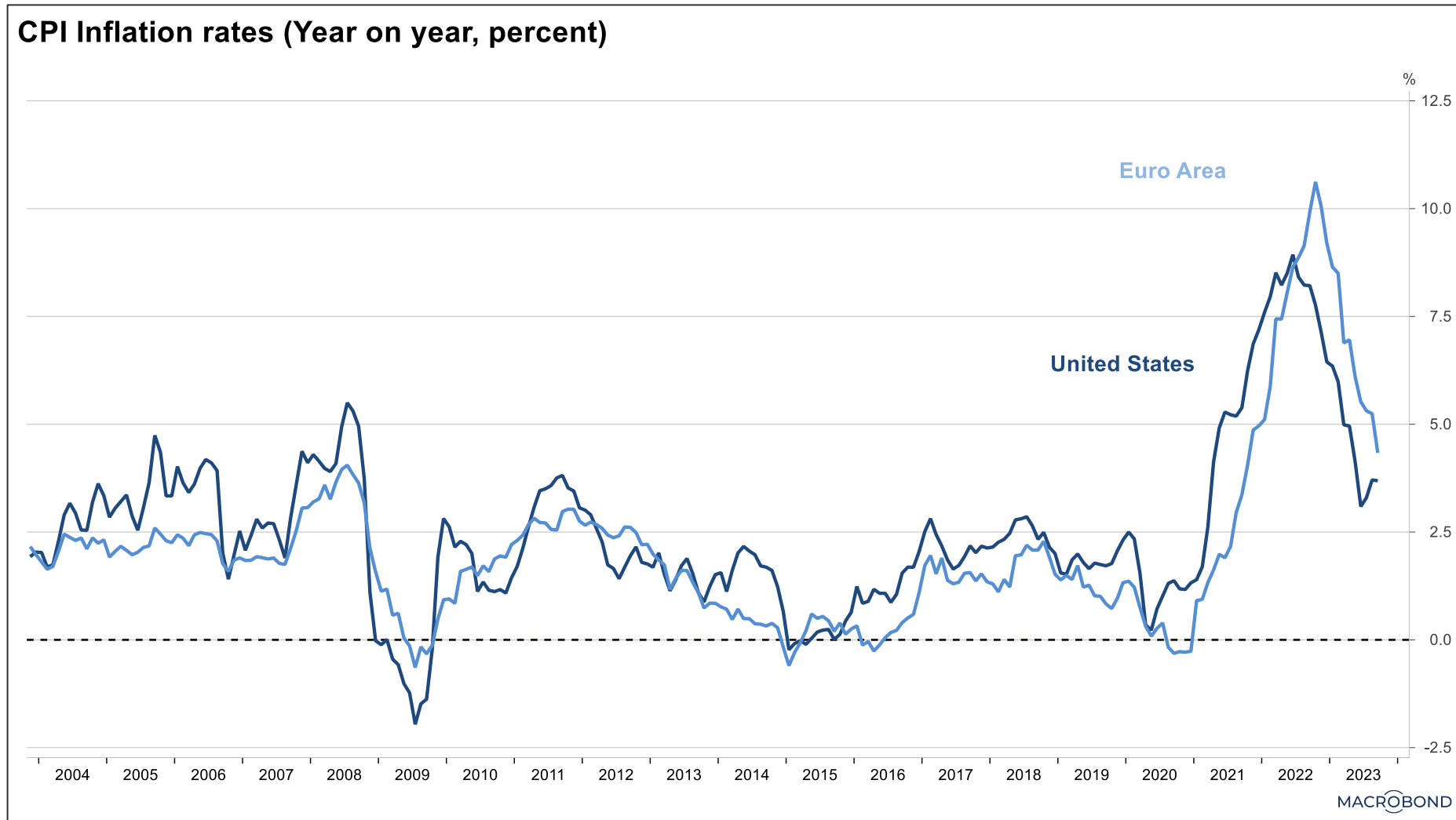
- Real estate, timber, infrastructure: Store of value, stable income and protection from inflation



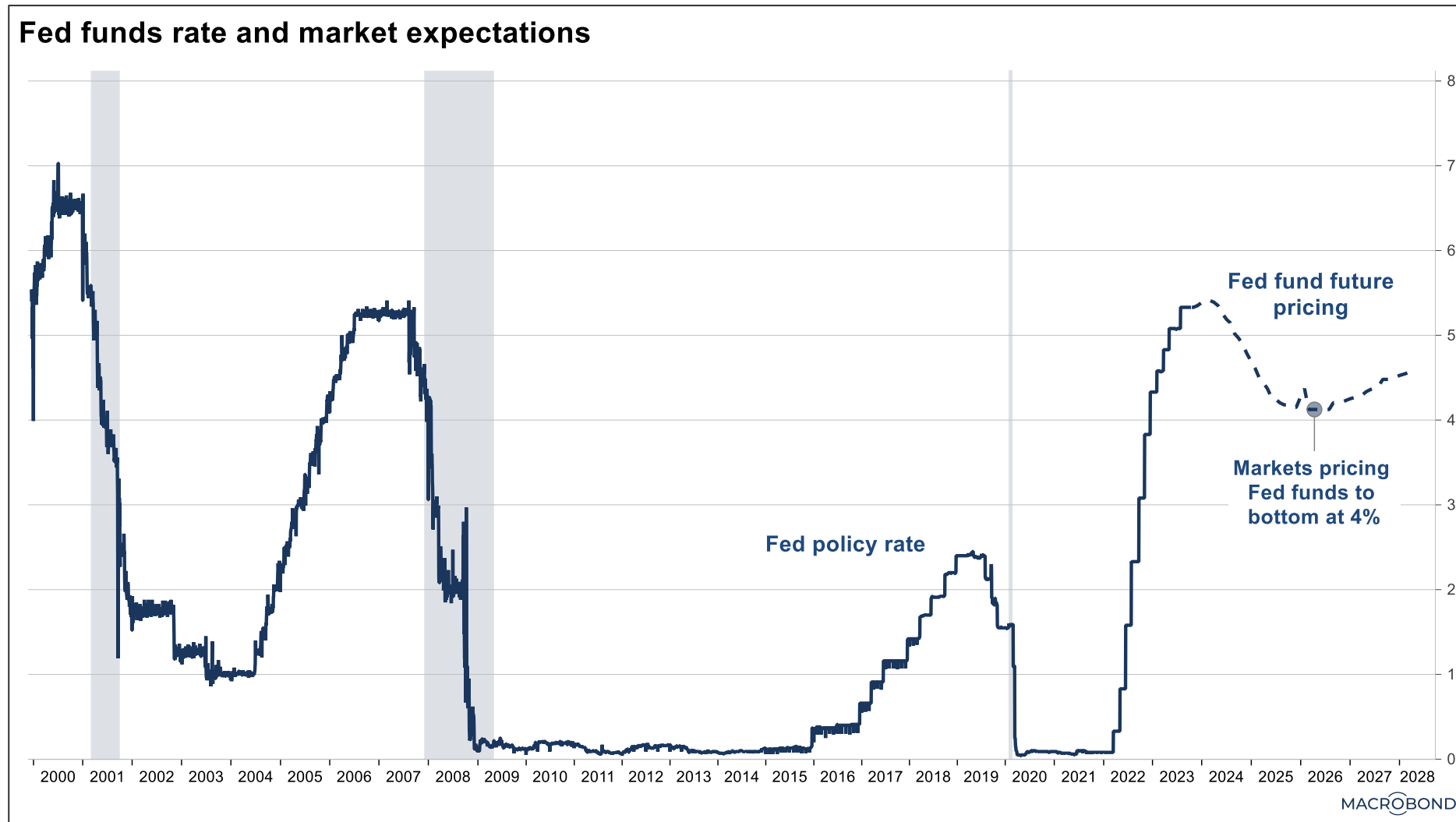
Fixed Income

- Benefit of liquidity, with premium over cash deposits for limited default risk

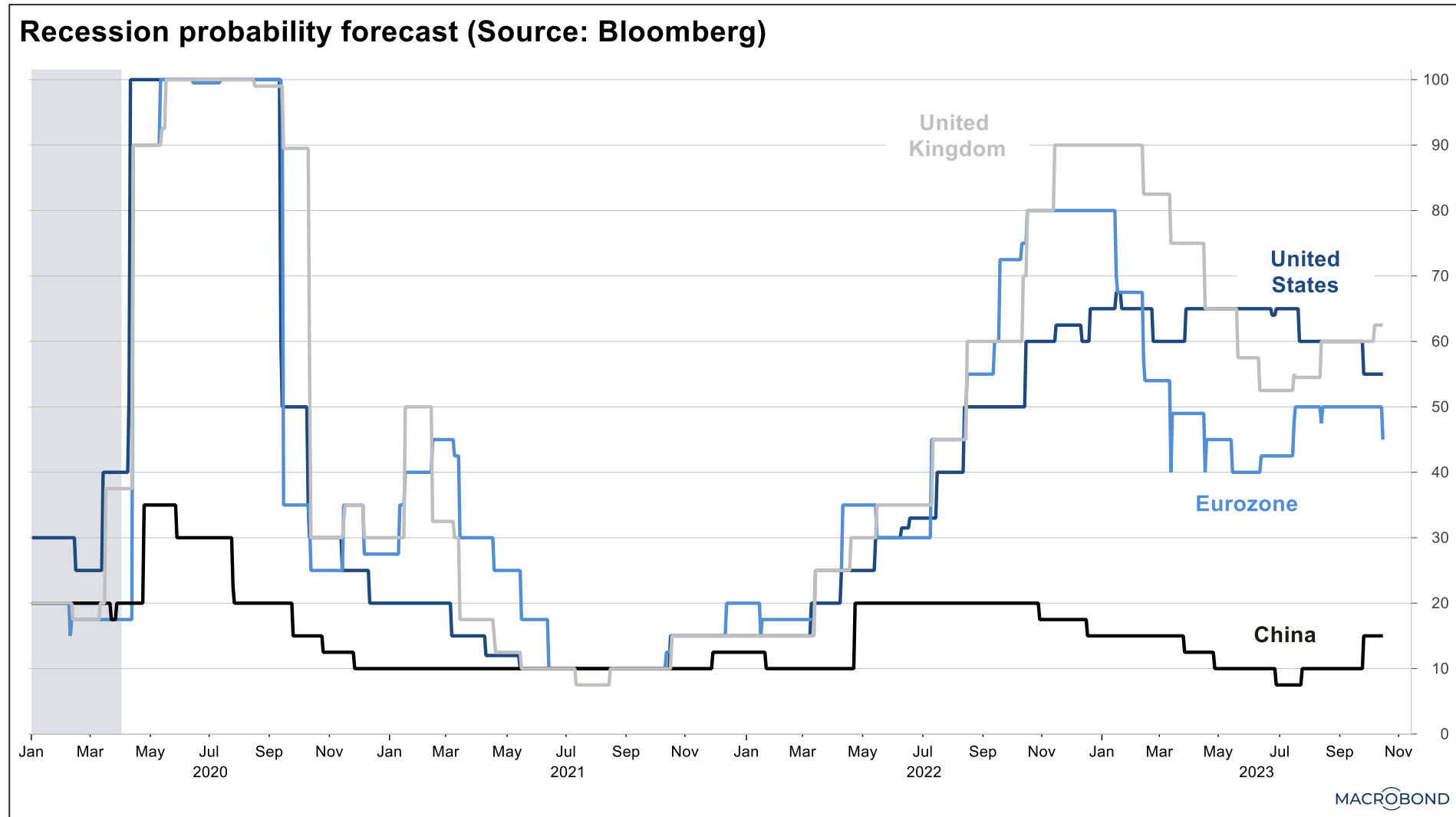
Economic context



Economic context



Economic context



Investments in real estate – the portfolio

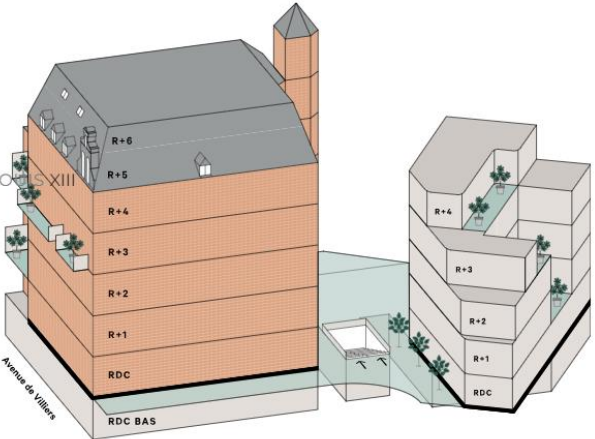


Investments in real estate – example of value-add

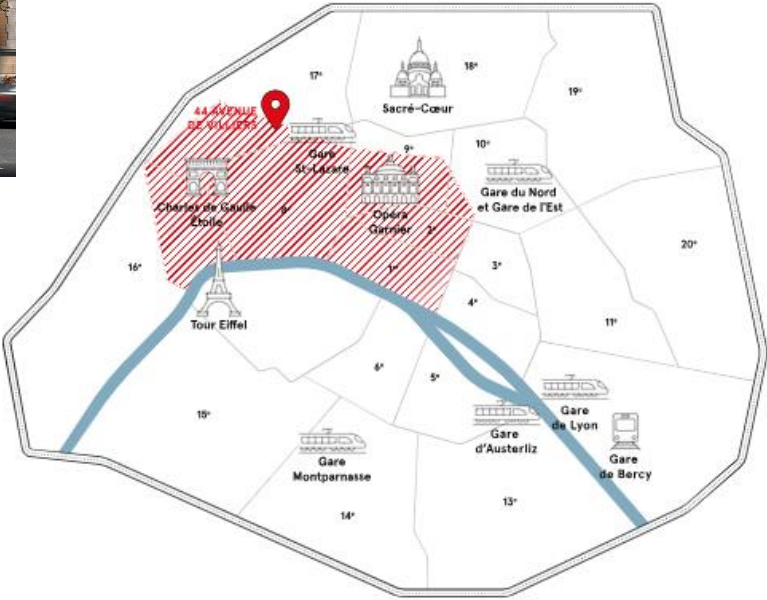


TWO BUILDINGS
around a green courtyard.

REHABILITATED NO-LOUIS XIII
active historic
building
;
with a total
surface area of 1,618 m².

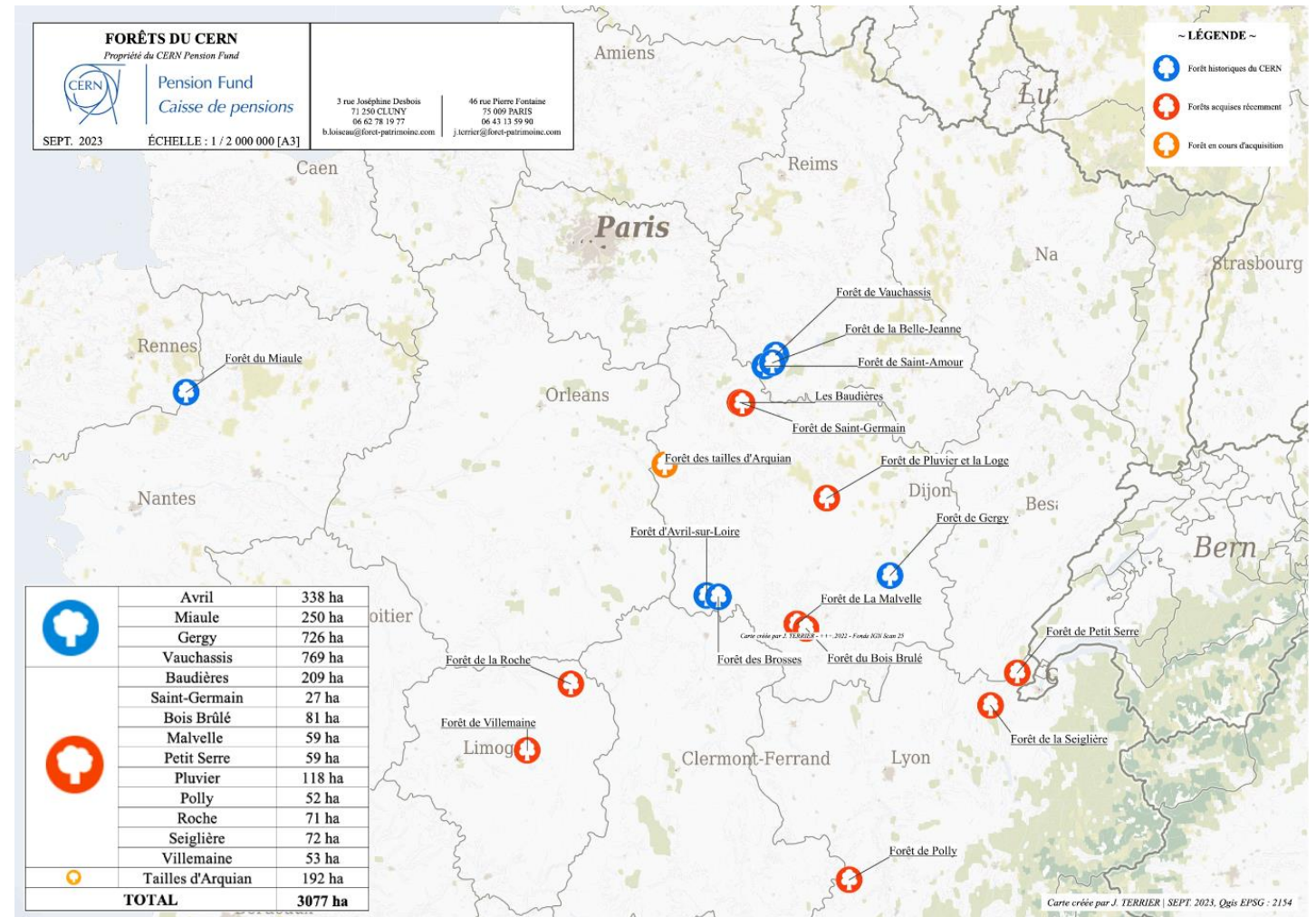


← CONTEMPORARY
building
rebuilt from scratch;
with a total
surface area of 715 m².



Investments in forestry – the direct portfolio

- More than 3,000 hectares (or half of the area encircled by the LHC)
- Timberland is circa 1% of Fund assets
- Offers a store of capital value and access to diversified, stable, long-term returns
- Sustainability and positive for the environment when managed under responsible ownership
- 8 different species but Oak is more than 80%. Used for wine casks, flooring, furniture



Investments in forestry – the direct portfolio



ESG – Environmental, Social and Governance matters



In 2021 the Fund has approved its first ever ESG policy after extensive consultation of our peers and our stakeholders



The Fund is focused on a small number of meaningful actions and avoids greenwashing or other actions that lack substance.



An ambitious first-phase ESG work plan was completed in 2022. This included a climate change scenario model, carbon foot-printing and temperature alignment analysis the portfolio



The results are reported in a dedicated section of the 2023 Annual Report. The Fund is currently in the process of establishing its second-phase ESG workplan

Investment markets – 2022 summary

Investment performance

1

- -6.41% (nominal) for full year 2022
- Compares to +6.59% for 2021

Risk limit

2

- PF operated within the approved risk limit (-8% + 2pp error margin) throughout 2022

Market themes (brief)

3

- i) Covid > monetary stimulus > inflationary pressures > rate rises; ii) Ukraine and other geo-political conflicts impact commodity pricing, trade and market confidence; iii) credit and equity valuations suffer

Market outlook

5

- Inflation will continue to fall but remain elevated compared to historical averages; rates will be higher for longer
- Real returns in general expected to be lower
- Higher credit pricing provides opportunities

PFMU response

4

- Asset allocation remains stable and follows the SAA. The PFMU monitor the portfolio closely and make interventions to manage risk or to exploit opportunities.

Returns by asset class – 2022 (excluding cash)

SAA %

5.5

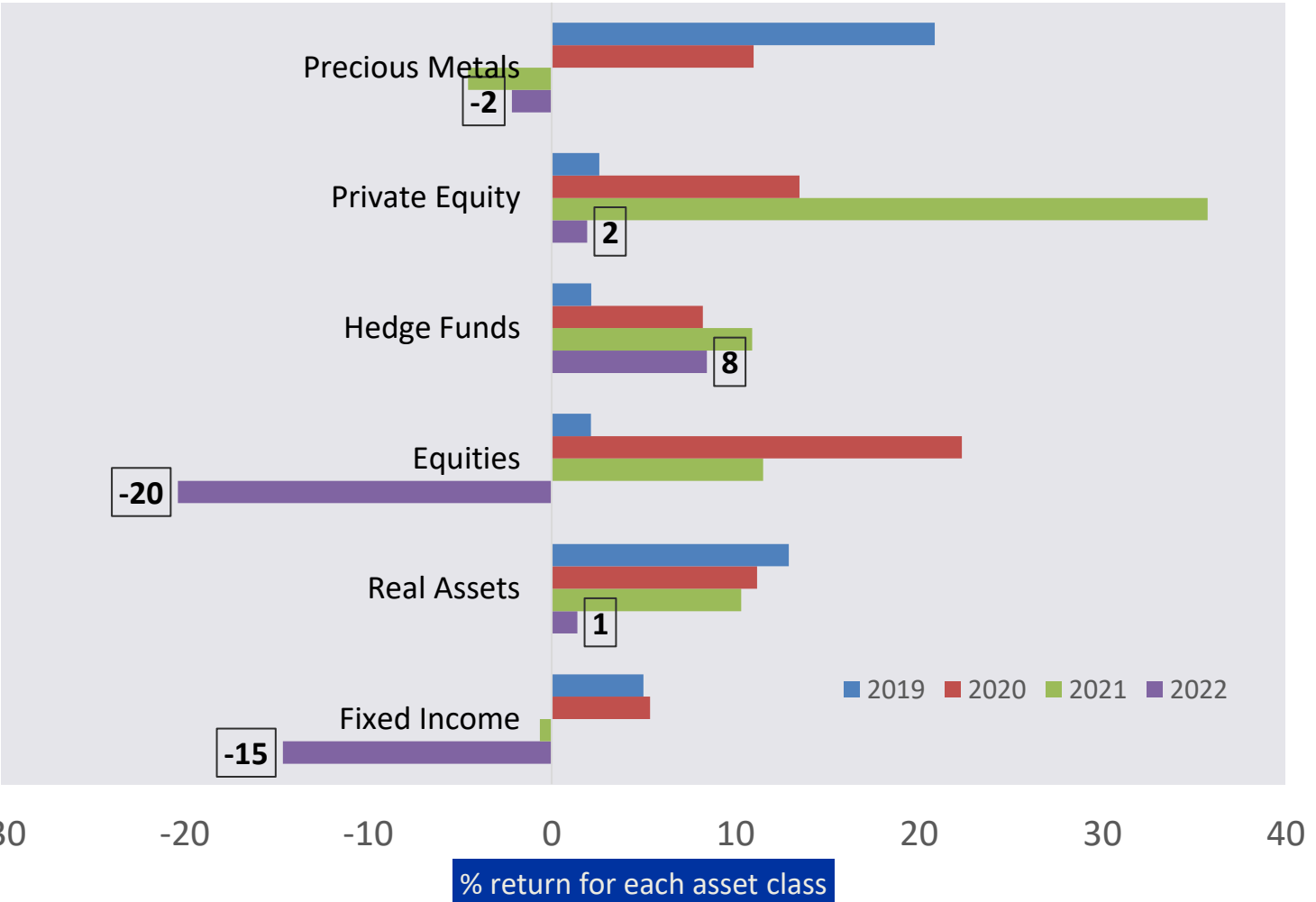
6

11

17

24

26.5



-6.41% nominal investment return net of fees in 2022

11.29 pp below the long-term *real* rate annualized target*

+23.56 pp cumulative *real* return outperformance since 2011

*Geneva inflation rate was 2.47% in 2022.



Opportunity for questions

Annual Information Meeting 2023

Closing remarks

Annual Information Meeting 2023

Closing remarks

Thank you for attending our session today - we hope that you found it to be informative.

The past two years have been exceptionally difficult in the world of investment markets and uncertainty will be a theme for the years ahead.

The Pension Fund is clear about its purpose and continues to focus on paying benefits, supporting families of beneficiaries and welcoming new members.

Please contact Benefits Services if you have feedback or questions.



**Thank you for your
attention**



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