





66,862

Active members

42,010

Pension recipients

108.0%

Regulatory funded ratio

95.2%

Economic funded ratio

CHF 44.0 bn

Total assets

0.24%

Total asset management expenses

4.4%

Net investment performance

CHF 41,719

Average retirement pension per person

CHF 148

Administrative expenses per active member
or pension recipient

Key figures

PUBLICA is the pension fund of the Swiss Confederation, the ETH Domain and other independent decentralised administrative units, as well as organisations that are closely associated with the Confederation or fulfil a public task on behalf of the Confederation, a canton or a commune.

It is an independent collective institution established under public law, to which twelve open and seven closed pension plans are affiliated. The open pension plans cater to both active and retired members, and can accept new members. Some pension plans have only one employer, while others have two or more. Each open pension plan is headed by a parity commission which is responsible for tasks including setting the interest rate on pension assets.

Some closed pension plans (e.g. Pensioners only – Swisscom, Pensioners only – SRG and Pensioners only – RUAG) date from the turn of the millennium, when the Confederation hived off a large number of its operations. Other closed pension plans (e.g. Pensioners only – Confederation and Pensioners only – Affiliated Organisations) were created when the collective institution was established in 2008.

Total assets

PUBLICA has total assets of CHF 44.0 billion. The invested assets of insured members are the largest item on the asset side, while the largest on the liability side is the pension fund capital of insured members, along with the technical provisions.

Total asset management expenses

Asset management expenses amounted to 0.24%. This is slightly higher than in the previous year, as expected. Details can be found in section 6.10.

Funded ratio

The funded ratio is the ratio of the pension assets to the capital and the technical provisions required to fund benefits. In the regulatory funded ratio, the level of capital required is calculated using the technical interest rate. Across all pension plans, it stood at 108.0%. The economic funded ratio is calculated using the current return on Confederation bonds (yield curve) and stands at 95.2%.

Net investment performance

The net performance is the return on investments after deduction of asset management expenses and deferred taxes. The performance in 2021 was 4.4%.

Active members

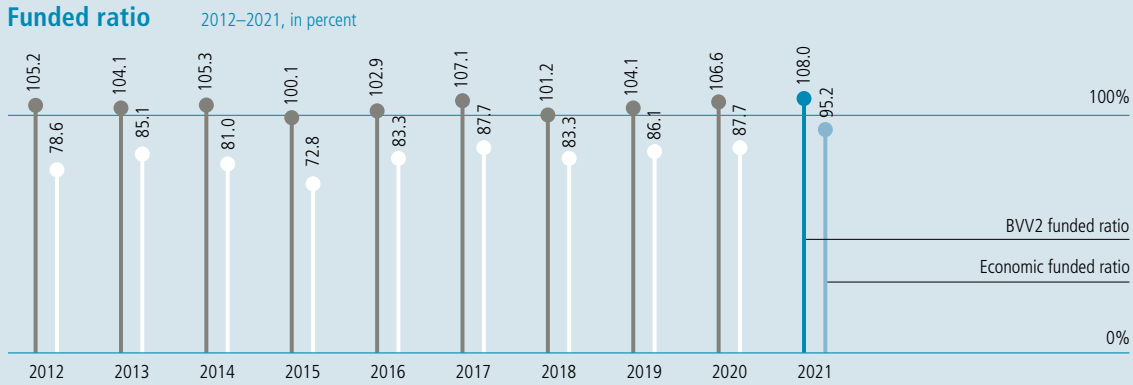
The number of active members corresponds to the number of persons insured in PUBLICA's open pension plans in accordance with the Occupational Pensions Act (BVG/OPA). At the end of 2021, this figure was 66,862.

Pension recipients

The number of pension recipients is the number of persons in receipt of some kind of pension from PUBLICA. At the end of 2021, there were 42,010 people in this category.

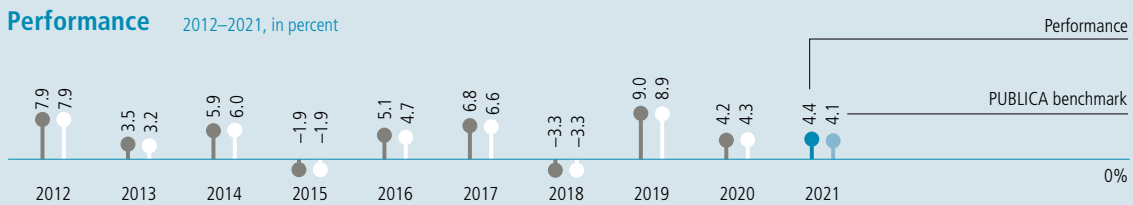
Administrative expenses per active member / pension recipient

Administrative expenses per person are obtained by dividing total administrative expenses by the number of pension recipients and active members. In 2021 this figure was CHF 148.



The Annual Report covers the collective institution and all 19 pension plans. The figures presented are aggregated. The relevant figures for the individual active members and pension recipients are those of their respective pension plans. PUBLICA maintains separate accounts for each pension plan. Each pension plan reports its own funded ratio.

PUBLICA’s strategic asset allocation requires it to invest only in transparent products. It therefore has a cost transparency level of 100%.



In 2021, PUBLICA’s strategic asset allocations achieved a net overall return of 4.4% on total assets of approximately CHF 43.7 billion, 0.3 of a percentage point above the benchmark performance.

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In 2021, PUBLICA's strategic asset allocations achieved a net overall return of 4.4% on total assets of approximately CHF 43.7 billion, 0.3 of a percentage point above the benchmark performance.



Foreword

We look back on a year that was once again dominated by the coronavirus pandemic. Thanks to the great commitment, flexibility and adaptability of our staff, governing bodies and other partners, we achieved good results in 2021. We successfully performed our tasks and implemented key projects despite the pandemic.

2021 was a positive year overall for the financial markets. Equities gained further ground and real estate also generated large profits, while most bonds delivered negative returns owing to rising interest rates. PUBLICA achieved an overall performance for the year of 4.4%. For its open pension plans, PUBLICA's strategic asset allocation has a 27% equity component. Here the performance was 4.6% (prior year: 4.2%). The lower-risk strategic asset allocation for the closed pension plans, which has a 10% equity component, returned a performance of 2.1% (prior year: 3.9%). Both strategies are more conservative than those of the average Swiss pension fund, and consequently posted a lower performance in 2021.

PUBLICA became more financially stable in 2021. The funded ratios of the pension plans have risen. We now use generational tables when compiling our accounts, which better reflect reality in terms of pension undertakings given increasing life expectancy. There have also been positive developments in terms of PUBLICA's cost structure. Administrative expenses per active member / pension recipient fell again year on year, to an average of CHF 148 (prior year: CHF 152). Asset management expenses remain low, at 0.24%.

We believe it is important to communicate clearly and simply with our insured members. In 2021 we launched the digital active member portal myPublica, which allows the approximately 67,000 active members to access their current pension data and pension certificate, simulate various scenarios and make voluntary buy-ins. We report our main investments transparently in the portal, allowing members to view their pro-forma exposure to each asset class at the click of a mouse.

PUBLICA's investment activity is not just transparent and cost-efficient: it is also responsible. PUBLICA is constantly taking further steps to achieve the goal of net zero emissions in its portfolio by 2050. This commitment is guided by the Paris Agreement on climate change and supports the measures already implemented to manage the opportunities and risks of climate change.

There were also important staff changes during 2021. Elections for all the members of PUBLICA's Board of Directors, the supreme parity commission, took place in the middle of the year. Of the 16 members elected, nine are new. Following the election, our younger members and women are more strongly represented on the Board. PUBLICA's Assembly of Delegates also appointed a new chair, while PUBLICA welcomed two new members to its Executive Board.



We are deeply saddened by the Russian attack on Ukraine in February 2022 and the danger that Russia's actions pose to world peace. PUBLICA fully supports the sanctions imposed by the EU and the Federal Council, and has excluded Russia from its investment universe without delay. We now need to constantly monitor and review our investment activity to take account of geopolitical developments. We hope for a swift end to the unimaginable suffering of those affected, and for a rapid economic recovery thereafter.

Sincerely



Jorge Serra
Chair of the Board of Directors, PUBLICA



Doris Bianchi
Director, PUBLICA

Bern, 25 March 2022



Status report

The funded ratios of all pension plans except one increased. Of the 19 pension plans, one closed plan (Pensioners only – Voluntarily Insured) is underfunded.

PUBLICA: a major player in occupational pensions

PUBLICA uses the capital entrusted to it to pay pensions or termination benefits. These allow pensioners to maintain their accustomed standard of living. We finance our benefits using the funded system: we invest the contributions made by our active members and pay them back in the form of an annuity or lump sum at the end of the insurance period.

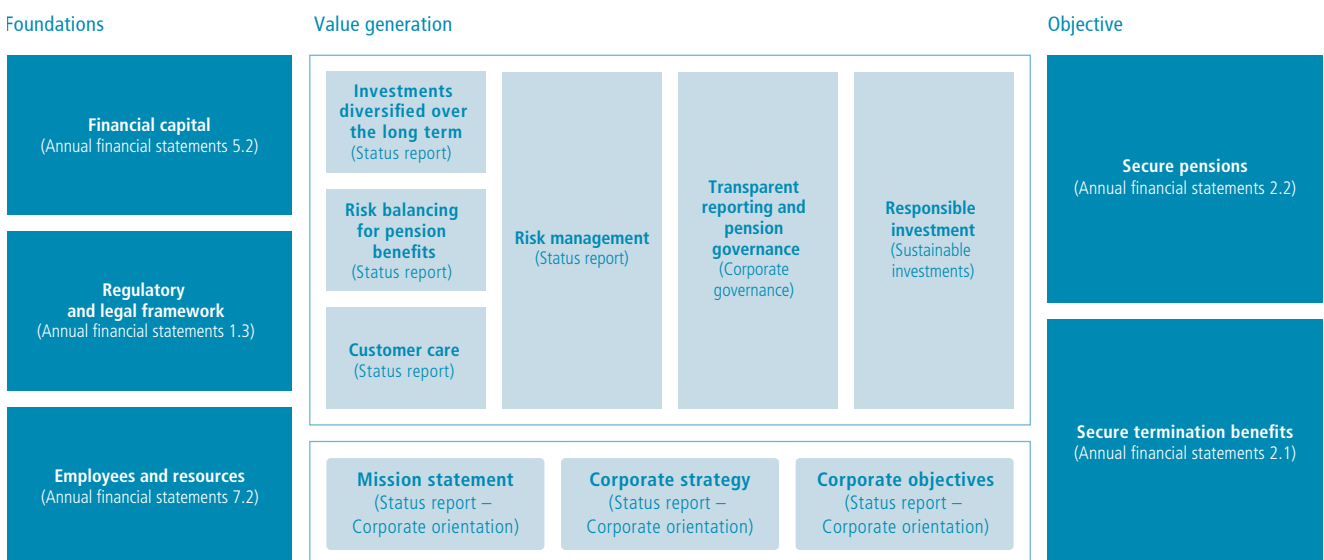
Thanks to the large number of active members and pension recipients, the collective assumption of risks within pillar 2 allows pension risks (longevity, disability and death) to be hedged simply and cost-effectively, and provides security for the survivors in the event of an active member or pension recipient’s death.

To the extent permitted by law and the regulatory foundations of pillar 2, PUBLICA allows members scope to individualise their pension arrangements. Customer advisors provide members with relevant information and tools for calculating the impact of possible individual pension decisions, such as voluntary buy-ins. Since 2021, they have been able to access these in the myPublica active member portal. PUBLICA offers employers a range of options for structuring their pension policy.

Risk management plays a crucial role in maintaining the balance of investments and liabilities, as well as contributions and benefits, over the long term. PUBLICA attaches great importance to state-of-the-art pension fund governance, transparent reporting and responsible investment.

PUBLICA’s business model

The business model sets out the principles on which PUBLICA’s business activities are based, how PUBLICA generates value, and what its long-term objectives are. It includes references to the various sections of the Annual Report containing more detailed information.



Corporate orientation

PUBLICA's mission statement guides its business activities.

Mission statement: leading pension fund

PUBLICA's mission statement serves to lead the organisation towards a successful future. In its day-to-day activities, PUBLICA does its utmost to deliver the best possible pension benefits to its customers. Our ambitions:

- We are the leading pillar 2 collective institution.
- We are dedicated to the interests of our active members and pension recipients.
- We are committed to service and performance.
- We act as partners.

Corporate strategy: maintaining a high level

The corporate strategy for the years 2019 to 2022 comprises five key themes.

- **Strengthening pension fund governance:** The focus is on the conflict of norms between the Occupational Pensions Act and the Federal Personnel Act.
- **Customer orientation, costs and structure:** The issue here is PUBLICA's size and openness to new affiliations, in order to replace the declining memberships of the closed pension plans and so maintain the cost structure.
- **Realistic bases for valuation and benefits:** PUBLICA has implemented measures in this area: following the update to the BVG 2020 actuarial tables and the switch to generational tables at the end of 2021, the current technical interest rate of 2% still appears appropriate.
- **Investment policy:** PUBLICA took preliminary decisions relating to a revision of its strategic asset allocations in 2021. The decision taken to increase the risk budget, in particular, will have an impact in this area. The new investment beliefs will also strengthen PUBLICA's profile going forward. The strategic asset allocations will be revised in 2022.
- **PUBLICA Operations:** On the operational side, the focus is on keeping administrative expenses below CHF 180, extending the range of electronic communication platforms and digital pension processes, and ensuring comprehensive protection of information.

In 2021, PUBLICA began honing its mission statement and defining its strategy for the 2023–2026 period.

–18.2%

reduction in
administrative
expenses since
2016

Corporate objectives: measurable and realistic

PUBLICA's overriding objective is to meet its financial obligations to its active members and pension recipients over the long term. With the move to the BVG 2020 actuarial tables and the simultaneous switch from static to generational tables at the end of 2021, the Board of Directors has enhanced PUBLICA's financial security. One of the closed pension plans still has a funded ratio according to BVV2 of less than 100%.

An important step was taken on 30 June 2021, when the Federal Council adopted a dispatch on amending the PUBLICA Act. The amendment provides for the Confederation to make a restructuring contribution as soon as a closed pension plan is underfunded by five percentage points, i.e. its funded ratio reaches 95%.

Using the new myPublica portal, all active members can now access details of their individual retirement assets and buy-in options online, along with various documents such as pension certificates, and carry out a variety of simulations. Pleasingly, more than 25% of active members have already made use of the portal.

Administrative expenses were reduced once again during the year, and now stand at CHF 148 per active member / pension recipient.

Investments diversified over the long term

Investment beliefs: a diversified and transparent portfolio

PUBLICA manages its assets in compliance with the law and exclusively in the interests of active members and pension recipients. PUBLICA aims to diversify its investments broadly in order to capture different risk premiums. The strategic asset allocations, which are reviewed periodically, are the key to the distribution of assets across the various asset classes, such as equities, government bonds, corporate bonds, precious metals and real estate. That distribution accounts for at least 90% of PUBLICA's investment performance. Each asset class is therefore assessed not just in isolation, but also with regard to its risk and return contribution to overall assets.

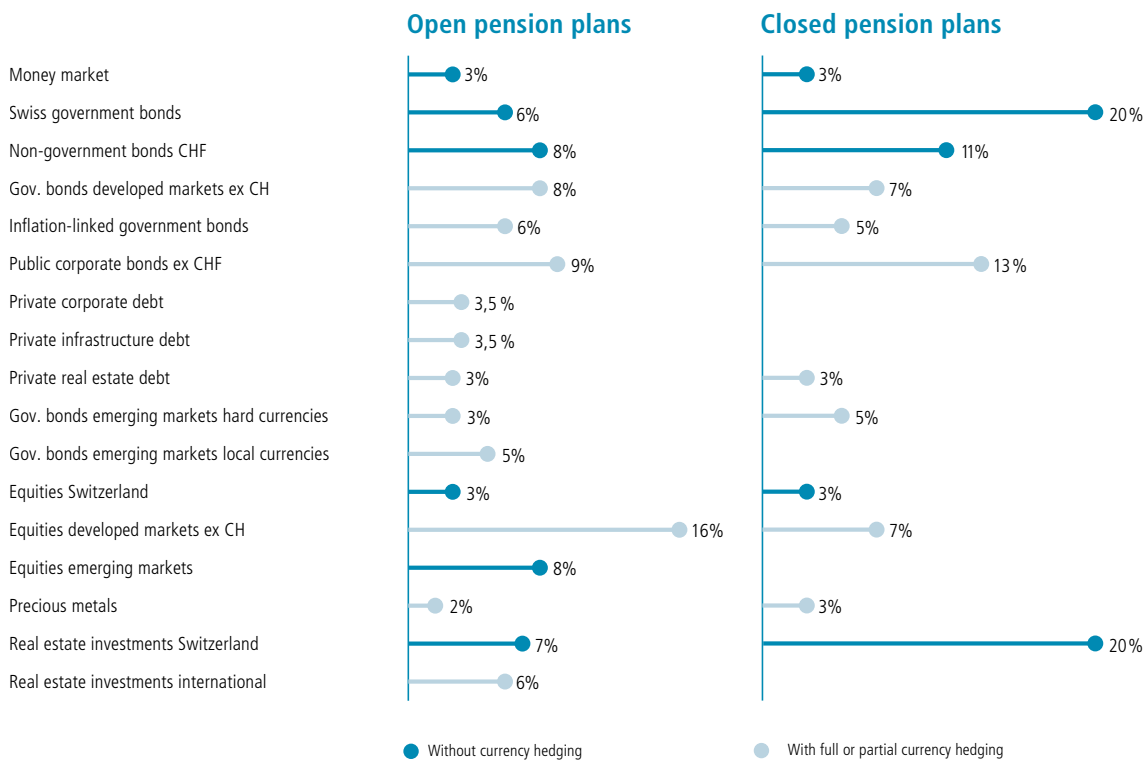
All assets are invested in portfolios consisting of only one asset class. The same stringent requirements apply to both internal and external asset managers. PUBLICA seeks out the most capable partners for each asset class. Two mandates are granted within a given asset class, ensuring that a back-up solution is in place for each mandate. This approach means that the second asset manager can step in promptly if required.

Strategic asset allocations: geared to the structure and trend

The closed and open pension plans differ substantially in terms of their structure and the expected development of their liabilities. For this reason, a single strategic asset allocation for all the pension plans would be at odds with Article 50 of BVV2. Accordingly, in 2010 the Board of Directors approved for the first time the creation of one strategic asset allocation for all the closed pension plans and another for all the open ones. The two current strategic asset allocations are set out in the following table.

Long-term strategic asset allocation by asset class

As at 31.12.2021, in percent



Economic and financial market performance

Alpha, delta, omicron – these three variants of the coronavirus kept the financial markets on tenterhooks in 2021. After the alpha variant had peaked in the spring, many industrialised nations relaxed their protective measures and so ushered in a strong recovery in business activity, accelerated by the fiscal stimulus packages put in place in 2020 and the expansionary monetary policy. In the US, consensus estimates for 2021 GDP growth rose sharply in the first half of the year, from 4% to just under 7%, and in Europe too, growth forecasts reached a high of fully 5% during the year. Pent-up consumer demand soon exceeded the volumes industry could produce, as it contended with capacity problems and supply bottlenecks. Lockdown measures in Asia meant there were long delays in many suppliers fulfilling orders. This, together with sharply rising energy prices and higher labour costs, pushed inflation up to 7% in the US and 5% in the eurozone.

The spread of the delta variant and the collapse of the heavily indebted property developer Evergrande in China brought a further halt to interest-rate rises in the US and Europe from May 2021 onwards. At the start of the winter season, the omicron variant forced governments in Europe to revert to more restrictive measures in an effort to contain the rapid spread of the virus. As a consequence, interest rates fell further, with the yield on 10-year Swiss government bonds ending the year at -0.2% , only around 0.4 of a percentage point higher than at the beginning of the year. In the US, the rise on 10-year Treasuries was somewhat higher, at 0.6 of a percentage point. Corporate earnings turned out better than expected, prompting an above-average rise in share prices in the developed markets. In the US, the S&P500 index gained just under 30%. Chief among the winners were energy stocks, while the losers included businesses in the entertainment sector, such as casinos. The Swiss equity index SMI reached an all-time high of 12,876 points at the end of December. The annual performance of over 20% was significantly in excess of investors' expectations.

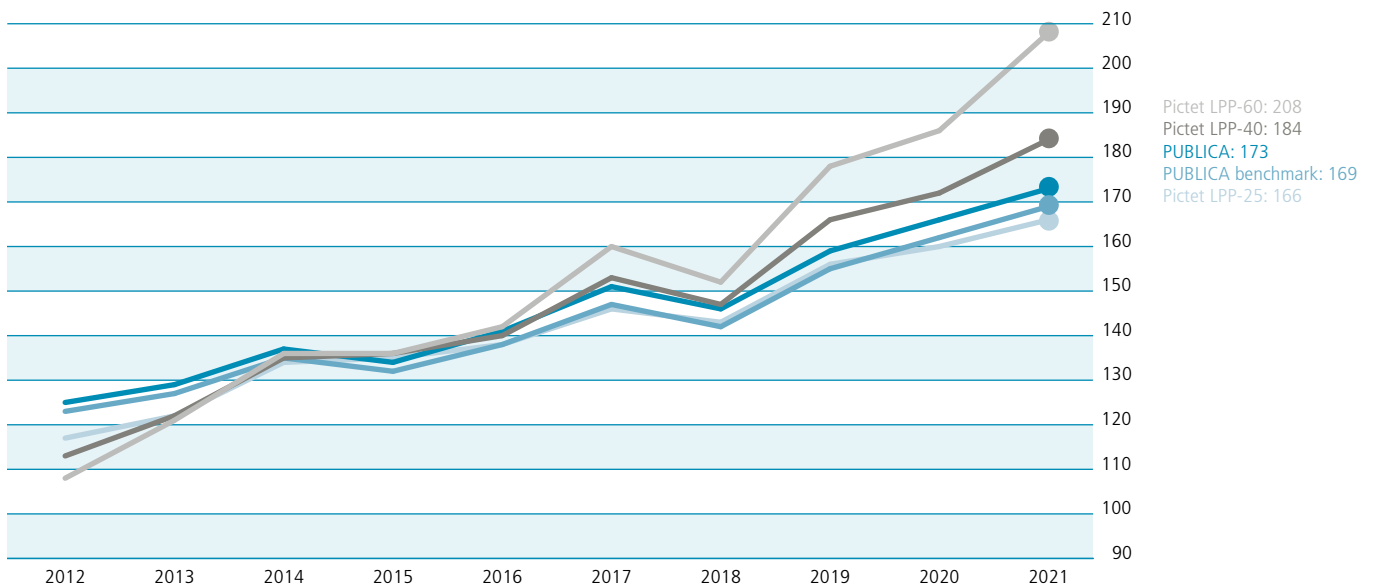
For detailed information on economic developments see the Quarterly Bulletins issued by the Swiss National Bank (www.snb.ch).

Performance

On a currency-hedged basis and in terms of consolidated total assets, PUBLICA recorded a net investment performance (after all costs and taxes) of 4.4% in 2021. Without currency hedging, the consolidated net performance across the two strategic asset allocations would have been 4.9%. The consolidated net investment performance was 30 basis points above the benchmark performance. The main reasons for this positive deviation are tactical and selection decisions that had a positive effect overall (approx. 55 basis points) – less asset management expenses of 0.24%. As expected, asset management expenses rose by 4 basis points year on year, as further additions were made to the “real estate international” portfolio, which is more expensive than other asset classes to implement.

Cumulative performance

2012–2021, indexed (2005 = 100) in percent



Source: Pictet LPP indices 2000

PUBLICA generated different returns on the two strategic asset allocations in 2021. At 4.6%, the return on the open pension plans was above the 3.5% figure for the Pictet LPP-25 index, which has a comparable equity weighting of 25%. The closed pension plans, which have a 10% equity allocation, posted a performance of 2.1%. A comparison with the Pictet LPP-25, LPP-40 and LPP-60 indices clearly shows that, unlike in 2020, the equity weighting was the key driver of performance in 2021 (see chart above).

The two main reasons for PUBLICA's outperformance in 2021 compared with the Pictet LPP-25 index are the different weightings of the various bond categories and the investment in real estate: PUBLICA benefited from a much higher exposure to inflation-linked government bonds and a higher allocation to government bonds from emerging markets in local currencies, compared with the Pictet LPP indices. Unlike the Pictet LPP indices, PUBLICA also invests 13% of its assets in real estate. These three asset classes generated a much better return than traditional bonds during 2021.

Equities had the biggest impact on PUBLICA's consolidated assets, with a return of just under 17% resulting in a positive contribution of 4.3 percentage points. The six main regions closed the year with varying performances: the best performers were equities in North America, followed by Switzerland and Europe ex Switzerland, which each gained more than 20%. In Japan and Pacific ex Japan, equities gained 10%, while the figure for emerging markets was just over 6%.

Real estate also generated a positive performance in 2021, with directly held Swiss real estate returning 5.2% (including revaluation) at year-end, while foreign real estate funds generated just under 12% on a currency-hedged basis. For diversification reasons, PUBLICA invests a portion of its assets in precious metals such as gold and silver. Precious metals recorded a negative return of -2.4% in 2021.

Bonds contributed -0.6 of a percentage point to PUBLICA's consolidated overall return of 4.4%. Owing to rising nominal interest rates, foreign government bonds performed the worst, with an average of -3%, followed by Swiss bonds and corporate bonds, both at just under -2%, private debt with -1%, and government bonds from emerging markets in local currencies, at 0%. Within the bonds category, inflation-linked government bonds from the US and Europe performed best, with a return of 5%.

PUBLICA's average annual return over the investment horizon from 2000 to 2021 is 3.3%. This is 20 basis points per year above the 3.1% of PUBLICA's benchmark.

Risk balancing for pension benefits

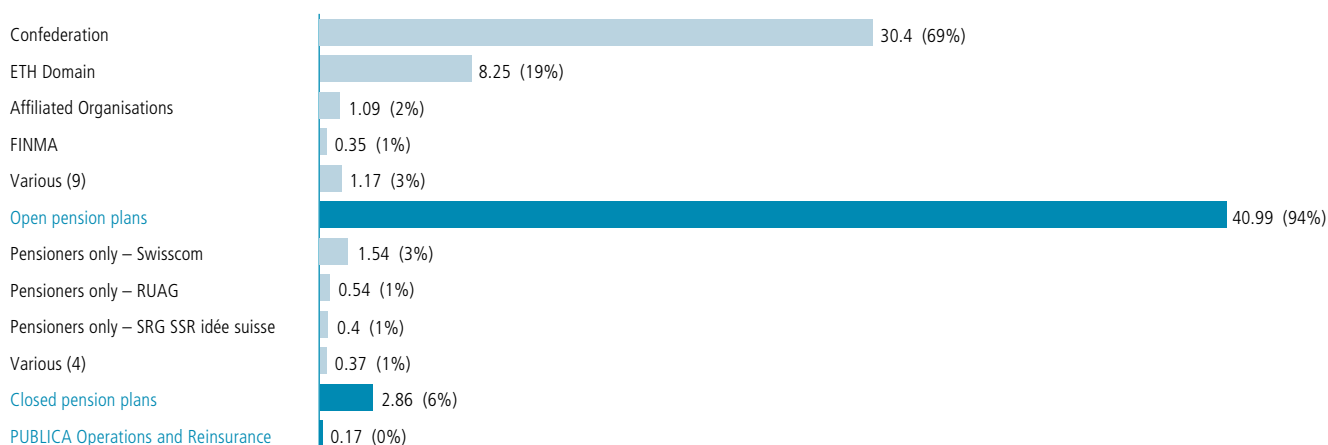
Collective institution: independent open and closed pension plans

The risks of pension benefits for longevity, disability and death are borne within PUBLICA's individual open and closed pension plans, each of which is organisationally and economically independent.

However, PUBLICA has an internal Reinsurance operation which offers the open pension plans full or partial cover against the risks of death and disability among their insured members, depending on their size. These risk transfers to Reinsurance allow risks to be spread across a larger number of insured members and therefore prevent major fluctuations in the financial burdens on individual pension plans.

Pension plans by type and institution

As at 31.12.2021, in CHF bn and percentage of total assets



Light blue = individual pension plans, dark blue = total

Open pension plans

Open pension plans are made up of active members and pension recipients. They include the autonomous (non-reinsured) and reinsured pension plans.

The open pension plans are valued at an unchanged technical interest rate of 2.0% and have funded ratios of between 107.3% and 112.5% (prior year: 105.9% and 112.8%). The difference in funded ratio trends between the individual pension plans is largely due to their differing risk trends, interest and actuarial policies.

The economic funded ratios range between 93.7% and 102.3% (prior year: 86.5% and 111.2%). Liabilities are valued in a market-consistent manner when calculating the economic funded ratio.

Closed pension plans

The closed pension plans consist entirely of pension recipients, some from the federal operations (including Swisscom and RUAG) that were hived off at the turn of the millennium, and some from former affiliated organisations. Their funded ratios are between 98.3% and 117.4% (prior year: 97.1% and 115.4%). The closed pension plans are valued at an unchanged technical interest rate of 0.5%. Owing to the low level of interest rates and the resulting lower income, a situation may occur in which they will be unable to fully cover their liabilities without financial support. This funding risk is replicated by the economic funded ratio, which stands at between 92.9% and 114.8% (prior year: 82.9% and 105.8%). The situation is subject to regular review by PUBLICA and the Federal Department of Finance (see section 9.1).

Open pension plans: redistribution in favour of active members in 2021

PUBLICA is financed under the funded system: employers and employees fund individual retirement assets, the former via contributions, the latter via salary deductions. All active members save for themselves. PUBLICA invests those pension assets and uses the returns generated to fund interest on retirement assets. That interest is also known as the third contributor. When an insured person retires, their available retirement assets are converted into a pension using the conversion rate. Life expectancy in Switzerland is rising steadily.

Redistribution – open pension plans

2021, in CHF mn

	Active members	Pension recipients	Total
Interest	-278	-338	-615
Accumulation of provision for change to technical parameters	-121	-104	-224
Adjustment to provision for change to technical parameters	-329	312	-16
Cost of adjustment to pension fund capital	0	-381	-381
Share of costs borne by active members / pension recipients (effective)	-727	-510	-1 237
Share of costs as per pension fund capital	-638	-599	-1 237
Redistribution to (+) / from (-)	89	-89	

Historical trend	Units	Active members	Pension recipients
2021	CHF mn	89	-89
2020	CHF mn	-86	86
2019	CHF mn	-608	608
2018	CHF mn	-86	86
2017	CHF mn	-6	6
2016	CHF mn	-93	93

Unlike in previous years, no redistribution was made to the pension recipients in 2021. This is linked to the changeover from the BVG 2015 static actuarial tables to BVG 2020 generational tables, as a result of which a provision for changes to technical parameters no longer needs to be created for pension recipients. The application of generational tables enabled those provisions to be liquidated in full in the 2021 annual financial statements, as the expected increase in the life expectancy of pension recipients is already taken into account in the tables. This meant that in 2021, the costs of the changeover for active members were higher than those for pension recipients.

Active members and pension recipients

As at 31 December 2021, PUBLICA was providing services to 66,862 active members, 533 more than in the previous year, and reported a total of 42,010 pension recipients, 56 fewer than in the previous year.

Demographic breakdown of membership

2021 with prior-year comparison, in no. of persons

	31.12.2020			31.12.2021	Change			
	Total	Women	Men	Total	Admissions	Departures	absolute	in %
Risk-insured	1 207	445	695	1 140	706	773	-67	-5.6%
Fully insured	65 122	24 381	41 341	65 722	8 910	8 310	600	0.9%
Total active members	66 329	24 826	42 036	66 862	9 616	9 083	533	0.8%
Retirement pensioners	29 830	7 390	22 418	29 808	1 474	1 496	-22	-0.1%
Disability pensioners	914	388	505	893	64	85	-21	-2.3%
Spouse's pension recipients	10 335	9 882	379	10 261	604	678	-74	-0.7%
Child's pension recipients *	922	469	503	972	265	215	50	5.4%
Divorce pension recipients	65	76	0	76	12	1	11	16.9%
Total pension recipients	42 066	18 205	23 805	42 010	2 419	2 475	-56	-0.1%
Total membership	108 395	43 031	65 841	108 872	12 035	11 558	477	0.4%
* of which								
Retirement child's pensions		245	275	520				
Disability child's pensions		90	100	190				
Orphan's pensions		134	128	262				

Average age in the individual insurance categories

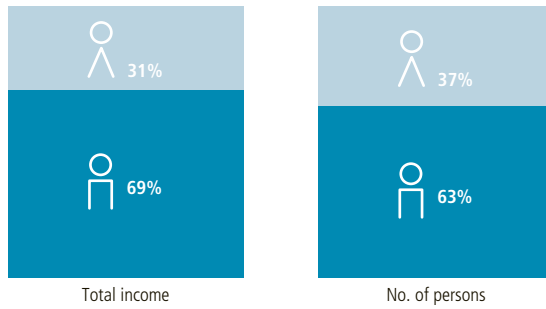
2021, in years

	Women	Men	31.12.2021 Total
Active members	41	43	42
Pension recipients	77	74	75
Retirement pension recipients	76	76	76
Disability pension recipients	55	57	56
Spouse's pension recipients	81	76	81
Child's pension recipients	17	16	16
Divorce pension recipients	71	-	71

Active members

Active members

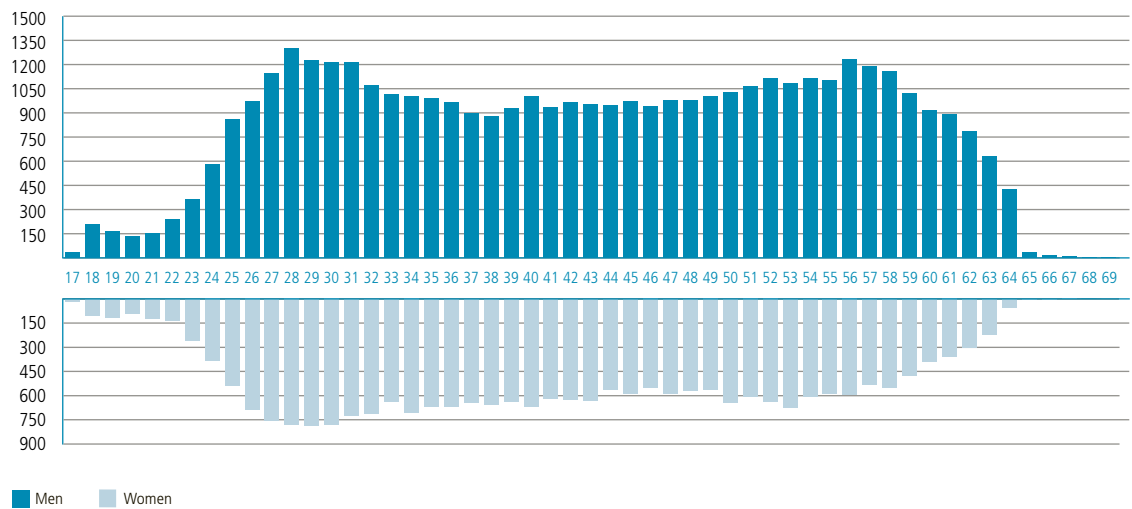
31.12.2021



This chart shows the total income of active members and their number, broken down according to sex

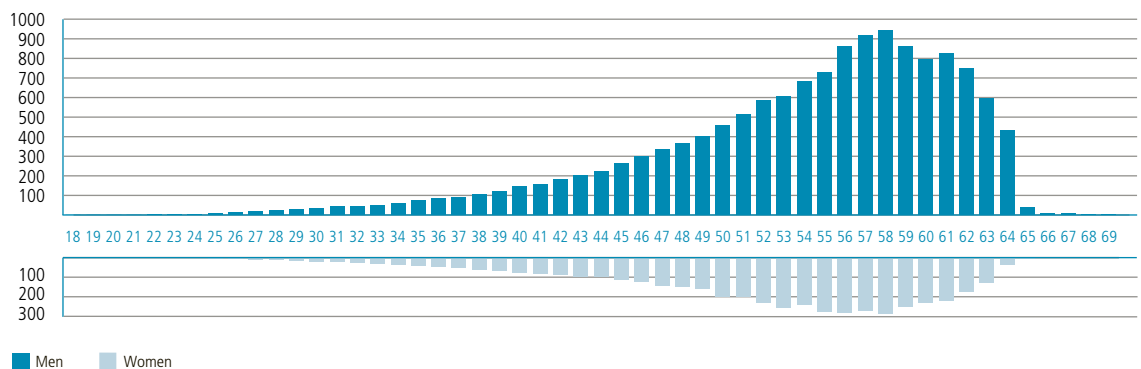
Age structure of active members

31.12.2021, in no. of persons



Retirement assets of active members

31.12.2021, in CHF mn



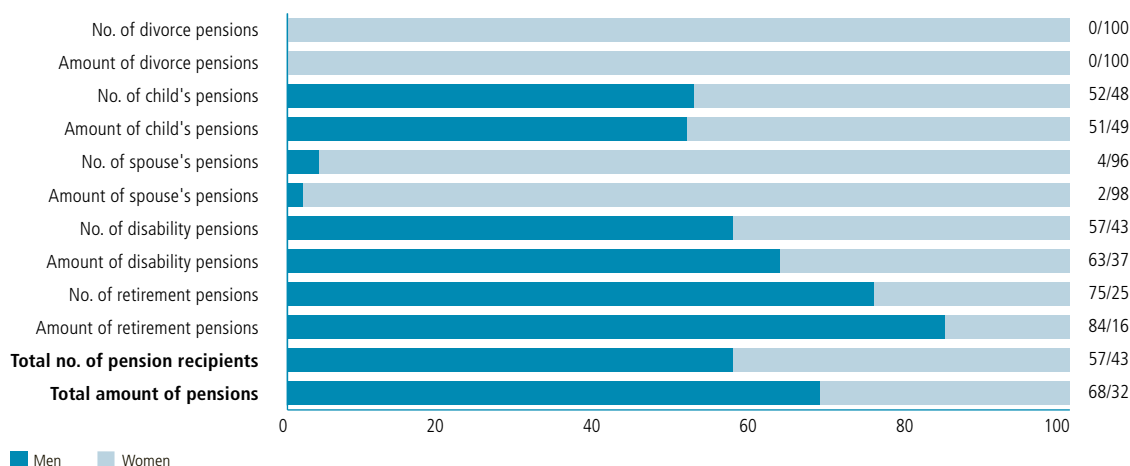
The retirement assets correspond to the statutory vested termination benefits (pension assets).

Pension recipients

This chart shows the types of pensions and the number of pension recipients, broken down according to sex.

Pension recipients

31.12.2021, in percent



Statistics for pension recipients

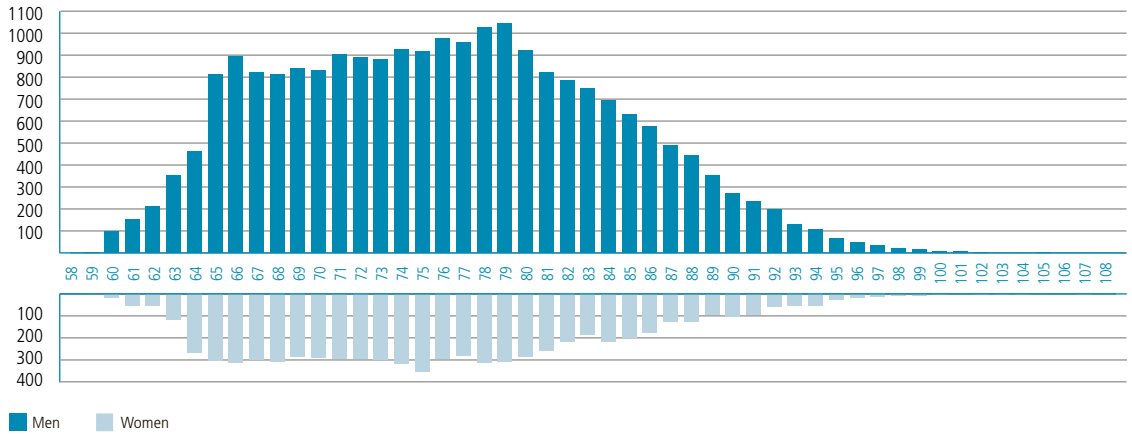
As at 31.12.2021, in CHF

	Women	Men	Total
Amount of retirement pensions	193 662 197	1 046 728 078	1 240 390 275
Amount of disability pensions	9 584 983	16 163 104	25 748 087
Amount of spouse's pensions	295 598 771	6 029 694	301 628 465
Amount of child's pensions	4 067 317	4 159 678	8 226 995
Amount of divorce pensions	1 702 204	0	1 702 204
Total amount of pensions	504 615 472	1 073 080 553	1 577 696 026
Average pension – retirement pension recipients	26 227	46 838	41 719
Average pension – disability pension recipients	24 704	32 006	28 833
Average pension – spouse's pension recipients	29 913	15 909	29 396
Average pension – child's pension recipients	8 040	7 835	7 935
Average pension – divorce pension recipients	22 397	0	22 397
Average pension – all pension recipients	27 724	45 153	37 600

The "total amount of pensions" figure indicates the insured pensions from the membership at the reference date and not the pensions actually paid out during the year under review. The figure for pension recipients does not include retirement bridging pensions or IV/AI replacement pensions. For statistical purposes, those who took retirement before reaching the statutory retirement age, took their pension 100% as a lump sum or receive a bridging pension are recorded as retirement pension recipients in the membership count. However, they are not included when calculating the average pension, average age and total amount of pensions.

Age structure of pension recipients

31.12.2021, in no. of persons



Effective retirement age and effective average age at death of retirement pension recipients

2017–2021, in years/months



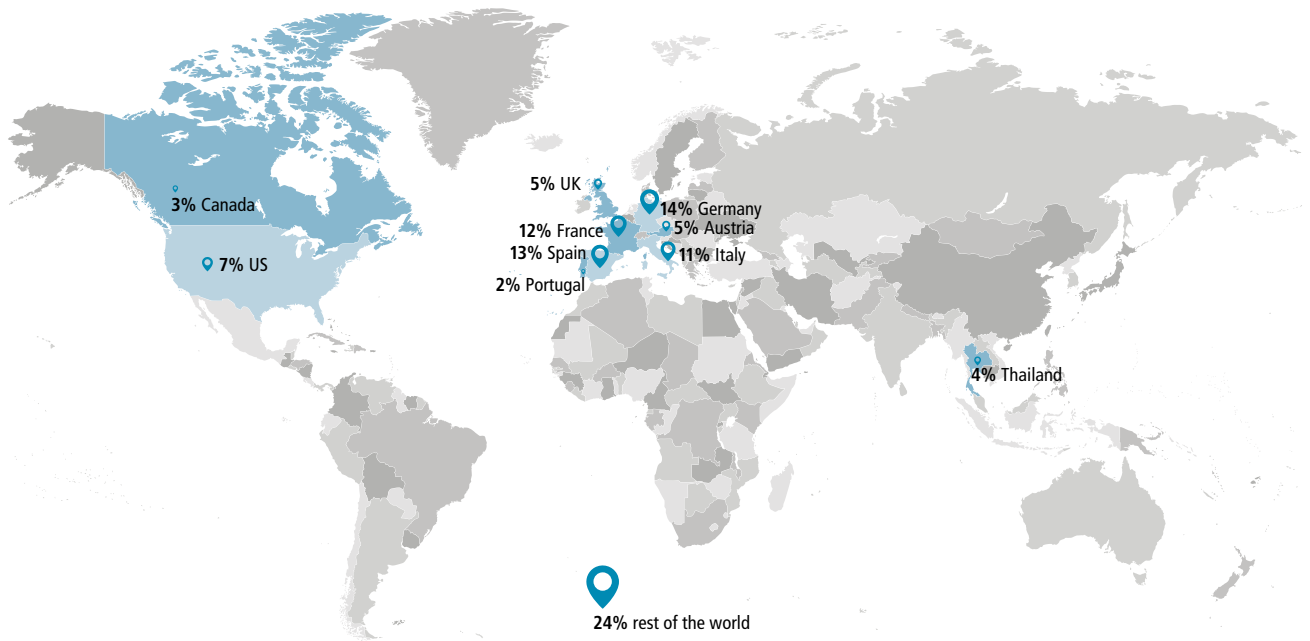
The effective retirement age is stable at a little over 63, although the effective average life expectancy of pension recipients is rising.

There are no material differences in the pension behaviour of men and women at PUBLICA.

Pension payments abroad

1.1.2021 to 31.12.2021

No. of transactions in percent, broken down by country



PUBLICA pays out pensions to recipients worldwide. Roughly 1% of the number of pensions is paid out abroad. Around 76% of the foreign payments go to 10 countries.



Customer satisfaction

Satisfied customers are a key corporate objective for PUBLICA. Accordingly, PUBLICA provides comprehensive customer service. Employers, active members and pension recipients each have a personal contact. PUBLICA also offers pension and retirement seminars. At the start of October it launched its myPublica portal for active members. This allows users to access their personal pension data at any time and wherever they are. They can also view information and documents about their personal pension assets in accordance with their needs, and carry out exact simulations on their pillar 2 assets, potential buy-ins and early withdrawals for home ownership, where relevant. Active members can view their pro-forma exposure to the various asset classes in the myPublica portal. All active members have been contacted in tranches and by pension fund. At the end of 2021, 14,590 members had registered. Many have given positive feedback on the portal. The launch of this portal by PUBLICA is a major step towards digitalisation.

On the basis of an enhanced quality awareness, PUBLICA conducts a rolling monthly survey of active members and pension recipients, and also carries out a selective survey of employers every two years. The 2021 results from the two surveys show that PUBLICA continues to enjoy exceptionally high customer satisfaction and loyalty. Additionally, 80% of those surveyed said they were very satisfied with the quality of PUBLICA's services.

PUBLICA's employees

At PUBLICA, as with other companies, the coronavirus pandemic accelerated the digitalisation of the working environment: working from home rather than in the office, virtual instead of face-to-face meetings and more flexible working hours have all been key to PUBLICA's success in negotiating the pandemic to date. The NewWork@Publica concept has seen PUBLICA systematically build on the good experience with greater flexibility in terms of working hours and locations, and establish an appropriate balance between virtual and physical presence. This has enabled PUBLICA to continue providing high-quality services and enhance its position as an attractive employer.

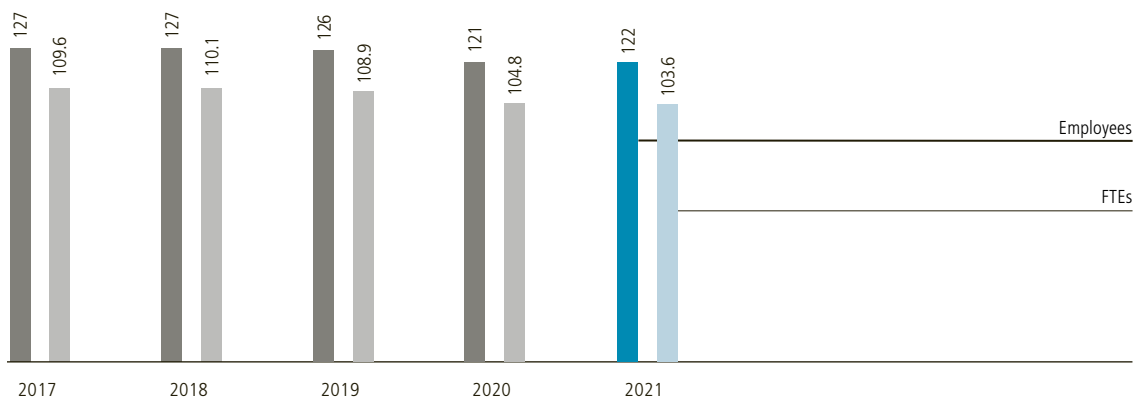
The staff survey carried out in 2021 confirms this trend: in all areas, PUBLICA has maintained or even improved on the good level recorded in the last survey in 2019. In all, 82% of those polled stated they were very satisfied or satisfied at work (2019: 75%). This puts PUBLICA in the best quartile when benchmarked against comparable organisations in the administration and the private sector, and thus significantly above the average. PUBLICA also achieves above-average results in terms of workplace conditions, loyalty and well-being. There is potential for improvement in general job satisfaction among women, who rated this category slightly worse than their male colleagues, albeit at a good level. Specific measures are planned in 2022 to improve this situation.

PUBLICA has revamped its apprentice training, and from 2022 is offering a training position for a media and technology specialist as well as the six apprenticeships for commercial employees. It is also looking into offering a further apprenticeship in IT, and planning to expand its internships for university students.

Headcount

2017–2021

Average number of employees and full-time equivalents (FTEs) at year-end



**82%**

of employees are
satisfied or very
satisfied with their
work situation

Headcount rose by 1 year on year, and currently stands at 122, but fell by 0.8 to 103.6 on a full-time equivalent (FTE) basis. Part-time working (up to 89% of full working hours) has almost doubled among men, from 5.0% to 9.0%, and has risen among women, from 29.9% to 31.1%. Eleven men and 38 women work part-time at PUBLICA, 40% of the total number of employees.

With around 45% women (55 employees) and 55% men (67 employees), the balance of the workforce was unchanged in 2021 compared with the prior year. The percentage of women in management positions rose by 3 percentage points to 23.5%. Of 34 individuals in specialist and executive management roles, eight are currently women. PUBLICA is aware that it must continue its efforts to increase this proportion.

Staff turnover attributable to retirements rose from 2.5% in 2020 to 4.1% in 2021. Voluntary departures fell markedly from 7.4% in 2020 to 1.6% in 2021. As regards retirements, PUBLICA is aware that, owing to the age breakdown, a higher rate of retirements is to be expected in the coming years, especially among management. Systematic staff requirement planning is being put in place to respond to this trend and secure the staff required.

Risk management

Risk policy: proactive and cautious

PUBLICA regards efficient quality management and an effective internal control system (ICS) as key parts of its corporate policy. For reasons of risk policy, PUBLICA enters into transactions only when it can gauge their risks with a high level of probability. PUBLICA adopts a cautious and conservative approach to risks where compensation is likely to be absent or inadequate. Members of staff who are responsible for the operational accumulation of risk positions are not simultaneously entrusted with monitoring or controlling them.

Investment risk management process: a vital component of the ICS

The investment risk management process is an integral part of PUBLICA's investment process. It governs the identification, measurement, steering and monitoring of risks within asset management and creates an acceptance of risk so that residual risks are known and justifiable. The investment risk management process is based on three levels of risk: strategic, tactical and implementation.

It aims to actively manage risks that could impair PUBLICA's ability to fulfil its mandate over the long term. Strategic risks have the biggest influence on the achievement of PUBLICA's mandate; implementation and tactical risks have a lesser (potential) impact, but one that cannot be disregarded.

Strategic risks

The overriding objective of the long-term investment policy is to ensure that PUBLICA achieves its mandate. It defines the key parameters for PUBLICA's asset management and is a sub-process in terms of strategic risks. This sub-process involves reviewing the investment beliefs, analysing the long-term trends, defining the permitted asset classes and setting the strategic risk budget. "Long-term" is defined as a horizon of more than ten years, which also corresponds to PUBLICA's liabilities.

A review of the strategic asset allocation is a further sub-process at the strategic risks level. It is conducted within the boundaries set by the long-term investment policy and corresponds to the classic asset and liability management (ALM) process. ALM involves coordinating and controlling the interdependencies between the asset and liability sides of the balance sheet, and the structure and expected trend in membership. The goal of an ALM study is to determine a strategic asset allocation that falls within the prescribed risk budget and is therefore tailored to the risk capacity and risk tolerance of the pension fund. An important aspect of this sub-process is that PUBLICA reviews the risk capacity as well as the key assumptions, in particular the risk/return assumptions for each asset class, on an annual basis.

To control qualitative risks that could have negative financial consequences for the invested assets over the medium to long term, PUBLICA conducts a strategic risk analysis process which covers ESG (environmental, social and governance) risks and, since 2020, systemic risks. In 2021 the Investment Committee prioritised the issues of electricity supply dependency and related networks, inadequate adjustment to climate change, and identification of human rights violations in connection with an analysis of the US-China trade dispute.

Tactical risks

In principle, deviations from the strategic asset allocation within the tactical bandwidths should be set against the expected return. This means that PUBLICA's investment specialists deviate from the prescribed strategic asset allocation when they have substantiated reasons to believe that they can generate sustainable added value or reduce risk by doing so. The maximum permitted tactical exposures are decided upon by the Board of Directors, along with the strategic asset allocations.

Implementation risks

The aim of this risk process is to prevent expansion or distortion of the strategic risk budget resulting from incorrect implementation of the strategic asset allocation within the individual asset classes, and ensure that all current benefits can be paid out when they are due. It enables significant individual risks to be identified and appropriately reduced at all levels.

Operational risk: annual internal ICS audit

Operational risk comprises the risk of losses due to inappropriate operation or failure of internal processes, people or systems or the impact of negative external events. PUBLICA employs internal controls to minimise operational risks in all key areas. Company-wide checks enable PUBLICA to identify potential cyber risks and define countermeasures where needed. Quality management, working with the managers responsible, conducts an annual review to establish whether the internal controls are still appropriate to current circumstances and requirements, or whether they need to be updated. The 2021 ICS audit did not identify any material weaknesses, despite the COVID-19 pandemic and the increased incidence of staff working from home that resulted.

Actuarial risk: risk result

Actuarial risk comprises the risks resulting from old age, death and disability. It arises when the basis for actuarial calculations, such as the technical interest rate or mortality tables, no longer corresponds to the real risk events of the active members and pension recipients and the real development in interest rates.

The capital of pension recipients that is expected to be freed up is compared with the capital of pension recipients that is actually released on death. This provides a measure of the deviation between the actuarial assumptions and the events that actually occurred in the year concerned. Similarly, for active members, the expected costs resulting from death or disability are compared with the cases that actually occurred. The difference between the risk premium and the actual claims corresponds to the annual actuarial gain or loss for each pension plan.

Risk result – active members

The risk result for active members shows an overall gain of CHF 48.9 million (prior year: CHF 29.7 million).

Risk result death and disability – active members, total for all pension plans

2017 to 2021, in CHF mn, number or percent

2021	Units	Risk premiums	Claims	Total gain (+) loss (-)	Number
Disability cases (incl. increases in degree of disability)	CHF mn	79.5	-29.0	50.5	101
Deaths	CHF mn	5.1	-6.7	-1.6	48
Total	CHF mn	84.6	-35.7	48.9	149
Insured salary	CHF mn	5 494	5 494		
Statutory required risk premium	Percent	1.54%	0.65%		

2020	Units	Risk premiums	Claims	Total gain (+) loss (-)	Number
Disability cases (incl. increases in degree of disability)	CHF mn	79.9	-45.2	34.7	92
Deaths	CHF mn	3.4	-8.4	-5.0	42
Total	CHF mn	83.3	-53.6	29.7	134
Insured salary	CHF mn	5 409	5 409		
Statutory required risk premium	Percent	1.54%	0.99%		

Historical trend	Units	Risk premiums	Claims
2021	Percent	1.54%	0.65%
2020	Percent	1.54%	0.99%
2019	Percent	1.54%	0.70%
2018	Percent	2.07%	1.20%
2017	Percent	2.07%	1.50%

Legal and regulatory risk

Legal or regulatory risks arise from failure to comply with legal or regulatory requirements leading to adverse consequences such as liability or reputational risks for PUBLICA. They may also occur if such requirements are omitted from or inadequately set out in internal regulations or if legal or regulatory requirements place PUBLICA's business activities in doubt. PUBLICA attaches great importance to its fiduciary duty of due diligence. Regulations are drawn up that clearly define responsibilities, powers and compliance requirements both internally and for external partners.



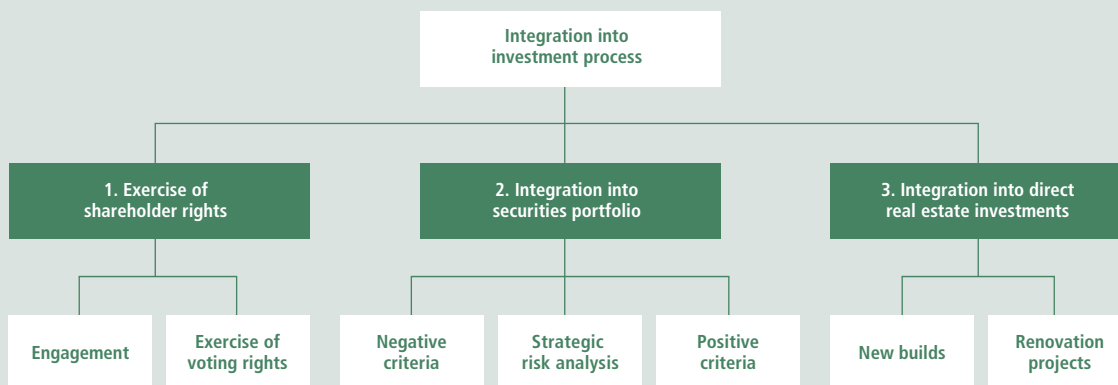
Responsible investment

PUBLICA is moving forward with responsible investment. Further key steps include PUBLICA committing to net zero emissions in its portfolio by 2050 at the latest and excluding manufacturers of nuclear weapons from its investment portfolio.

PUBLICA uses the term “responsible investment” rather than referring to “sustainability”. We invest responsibly by taking account of environmental, social and governance issues when investing our members’ assets. This allows us to improve the expected risk/return ratio over the long term. The responsible investment approaches comply with the following principles:

- They are formulated in a holistic fashion, so that as far as possible all asset classes can be taken into account.
- They are integrated into and thus form part of the investment process.
- They are guided by the normative basis.
- They are transparent and comprehensible.

PUBLICA takes account of the approaches to responsible investment set out in the following diagram:



PUBLICA has set a target of net zero emissions¹ for its portfolio by 2050 at the latest. This undertaking is in line with the Paris Agreement, which has been ratified by Switzerland. It supports the measures already taken to manage the opportunities and risks associated with climate change, and also commits PUBLICA to address the climate issue on an ongoing basis.

¹ Net zero emissions: a situation in which CO₂ emissions and CO₂ reduction are in balance, in other words, the quantity of CO₂ extracted from the atmosphere matches the quantity emitted.



Responsible investment

Responsible investment comprises the following areas:

Exercise of shareholder rights

During 2021, voting rights were exercised at 128 annual general meetings in Switzerland. Since 2020 they have also been exercised at between 120 and 170 companies abroad. These are firms whose activities potentially breach Swiss laws and ordinances or international conventions ratified by Switzerland. After each meeting, the voting behaviour is fully disclosed on PUBLICA's website.

52%

of overall
remuneration
partially or
completely
rejected

The largest number of votes against were due to excessive remuneration granted to members of executive boards and boards of directors, or remuneration systems that were not transparent. In Switzerland, for example, more than half of remuneration reports were rejected.

In addition to the exercise of voting rights, dialogue is a key instrument by means of which PUBLICA exercises its ownership rights. ESG issues that are viewed as economically relevant are addressed with the big Swiss companies. In 2021 the issues focused on were as follows:

- Social: human rights and treatment of psychosocial risks
- Environmental: measurement of CO₂ emissions (Scope 3), sustainable products and biodiversity
- Governance: powers in the board of directors and ESG criteria in the remuneration system

In addition, PUBLICA seeks dialogue with companies in Switzerland and abroad that are identified as “problematic investments” in an analysis. Moreover, a dialogue on managing climate-related opportunities and risks was conducted with companies in the steel and cement sectors over the last three years, and completed in 2021. The report containing the results of the dialogue can be viewed on the website of the Swiss Association for Responsible Investments, SVVK-ASIR at svvk-asir.ch. In July 2021, SVVK-ASIR launched a new dialogue with 20 global energy suppliers and producers as well as with seven Swiss companies. This task is entrusted to specialist external providers that have the necessary networks and expertise.

Integration into the securities portfolio

Integration into the securities portfolio is effected partly by regularly reviewing the investments on the basis of objective criteria and excluding companies that do not meet the normative requirements (negative criteria), and partly by annually prioritising risks that are difficult to quantify in the context of ESG criteria and subjecting them to an in-depth analysis (strategic risk analysis), which examines risks that could have a significant financial impact on individual companies or sectors.

The climate-efficient equity index adopted by the Investment Committee in December 2019 was implemented as planned, progressively in all regions. In December 2020, the Investment Committee also decided to take account of climate-related opportunities and risks in the corporate bond portfolios. It achieved a 40% reduction in the CO₂ intensities of those portfolios compared with the benchmark over the course of 2021.

PUBLICA has excluded manufacturers of cluster munitions, anti-personnel mines, and nuclear weapons from non-nuclear weapon states from its portfolio since 2017. In 2021, it excluded manufacturers of nuclear weapons from the five nuclear weapon states from its portfolio. This is in line with the UN Nuclear Weapon Ban Treaty, which came into force in January 2021. As part of its portfolio rebalancing at the end of November 2021, PUBLICA sold all shares and corporate bonds of companies that manufacture nuclear weapons.

Integration into direct real estate investments

PUBLICA also applies an integrated sustainability strategy for its direct real estate investments in Switzerland. At the end of 2020, the Investment Committee approved the target of reducing the portfolio's CO₂ emissions by half, to 4.2 kg/m² by 2035. In 2020 (prior-year figures used because the 2021 figures were not yet available at the time of this report), no heating systems were replaced, with the exception of the Frontenex property in Geneva. For this reason, the portfolio's CO₂ emissions are practically unchanged, at 8.3 kg/m². During 2020, thermal solar panels for water heating were installed in the Venel property in Yverdon. Over the medium term, a number of fossil fuel heating systems are being replaced. Additionally, newly acquired projects will lead to a further reduction in CO₂ emissions, as these properties are heated using geothermal or district heating. Further work was conducted on the photovoltaic and electromobility projects during 2021.

Code of conduct

Because PUBLICA acts in a fiduciary capacity, it is required to meet high standards of ethical conduct. As a member of the Swiss Pension Funds Association ASIP, PUBLICA is committed to the code of conduct set out in ASIP's charter, which is binding on pension funds. PUBLICA's Compliance Regulations ensure that the stipulations concerning loyalty and integrity are complied with.

In its asset management activities, PUBLICA works with external business partners that undertake to comply with the principles laid down in the ASIP charter (or an equivalent set of regulations, provided they are subject to recognised supervision).



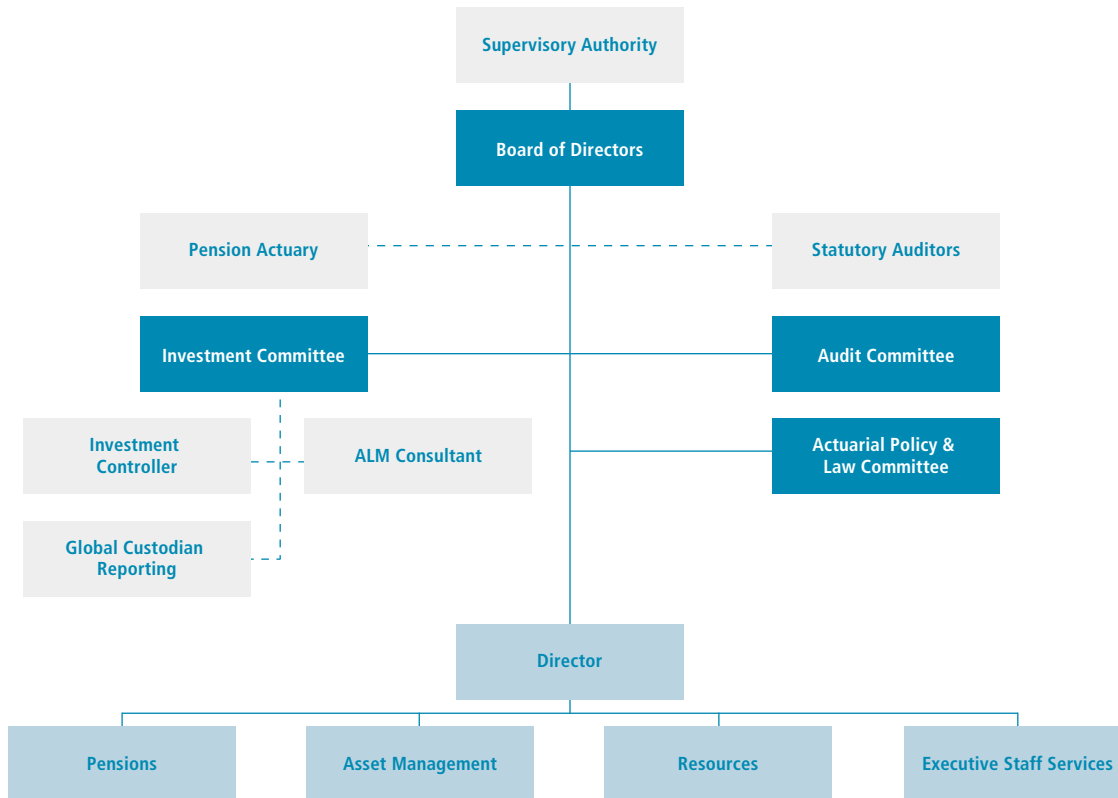
Corporate governance

PUBLICA's clearly defined and transparent corporate governance fosters trust, both within the organisation and beyond. In the interest of transparent reporting, PUBLICA adheres to the guidelines for listed Swiss companies.





Organisational structure



The Board of Directors, a central body independent of operations, exercises supervision and control of the management of PUBLICA. It defines PUBLICA's strategic orientation and management. The supervisory authority (Bernische BVG- und Stiftungsaufsicht (BBSA)), as the supreme independent body, oversees the activities of PUBLICA.



Board of Directors

27

meetings of the Board of Directors and its committees

The term of office of PUBLICA's Board of Directors is four years. Its members appoint the Director and Deputy and select the collective institution's Statutory Auditors and Pension Actuary.

The Chair and Vice-Chair of the Board of Directors consist of one employer representative and one employee representative. They alternate as Chair and Vice-Chair every two years. At the start of the new term of office on 1 July 2021 Jorge Serra, representing the employees, was appointed Chair and Kaspar Müller, representing the employers, was appointed Vice-Chair. As a result of the elections, the proportion of women has risen from 25% to 31%.

The following standing committees deal in depth with the tasks that fall within their competence: the Investment Committee, the Audit Committee and the Actuarial Policy and Law Committee.

The Board of Directors met eight times in the year under review, the Investment Committee also eight times. There were six meetings of the Audit Committee and five of the Actuarial Policy and Law Committee. The members of the Board of Directors and the committees attended various further training courses on 15 days. From 2022, members of the Board of Directors will be offered a systematic further training programme termed Investment Competence Plus, which will be based on a competence profile. It will include both in-house and external courses.

The composition of the Board of Directors as at 31 December 2021 is as follows (names in alphabetical order):



Albisser Eliane

Occupation

Managing director, PK-Netz

Qualifications

MA in Law and Sociology

Representative of

Employees

Board member since

01.07.2021

Committee

Actuarial Policy and Law Committee

Committee member since

01.07.2021



Alvarez Cipriano

Occupation

Federal Office for Housing, Head of Legal Department

Qualifications

Lawyer

Representative of

Employees

Board member since

01.07.2013

Committee

Investment Committee

Committee member since

01.07.2013

External mandates

Operating Committee of the Construction and Housing Policy Fund, Bern: member



Aslan Mahide

Occupation

Head of the “Women in the Army and Diversity” unit

Qualifications

Masters in law, MBA, MPA

Representative of

Employees

Board member since

01.07.2021

Committee

Actuarial Policy and Law Committee

Committee member since

01.07.2021



Badrutt Gian Andrea

Occupation

Deputy Director of the Resources Directorate of the Federal Department of Foreign Affairs (FDFA)

Qualifications

Attorney-at-law

Representative of

Employers

Board member since

01.07.2021

Committee

Audit Committee

Committee member since

01.07.2021



Künzli Dieter

Occupation

Head of Finance and HR, ETH Board

Qualifications

Doctorate in technology

Representative of

Employers

Board member since

01.07.2017

Committee

Audit Committee

Committee member since

01.07.2021

External mandates

Zentrum Passwang, Breitenbach: Chair of the Board

Mayor of Breitenbach, Solothurn

VEBO Genossenschaft: member of the Board of Directors



Lagger Valentin

Occupation

Head of Training, Unemployment Insurance

Qualifications

Masters in political science

Representative of

Employees

Board member since

01.07.2021

Committee

Audit Committee

Committee member since

01.07.2021



Maurer Stalder Petra Chair of the Audit Committee

Qualifications

Diploma in Business Administration,
MAS Corporate Communication Management

Representative of
Employees

Board member since
01.07.2009

Committee
Audit Committee

Committee member since
01.07.2021



Müller Kaspar Vice-Chair of the Board of Directors

Occupation

Deputy General Secretary, DETEC

Qualifications

Degree in business administration

Representative of
Employers

Board member since
01.03.2016



Parnisari Bruno

Occupation

Deputy Director, Federal Social Insurance Office FSIO

Qualifications

Doctorate in economics

Representative of

Employers

Board member since

01.07.2017

Committee

Investment Committee

Committee member since

01.07.2017

External mandates

AHV/IV/EO Compensation Fund Compenswiss:
representative of the FSIO on the Board of Directors



Pirrotta Jean

Occupation

Director of the supervisory authority for foundations
and pension institutions (ASFIP Geneva)

Qualifications

Masters in law, MBA

Representative of

Employers

Board member since

01.07.2021

Committee

Actuarial Policy and Law Committee

Committee member since

01.07.2021

External mandates

Conference of Cantonal BVG and Foundation
Supervisory Authorities: Vice-Chair



Schmidt Nicolas

Occupation

Specialist in sustainable consumption and products,
Federal Office for the Environment FOEN

Qualifications

Master of Social Science,
Master of Public Administration

Representative of

Employees

Board member since

01.07.2021

Committee

Investment Committee

Committee member since

01.07.2021

External mandates

Federal Staff Association (PVB): treasurer



Schwendener Peter

Occupation

Deputy Director of the Federal Department of Finance FDF

Qualifications

Doctorate in political science

Representative of

Employers

Board member since

01.07.2021

Committee

Audit Committee

Committee member since

01.07.2021

External mandates

BLS Netz AG: member of the Board of Directors
Verein Surprise: member of the Board



Serra Jorge Chair of the Board of Directors

Occupation

General Secretary and Head of Finance at the Public Service Staff Association VPOD

Qualifications

Masters degree, federally certified staff pensions expert

Representative of

Employees

Board member since

01.07.2013

External mandates

Federal Occupational Pensions Commission: member; VPOD Pension Fund: general manager; City of Zurich Pension Fund: Vice-Chair of the Board of Trustees; PK-Netz, Bern: Vice-Chair; Substitute Occupational Benefit Institution, Zurich: Vice-Chair of the Board of Trustees; VPOD holiday association foundation: manager; VPOD interpreters' assistance fund: manager; VPOD death benefit fund foundation: manager



von Kaenel Rahel Chair of the Actuarial Policy and Law Committee

Occupation

Director of the Federal Staff Office EPA

Qualifications

Doctorate in history

Representative of

Employers

Board member since

01.07.2021

Committee

Actuarial Policy and Law Committee

Committee member since

01.07.2021

External mandates

Association Pro Aventico: member of the Board; University of Bern, Executive MPA: member of the Advisory Board



Weber Matthias

Chair of the Investment Committee

Occupation

alpha-optimum GmbH, Hedingen: owner

Qualifications

Masters in economics, St. Gallen, EMBA International Wealth Management

Representative of

Employers

Board member since

01.07.2018

Committee

Investment Committee

Committee member since

01.07.2018



Wey Natascha

Occupation

Central Secretary, VPOD

Qualifications

Masters degree, historian

Representative of

Employees

Board member since

01.07.2021

Committee

Audit Committee

Committee member since

01.07.2021



Investment Committee

The remit of the Investment Committee includes submitting the strategic asset allocations to the Board of Directors, ensuring monitoring of the activities of the external asset managers and internal portfolio managers, approving direct real estate transactions in Switzerland (purchases, sales, projects) with an investment value of over CHF 30 million and land purchases without a project ready for approval of over CHF 10 million. Below these limits, the Asset Management Real Estate Committee now approves the investments concerned. Its members are the Director of PUBLICA, the Head of Asset Management and the head of the real estate team.

In accordance with the Investment Guidelines, the Investment Committee consists of the Chair as well as a minimum of three and a maximum of five members appointed by the Board of Directors from its own members. The Board of Directors may also appoint a maximum of three external investment experts. The Federal Finance Administration may propose candidates to the Board of Directors. The Director and the Head of Asset Management of PUBLICA are consultative members of the committee. Matthias Weber has chaired the Investment Committee since 1 July 2018.

In addition to Cipriano Alvarez, Bruno Parnisari and Nicolas Schmidt, the external members of the Investment Committee as at 31 December 2021 are as follows (names in alphabetical order):

Eggenberger Urs

Occupation	Vice-Director and Joint Head of the Federal Treasury Department, Federal Finance Administration
Qualifications	Degree in business administration, CFA
Committee member since	19.11.2007
External mandates	Decommissioning and Waste Disposal Fund for Nuclear Power Plants: member of the Administrative Committee and Investment Committee; AHV/IV/EO Compensation Fund Compenswiss: representative of the FFA on the Board of Directors and Investment Committee

Loepfe Andreas

Occupation	Partner and General Manager, INREIM AG
Qualifications	Degree in business administration, FRICS
Committee member since	01.07.2015
External mandates	INREIM AG: Delegate of the Board of Directors; IMMRA AG: member of the Board of Directors; SOFISA SA: member of the Board of Directors

Actuarial Policy & Law Committee

The Actuarial Policy and Law Committee deals with issues concerning the actuarial policy in general and its implementation, the implementation of the employers' actuarial policies and the submission of suggestions to the employers with regard to the structuring of actuarial policy options. The Committee is chaired by Rahel von Kaenel and its members are Eliane Albisser, Mahide Aslan and Jean Pirrotta. The operational management of PUBLICA attends in an advisory capacity.

Audit Committee

The Audit Committee is principally concerned with financial and accounting matters. It discusses the annual financial statements and the reports of the Statutory Auditors and Pension Actuary. Petra Maurer chairs the Audit Committee. Its members are Gian Andrea Badrutt, Dieter Künzli, Valentin Lagger, Natascha Wey and Peter Schwendener.



Information and control instruments

The key instruments for controlling the activities of PUBLICA are the regulations and contracts of affiliation, which are approved by the Board of Directors. The following are the main information and control instruments employed by the Executive Board on behalf of the Board of Directors and its committees:

Quality management

PUBLICA has a well-developed quality management system designed to ensure delivery of high-quality operational services to customers. The system was successfully recertified by the independent quality assessor in accordance with the latest ISO 9001:2015 standard in 2019.

Internal control system

PUBLICA's internal control system is process-based and embedded in the certified processes. PUBLICA reviews the internal controls annually and draws up a risk management report.

Compliance

At least once a year, the Executive Board reports on PUBLICA's compliance policy and its implementation.

Finance and management information system

The committee members have access to details of the monthly performance of the pension plans (funded ratio according to BVV2, economic funded ratio, etc.), and receive an annual report on the pension plans and the reports of the external Investment Controller. The Board of Directors also approves the Annual Report.

Assembly of Delegates

The Assembly of Delegates (AD) consists of 80 employees of the employers affiliated to PUBLICA. The AD elects eight individuals to represent the employees on the Board of Directors during a four-year term of office. It also has the right to submit proposals to the Board of Directors. The AD is also newly elected every four years; the most recent election was conducted in November 2020 exclusively by means of e-voting. The names of all the delegates and the pension plans they represent are published on publica.ch.

As at 31 December 2021, the Chair and Vice-Chair of the PUBLICA Assembly of Delegates are as follows:

Wüthrich Marcel

Function	Chair
Occupation	Actuary in risk management at the Occupational Pension Supervisory Commission OPSC

Morard-Niklaus Jacqueline

Function	Vice-Chair
Occupation	Chair of the EPFL section of the Federal Staff Association





Director, Deputy and Executive Board

The Director and Deputy are responsible for the operational strategy and management of PUBLICA. They strive to ensure that the strategic objectives are met and that PUBLICA is successful. Their activities are based on the Corporate and Organisational Regulations of the Federal Pension Fund PUBLICA. The current Director is Doris Bianchi, and her Deputy is Stefan Beiner (Head of Asset Management).

As at 31 December 2021, the Executive Board comprises the following members:

Bianchi Doris

Function	Director
Qualifications	LL.D.

Beiner Stefan

Function	Head of Asset Management; Deputy to the Director
Qualifications	Doctorate in economics, University of St. Gallen
External mandates	Schoeni.ch Holding AG: member of the Board of Directors

Imhof Tristan

Function	Head of Pensions
Qualifications	Masters in law, lawyer

Zaugg Markus

Function	Head of Resources
Qualifications	Degree in business administration, EMBA HRM

As at 31 December 2021 the Extended Executive Board comprises the following additional members:

Geiser Corinne

Function	Head of Strategic Legal Services
Qualifications	Attorney-at-law, Bern

Kobel Roger

Function	Head of IT
Qualifications	FTS technician

Rychen Beatrice

Function	Head of Corporate Communications
Qualifications	Degree in business administration, MAS in Corporate Communication

Compensation

Compensation policy

The Chair of the Board of Directors receives flat-rate compensation of CHF 36,000 and the Vice-Chair flat-rate compensation of CHF 24,000. The Chair of the Investment Committee receives flat-rate annual compensation of CHF 50,000. There were no changes compared with the prior year.

The other members of the Board of Directors and the external members of the Investment Committee receive flat-rate compensation of CHF 4,000 as well as an attendance fee. Overall, only one flat-rate compensation may be claimed per person and year. The fee for each half-day meeting is CHF 500, and CHF 1,000 each for the Chair of the Audit Committee and the Chair of the Actuarial Policy and Law Committee.

Compensation-setting process

The Audit Committee reviews the appropriateness of the compensation paid to members of the Board of Directors annually.

The Chair and Vice-Chair of the Board of Directors set the salary of the Director. The Director and Deputy are responsible for the salaries of employees of PUBLICA.

Level of compensation paid to the Board of Directors

The total compensation plus flat-rate travel expenses paid by PUBLICA either directly or indirectly to the members of the Board of Directors and its committees was CHF 286,000 (prior year: CHF 265,500).



Compensation of members of the Board of Directors and committees

2021 with prior-year comparison, in CHF, excluding departures

		31.12.2020	31.12.2021
Albisser Eliane *		0	5 500
Alvarez Cipriano		14 000	18 000
Aslan Mahide *		0	5 500
Badrutt Gian Andrea *		0	6 000
Eggenberger Urs		7 500	8 500
Künzli Dieter		9 500	11 000
Lagger Valentin *		0	7 000
Loepfe Andreas		7 500	7 500
Maurer Stalder Petra	Chair of the Audit Committee	11 500	14 000
Müller Kaspar	Vice-Chair of the Board of Directors	11 500	18 000
Parnisari Bruno		10 000	11 000
Pirrotta Jean *		0	5 500
Schmidt Nicolas *		0	8 500
Schwendener Peter *		0	6 000
Serra Jorge	Chair of the Board of Directors	8 500	23 500
von Kaenel Rahel *	Chair of the Actuarial Policy and Law Committee	0	6 500
Weber Matthias	Chair of the Investment Committee	50 000	50 000
Wey Natascha *		0	4 500

* Joined during the year under review

The members of the Board of Directors who stood down in 2021 received total compensation of CHF 69,500.

Level of compensation paid to the Executive Board

The average compensation (gross salary including all allowances and employer's pension contributions) paid to members of the Executive Board (including the Director and Deputy) was CHF 303,010 per person (prior year: CHF 305,674). Owing to changes in the membership of the Executive Board during the year, the total fell to CHF 1,135,986 (prior year: CHF 1,146,277). The compensation paid to the Director was CHF 320,108 (prior year: CHF 314,281). This figure includes employer's pension contributions amounting to CHF 45,108.

PUBLICA does not generally pay bonuses.

Statutory Auditors

The Statutory Auditors KPMG AG are licensed as a state-supervised audit firm by the Swiss Federal Audit Oversight Authority FAOA. Erich Meier is the lead auditor. The total audit fee for 2021 was CHF 240,710 (prior year: CHF 231,017). KPMG received additional fees totalling CHF 58,930 (prior year: CHF 13,004) for tax consultancy services. The Statutory Auditors reported to the Audit Committee on the planning and results of their audits at two meetings. The Audit Committee has the power to grant additional audit mandates to the Statutory Auditors. In the interests of good corporate governance, PUBLICA invites tenders for the audit mandate at least every seven years.

Pension Actuary

The Pension Actuary since 1 January 2016 is Allvisa AG, with Christoph Plüss as lead actuary. Allvisa AG is licensed as a pension actuary by the Federal Occupational Pensions Supervisory Commission. The total fee paid to Allvisa AG in 2021 was CHF 218,100 (prior year: CHF 162,350). The Pension Actuary attended a number of meetings of the Board of Directors and its committees. In the interest of good corporate governance, PUBLICA puts the Pension Actuary mandate out to tender after a maximum of nine years.



Annual financial statements

The annual financial statements (balance sheet, income statement, notes) comply with the formal and material requirements of Swiss GAAP ARR 26.



Balance sheet and income statement

The balance sheet, income statement and notes deal with the collective institution and all the affiliated pension plans, PUBLICA's internal Reinsurance and PUBLICA Operations. The figures are therefore aggregated. The relevant figures for the individual active members and pension recipients are those of their respective pension plans. PUBLICA maintains separate accounts for each pension plan. Each plan reports its own funded ratio, which is not influenced by the other plans.

The amounts reported in the balance sheet, income statement and notes are rounded to the nearest franc. For this reason, total amounts may in some cases deviate slightly from the sum of the individual values.

Consolidated balance sheet

2021 with prior-year comparison, in CHF

Assets	Note	31.12.2020	31.12.2021
Cash & cash equivalents		68 970 788	61 491 696
Receivables		129 732 960	131 145 126
Money market		1 106 929 946	1 163 311 272
Swiss government bonds		2 727 076 007	2 686 914 122
Non-government bonds CHF		4 193 457 250	4 347 509 494
Government bonds developed markets ex Switzerland		4 011 544 820	3 398 566 520
Inflation-linked government bonds		2 425 758 906	2 743 367 401
Public corporate bonds ex CHF		4 243 937 168	3 813 115 528
Private corporate debt		1 395 177 456	1 430 583 158
Private infrastructure debt		1 227 504 269	1 368 156 748
Private real estate debt		410 628 379	1 196 654 988
Government bonds emerging markets hard currencies		1 297 375 787	1 362 998 632
Government bonds emerging markets local currencies		2 014 985 541	2 017 899 179
Equities Switzerland		1 251 169 506	1 363 731 020
Equities developed markets ex Switzerland		6 846 666 820	6 768 153 111
Equities emerging markets		3 411 634 944	3 155 192 151
Precious metals		971 404 617	983 795 061
Real estate investments Switzerland		3 102 618 398	3 297 260 680
Real estate investments international		1 646 921 314	2 708 796 264
Investments	6.4	42 483 494 876	43 998 642 152
Operating assets	7.1	18 403 107	16 736 980
Prepaid expenses and accrued income		1 970 710	917 992
Total assets		42 503 868 693	44 016 297 125



Consolidated balance sheet

2021 with prior-year comparison, in CHF

	Note	31.12.2020	31.12.2021
Liabilities			
Vested benefits and pensions		80 508 643	93 595 003
Other liabilities		10 164 289	8 376 003
Operating liabilities	7.1	4 411 616	2 559 742
Liabilities		95 084 547	104 530 748
Accrued expenses and deferred income		388 582	4 883 042
Employers' contribution reserve	6.11	36 210 897	42 280 415
Non-technical provisions	7.3	195 370 271	194 435 109
Pension fund capital – active members	5.2	18 264 585 114	18 880 431 975
Pension fund capital – pension recipients	5.4	20 195 534 906	20 275 703 028
Technical provisions	5.5	1 106 356 224	1 279 363 778
Pension fund capital and technical provisions		39 566 476 244	40 435 498 780
Fluctuation reserve	6.3	2 513 562 866	3 138 054 007
Uncommitted funds / underfunding of pension plans		–3 055 986	–1 710 779
Uncommitted funds / underfunding Reinsurance	5.1	15 022 780	13 331 563
Working capital – PUBLICA Operations and Reinsurance	5.1/7.1	84 808 491	84 994 238
Uncommitted funds / underfunding / working capital		96 775 285	96 615 023
Total liabilities		42 503 868 693	44 016 297 125

Change in uncommitted funds / underfunding / working capital

2021 with initial status

	Uncommitted funds (+) / underfunding (–)		Working capital – PUBLICA Operations and Reinsurance
	Pension plans	Reinsurance	
Opening balance sheet	–3 055 986	15 022 780	84 808 491
Expenditure (–) / income (+) surplus	1 345 207	–1 691 216	185 747
Closing balance sheet	–1 710 779	13 331 563	84 994 238



Consolidated income statement

2021 with prior-year comparison, in CHF

	Note	2020	2021
Savings contributions – employees	5.2	531 074 786	541 142 665
Risk premiums – employees		8 384 734	8 600 457
Cost premiums – employees		188 007	208 850
Employee contributions		539 647 526	549 951 973
Savings contributions – employers	5.2	854 071 130	869 512 219
Risk premiums – employers		74 887 714	75 966 755
Cost premiums – employers		17 837 539	11 966 854
Employer contributions		946 796 383	957 445 828
Removal from employers' contribution reserve to finance contributions		– 984 247	– 783 992
Contributions from third parties		3 347 291	4 010 095
Lump-sum payments and buy-ins – active members	5.2	218 448 168	125 712 149
Buy-outs of pension reductions and pension buy-ins	5.4	31 878 263	28 889 989
Lump-sum payments and buy-ins		250 326 432	154 602 138
Payments to employers' contribution reserve		2 668 052	5 740 000
Contributions to the BVG Security Fund		41 961	62 003
Ordinary and other contributions and payments		1 741 843 398	1 671 028 045
Vested benefits received		374 909 485	396 491 379
Home ownership and divorce payments received		24 483 435	28 939 749
Payments on takeover of member portfolios	1.6 / 9.2	0	9 423 617
Entrance benefits	5.2	399 392 920	434 854 746
Inflow from contributions and entrance benefits		2 141 236 318	2 105 882 791
Retirement pensions		–1 254 345 321	–1 244 028 294
Survivors' pensions		–303 310 805	–303 430 510
Disability pensions		–27 443 964	–26 695 047
Other statutory benefits		–43 576 852	–40 865 144
Lump-sum benefits upon retirement		–206 607 183	–280 917 057
Lump-sum benefits in case of death/disability		–11 507 993	–8 304 841
Benefits from divorce		–1 383 385	–2 406 722
Statutory benefits	5.4	–1 848 175 502	–1 906 647 615
Vested benefits paid on departure		–418 219 922	–443 958 981
Early withdrawals for home ownership / divorce		–69 232 203	–73 198 012
Transfer of additional funds on collective departure	1.6 / 9.2	0	–9 636 090
Vested termination benefits	5.2	–487 452 125	–526 793 083
Outflow for benefits and early withdrawals		–2 335 627 627	–2 433 440 697
Formation (–) / release (+) of pension fund capital – active members	5.2	–490 732 486	–338 043 234
Formation (–) / release (+) of pension fund capital – pension recipients	5.4	362 651 706	–80 168 121
Formation (–) / release (+) of technical provisions	5.5	–171 195 751	–173 007 554
Interest on savings capital	5.2	–171 442 670	–277 803 627
Formation (–) / release (+) of employers' contribution reserve	6.11	–4 915 629	–6 069 518
Formation (–) / release (+) of pension fund capital, technical provisions and contribution reserves		–475 634 830	–875 092 054
Shares in surpluses for pension plans from internal Reinsurance	5.1	4 093 532	2 549 497
Shares in surpluses for pension plans from PUBLICA internal Operations		1 970 710	917 992
Pension plans		6 064 241	3 467 489
Risk premium received – internal Reinsurance, gross	5.1	4 455 097	4 561 533
Cost premium received – PUBLICA internal Operations, gross		18 025 545	12 175 704
PUBLICA Operations and PUBLICA Reinsurance		22 480 642	16 737 237
Income from insurance benefits		28 544 884	20 204 726
Risk premiums paid by pension plans for internal Reinsurance	5.1	–4 455 097	–4 561 533
Cost premiums paid by pension plans for PUBLICA Operations		–18 025 545	–12 175 704
Corrective invoicing to pension plans from PUBLICA Operations		– 15 265	–4 584 085
Contributions to Security Fund		–4 973 406	–5 007 167
Pension plans		–27 469 313	–26 328 489
Repayment of shares in surplus from PUBLICA Reinsurance	5.1	–4 093 532	–2 549 497
Result from shares of surplus and corrective invoicing from PUBLICA Operations		–1 955 444	3 666 093
PUBLICA Operations and PUBLICA Reinsurance		–6 048 976	1 116 596
Insurance expenses		–33 518 290	–25 211 893
Net insurance income		–674 999 545	–1 207 657 128



Consolidated income statement

2021 with prior-year comparison, in CHF

	Note	2020	2021
Net income from cash & cash equivalents	6.8	- 27 530	- 201 720
Net income from receivables	6.8	0	0
Net income from liabilities	6.8	- 730 630	- 797 585
Net income from money market	6.8	-8 352 198	-6 981 997
Net income from Swiss government bonds	6.8	949 095	-54 342 284
Net income from non-government bonds CHF	6.8	33 756 642	-62 756 036
Net income from government bonds developed markets ex Switzerland	6.8	151 968 350	-136 117 542
Net income from inflation-linked government bonds	6.8	170 468 264	134 469 832
Net income from public corporate bonds ex CHF	6.8	191 214 340	-69 285 737
Net income from private corporate debt	6.8	110 209 823	-32 810 396
Net income from private infrastructure debt	6.8	68 785 718	-9 200 838
Net income from private real estate debt	6.8	6 468 297	18 196 462
Net income from government bonds emerging markets hard currencies	6.8	88 369 922	-39 645 397
Net income from government bonds emerging markets local currencies	6.8	-56 590 195	9 368 574
Net income from equities Switzerland	6.8	49 655 142	287 912 095
Net income from equities developed markets ex Switzerland	6.8	430 308 142	1 279 084 033
Net income from equities emerging markets	6.8	241 978 115	243 375 422
Net income from precious metals	6.8	134 668 157	-18 758 050
Net income from real estate investments Switzerland	6.8	165 551 005	165 620 645
Net income from real estate investments international	6.8	3 673 190	244 772 233
Asset management expenses	6.10	-83 993 884	-104 857 921
Net investment income	6.8	1 698 329 764	1 847 043 791
Formation (-) / release (+) of non-technical provisions	7.3	-8 977 299	935 162
Other expenses		470 194	341 103
Other income		- 450 459	- 412 946
General administration	7.2	-15 799 230	-15 350 441
Marketing and advertising	7.2	0	0
Brokerage	7.2	0	0
Statutory Auditors	7.2	- 231 017	- 240 710
Pension Actuary	7.2	- 168 812	- 223 701
Supervisory authorities	7.2	- 99 385	- 104 253
Administrative expenses	7.2	-16 298 444	-15 919 104
Expenditure (-) / income (+) surplus before formation / release of fluctuation reserve		998 074 210	624 330 878
Formation (-) / release (+) of fluctuation reserve	6.3	-949 384 804	-624 491 140
Expenditure (-) / income (+) surplus		48 689 406	- 160 262
Expenditure (-) / income (+) surplus – pension plans		46 928 246	1 345 207
Expenditure (-) / income (+) surplus – Reinsurance	5.1	1 586 446	-1 691 216
Expenditure (-) / income (+) surplus working capital – PUBLICA Operations and Reinsurance	5.1/7.2	174 713	185 747
Expenditure (-) / income (+) surplus		48 689 406	- 160 262

Notes

1 Fundamentals and organisation

1.1 Legal form and purpose

PUBLICA is an institution of the Swiss Confederation established under public law. Its head office is in Bern, and it is entered in the commercial register.

As an autonomous collective institution, PUBLICA insures the employees of the centralised and decentralised Federal Administration and of affiliated organisations. Employers of the centralised and decentralised Federal Administration affiliate to PUBLICA on the basis set out in the relevant specific legislation. Affiliation to PUBLICA is also open to employers that are closely associated with the Confederation or fulfil a public task on behalf of the Confederation, a canton or a commune (Art. 4 para. 2 of the Federal Act of 20 December 2006 on the Federal Pension Fund [PUBLICA Act, SR 172.222.1]).

PUBLICA provides its insured members with occupational pension insurance in accordance with, and in excess of, the requirements set out in the Federal Act of 25 June 1982 on Occupational Old Age, Survivors' and Disability Pension Provision (BVG, SR 831.40).

1.2 BVG registration and Security Fund

Pursuant to the provisions of the BVG, PUBLICA is entered in the register of occupational pension plans and is subject to supervision by the regulatory authority for occupational pension schemes of the Canton of Bern (Bernische BVG- und Stiftungsaufsicht (BBSA)), with order number BE.0835.

PUBLICA is subject to the Federal Act of 17 December 1993 on the Vesting of Occupational Old Age, Survivors' and Disability Pensions (Vested Benefits Act, VBA, SR 831.42), and is thus affiliated with the Security Fund as per Art. 57 BVG, to which it contributes in accordance with the provisions of the Ordinance of 22 June 1998 on the BVG Security Fund (SFO, SR 831.432.1).

1.3 Legal basis

- PUBLICA Act of 20 December 2006 (status as at 1 January 2012)
- Framework pension plan regulations of the Swiss Federal Pension Fund PUBLICA of 26 March 2015 (status as at 1 January 2021)
- Contracts of affiliation of the employers affiliated to PUBLICA, consisting of the following components:
 - pension plan regulations or framework pension plan regulations with the pension plan
 - the Service Level Agreement on Services
 - the partial liquidation regulations
- Corporate and Organisational Regulations of the Federal Pension Fund PUBLICA of 25 August 2015 (status as at 20 June 2019 and 26 August 2021)
- Investment Guidelines of the Federal Pension Fund PUBLICA (PUBLICA Investment Guidelines) of 15 April 2010 (status as at 12 June 2020, 25 March and 26 August 2021)
- Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance of 22 November 2016 (status as at 31 December 2021)
- Compliance Regulations of 23 August 2012 (status as at 10 April 2014)
- Regulations governing the Risk Policy and Internal Control System of 11 April 2013 (status as at 28 March 2019)
- PUBLICA policy document on hardship cases of 25 November 2010 (status as at 23 June 2016)
- Regulations governing the handling of personal data at the Federal Pension Fund PUBLICA of 22 November 2016
- Expenses policy for the active members and pension recipients of the Federal Pension Fund PUBLICA of 21 February 2008 (status as at 25 March 2021)
- Regulations governing the Remuneration of Members of the Board of Directors of the Federal Pension Fund PUBLICA of 26 November 2009 (status as at 1 July 2015)



1.4 Supreme governing body, management and signing powers

The joint Board of Directors comprises 16 members (8 representing the employees and 8 representing the employers) and forms the strategic management body of PUBLICA. As the highest governing body, it supervises and oversees PUBLICA's operations. The Director, Deputy and the Executive Board are responsible for the ongoing business of PUBLICA subject to the provisions of the law and the requirements laid down by the Board of Directors. The names of the members of the Board of Directors, the Director and Deputy, and the (Extended) Executive Board are listed in the Annual Report.

The Chair and Vice-Chair of the Board of Directors as well as the Director and Deputy, the Extended Executive Board and the Head of Real Estate are entered in the commercial register as joint signatories, with two signatures being required.

1.5 Pension Actuary, Statutory Auditors, supervisory authority, consultants

Pension Actuary	Contracting partner: Allvisa AG Thurgauerstrasse 54 8050 Zurich Lead actuary: Christoph Plüss	allvisa.ch
Statutory Auditors	KPMG AG Bahnhofplatz 10a 3011 Bern	kpmg.com
Supervisory authority	Bernische BVG- und Stiftungsaufsicht (BBSA) Belpstrasse 48, P.O. Box 3000 Bern 14	aufsichtbern.ch
Property Valuer	Jones Lang LaSalle Ltd Prime Tower, Hardstrasse 201 8005 Zurich	joneslanglasalle.ch
Investment Controller	PPCmetrics AG Badenerstrasse 6, P.O. Box 8021 Zurich	ppcmetrics.ch
ALM Consultant	ORTEC Finance (Switzerland) AG Poststrasse 4 8808 Pfäffikon	ortecfinance.com
	c-alm AG Vadianstrasse 25a 9000 St. Gallen	c-alm.ch

1.6 Affiliated employers

As at 31 December 2021, the PUBLICA collective institution included 19 mutually independent pension plans (prior year: 20), of which 7 were closed, pensioner-only plans. The pension plans have their own accounts and are managed by their own parity commissions.

New affiliations

The Board of Directors approved the following affiliations in 2021:

Affiliated Organisations pension plan

- REDOG Schweizerischer Verein für Such- und Rettungshunde
- Schweizerische Staatsanwälte-Konferenz SSK
- Swiss Polar Institute

Departures

There were no departures in 2021.

Liquidations

The Trasse pension plan was liquidated with effect from 1 January 2021 and integrated into the Confederation pension plan. See section 9.2. for further details.

1.6.1 Open pension plans

Open pension plans

2021 with prior-year comparison, in CHF, number or percent

Pension plans with one employer		Units	31.12.2020	31.12.2021
ETH Domain	Active members	Number	20 863	21 161
	Pension recipients	Number	5 811	5 945
	Total active members and pension recipients	Number	26 674	27 106
	Available assets	CHF	7 795 847 286	8 193 090 030
	Pension fund capital & technical provisions	CHF	7 226 848 688	7 496 584 743
	Funded ratio as per BVV2	Percent	107.9%	109.3%
IGE	Economic funded ratio	Percent	88.9%	96.5%
	Active members	Number	322	316
		Pension recipients	Number	74
	Total active members and pension recipients	Number	396	392
	Available assets	CHF	157 425 613	166 401 134
	Pension fund capital & technical provisions	CHF	143 627 388	150 513 512
Funded ratio as per BVV2	Percent	109.6%	110.6%	
Swissmedic	Economic funded ratio	Percent	95.4%	101.1%
	Active members	Number	464	488
		Pension recipients	Number	160
	Total active members and pension recipients	Number	624	658
	Available assets	CHF	302 863 139	324 646 496
	Pension fund capital & technical provisions	CHF	271 228 094	290 064 123
Funded ratio as per BVV2	Percent	111.7%	111.9%	
Swiss Federal Institute for Vocational Education and Training	Economic funded ratio	Percent	93.3%	99.0%
	Active members	Number	279	287
		Pension recipients	Number	62
	Total active members and pension recipients	Number	341	353
	Available assets	CHF	115 516 077	126 093 165
	Pension fund capital & technical provisions	CHF	106 965 249	116 696 212
Funded ratio as per BVV2	Percent	108.0%	108.1%	
Federal Audit Oversight Authority	Economic funded ratio	Percent	90.8%	96.7%
	Active members	Number	29	28
		Pension recipients	Number	2
	Total active members and pension recipients	Number	31	33
	Available assets	CHF	13 351 730	17 643 318
	Pension fund capital & technical provisions	CHF	11 839 042	15 895 714
Funded ratio as per BVV2	Percent	112.8%	111.0%	
FINMA	Economic funded ratio	Percent	111.2%	102.3%
	Active members	Number	555	584
		Pension recipients	Number	75
	Total active members and pension recipients	Number	630	672
	Available assets	CHF	310 395 338	330 595 499
	Pension fund capital & technical provisions	CHF	282 979 388	296 934 567
Funded ratio as per BVV2	Percent	109.7%	111.3%	
Federal Nuclear Safety Inspectorate	Economic funded ratio	Percent	97.0%	102.1%
	Active members	Number	159	160
		Pension recipients	Number	59
	Total active members and pension recipients	Number	218	226
	Available assets	CHF	145 610 535	156 230 567
	Pension fund capital & technical provisions	CHF	134 793 156	142 607 487
Funded ratio as per BVV2	Percent	108.0%	109.6%	
Economic funded ratio	Percent	88.0%	95.0%	



Open pension plans

2021 with prior-year comparison, in CHF, number or percent

Pension plans with one employer		Units	31.12.2020	31.12.2021
PUBLICA	Active members	Number	118	118
	Pension recipients	Number	62	65
	Total active members and pension recipients	Number	180	183
	Available assets	CHF	84 519 745	90 628 372
	Pension fund capital & technical provisions	CHF	76 706 697	81 946 104
	Funded ratio as per BVV2	Percent	110.2%	110.6%
	Economic funded ratio	Percent	90.9%	98.9%
Trasse Schweiz AG Integrated into the Confederation pension plan as of 01.01.2021	Active members	Number	10	n/a
	Pension recipients	Number	2	n/a
	Total active members and pension recipients	Number	12	n/a
	Available assets	CHF	9 369 150	n/a
	Pension fund capital & technical provisions	CHF	8 629 020	n/a
	Funded ratio as per BVV2	Percent	108.6%	n/a
	Economic funded ratio	Percent	90.1%	n/a
Swiss National Museum SNM	Active members	Number	308	300
	Pension recipients	Number	86	84
	Total active members and pension recipients	Number	394	384
	Available assets	CHF	82 581 215	88 628 394
	Pension fund capital & technical provisions	CHF	75 792 752	80 062 467
	Funded ratio as per BVV2	Percent	109.0%	110.7%
	Economic funded ratio	Percent	90.8%	97.2%
METAS	Active members	Number	237	239
	Pension recipients	Number	99	104
	Total active members and pension recipients	Number	336	343
	Available assets	CHF	157 300 218	167 919 439
	Pension fund capital & technical provisions	CHF	146 311 370	154 917 042
	Funded ratio as per BVV2	Percent	107.5%	108.4%
	Economic funded ratio	Percent	88.7%	96.3%
Joint pension plans				
Confederation	Active members	Number	40 584	40 732
	Pension recipients	Number	26 238	26 468
	Total active members and pension recipients	Number	66 822	67 200
	Available assets	CHF	28 790 400 483	29 959 248 674
	Pension fund capital & technical provisions	CHF	27 176 975 440	27 931 641 544
	Funded ratio as per BVV2	Percent	105.9%	107.3%
	Economic funded ratio	Percent	86.5%	93.7%
Affiliated Organisations	Active members	Number	2 401	2 449
	Pension recipients	Number	962	990
	Total active members and pension recipients	Number	3 363	3 439
	Available assets	CHF	1 025 179 887	1 072 071 391
	Pension fund capital & technical provisions	CHF	918 395 486	953 216 803
	Funded ratio as per BVV2	Percent	111.6%	112.5%
	Economic funded ratio	Percent	89.8%	97.1%
Total open pension plans	Active members	Number	66 329	66 862
	Pension recipients	Number	33 692	34 127
	Total active members and pension recipients	Number	100 021	100 989
	Available assets	CHF	38 990 360 417	40 693 196 477
	Pension fund capital & technical provisions	CHF	36 581 091 772	37 711 080 319
	Funded ratio as per BVV2	Percent	106.6%	107.9%
	Economic funded ratio	Percent	87.3%	94.5%

1.6.2 Closed pension plans

When they set up their own pension funds, Swisscom, RUAG and SRG SSR idée suisse left their respective pension recipients in FPF, the former Federal Pension Fund. The closed plans include pension recipients who remained with FPF or PUBLICA following the departure of their employer, as well as the former voluntarily insured members.

Closed pension plans

2021 with prior-year comparison, in CHF, number or percent

Pension plans with one employer		Units	31.12.2020	31.12.2021
Pensioners only – voluntarily insured Pension entitlement from 01.06.2003	Pension recipients	Number	291	286
	Available assets	CHF	104 112 165	99 373 963
	Pension fund capital & technical provisions	CHF	107 168 151	101 084 742
	Funded ratio as per BVV2	Percent	97.1%	98.3%
	Economic funded ratio	Percent	82.9%	92.9%
Pensioners only – Confederation	Pension recipients	Number	584	562
	Available assets	CHF	120 251 330	111 893 450
	Pension fund capital & technical provisions	CHF	118 132 420	109 744 455
	Funded ratio as per BVV2	Percent	101.8%	102.0%
	Economic funded ratio	Percent	88.7%	98.2%
Pensioners only – Swisscom Pension entitlement before 01.01.1999	Pension recipients	Number	4 771	4 453
	Available assets	CHF	1 636 031 227	1 515 439 372
	Pension fund capital & technical provisions	CHF	1 615 316 871	1 459 657 364
	Funded ratio as per BVV2	Percent	101.3%	103.8%
	Economic funded ratio	Percent	88.5%	100.6%
Pensioners only – RUAG Switzerland Ltd Pension entitlement before 01.07.2001	Pension recipients	Number	1 569	1 478
	Available assets	CHF	569 674 958	534 018 836
	Pension fund capital & technical provisions	CHF	533 879 645	489 917 281
	Funded ratio as per BVV2	Percent	106.7%	109.0%
	Economic funded ratio	Percent	92.8%	105.3%
Pensioners only – SRG SSR idée suisse Pension entitlement before 01.01.2003	Pension recipients	Number	828	792
	Available assets	CHF	426 995 169	399 115 730
	Pension fund capital & technical provisions	CHF	401 831 048	367 609 522
	Funded ratio as per BVV2	Percent	106.3%	108.6%
	Economic funded ratio	Percent	92.3%	104.5%
Pensioners only – PUBLICA Administration	Pension recipients	Number	76	73
	Available assets	CHF	75 707 195	73 502 421
	Pension fund capital & technical provisions	CHF	65 630 258	62 604 938
	Funded ratio as per BVV2	Percent	115.4%	117.4%
	Economic funded ratio	Percent	105.8%	114.8%
Joint pension plan				
Pensioners only – Affiliated Organisations	Pension recipients	Number	255	239
	Available assets	CHF	89 240 650	82 765 633
	Pension fund capital & technical provisions	CHF	88 203 846	80 577 924
	Funded ratio as per BVV2	Percent	101.2%	102.7%
	Economic funded ratio	Percent	88.2%	98.5%
Total closed pension plans				
	Pension recipients	Number	8 374	7 883
	Available assets	CHF	3 022 012 693	2 816 109 405
	Pension fund capital & technical provisions	CHF	2 930 162 238	2 671 196 227
	Funded ratio as per BVV2	Percent	103.1%	105.4%
	Economic funded ratio	Percent	90.0%	101.9%



2 Active members and pension recipients

2.1 Active members

Individuals who are only insured for the risks of death and disability are included among active members. More than one insurance situation may apply to each person.

Active members

2021 with prior-year comparison, in number of insurance situations

31.12.2019	65 163
Admissions	9 718
Departures	-8 552
31.12.2020	66 329
Admissions	9 616
Departures	-9 083
31.12.2021	66 862

2.2 Pension recipients

The figure for pension recipients does not include retirement bridging pensions or IV/AI replacement pensions. A pension recipient is listed as a member more than once if they are insured with a number of employers and/or appear in different pension categories.

Pension recipients

2021 with prior-year comparison, in number of insurance situations

	Retirement pensions	Retired person's child's pensions	Divorce pensions	Disability pensions	Disabled person's child's pensions	Surviving spouse/life partner's pensions	Orphan's pensions	Total pension recipients
31.12.2019	29 997	461	51	968	193	10 379	252	42 301
Admissions	1 593	160	16	63	42	634	49	2 557
Departures	-1 760	-140	-2	-117	-40	-678	-55	-2 792
31.12.2020	29 830	481	65	914	195	10 335	246	42 066
Admissions	1 474	186	12	64	24	604	55	2 419
Departures	-1 496	-147	-1	-85	-29	-678	-39	-2 475
31.12.2021	29 808	520	76	893	190	10 261	262	42 010

A total of 1,187 retirement bridging pensions (prior year: 1,415) and 47 IV/AI replacement pensions (prior year: 61) were paid.



3 Implementation of the purpose

3.1 Note on the pension schemes

PUBLICA operates separate pension schemes for each pension plan. The employer allocates the insured members to the relevant pension schemes on the basis of objective criteria set out in the pension plan regulations.

As an all-encompassing pension fund, PUBLICA undertakes to provide the statutory pension benefits as a minimum and at the same time makes provision for benefits significantly in excess of the BVG minimum. The insured salary comprises the annual salary less the coordination offset of 30% of the annual salary, but no more than CHF 25,095 (status as at 31 December 2021).

The benefits depend on the vested benefits paid in, deposits, savings and interest credits, less any early withdrawals for home ownership or divorce settlements. On taking retirement, members can choose to draw their pension fund capital as a lifetime annuity or wholly or in part as a lump sum. Persons living in a registered partnership are treated in the same way as spouses.

The level of the retirement pension is determined on the basis of the savings available at the time of retirement. At the reference age of 65 for men and 64 for women, the conversion rate is 5.09%.

For the disability pension, the current assets are projected to age 65 and converted into a pension using the conversion rate. The spouse's and partner's prospective pensions amount to 2/3 of the disability benefits or current retirement benefits; for orphan's pensions the figure is 1/6. If there is no entitlement to survivors' benefits, a lump-sum death benefit is paid. By way of alternative, some pension plans provide for the disability pension to be set as a percentage of the insured salary.

Active members have the option to top up their personal retirement assets by making voluntary savings contributions, thereby increasing their retirement pension or vested termination benefits. The risk premiums are based on a percentage of the insured salary.

3.2 Financing, method of financing

The actuarial financing of the individual pension plans is based on what is known as the funded or capital cover system. The revenues are formed by contributions, inflows of vested benefits from previous pension plans and deposits, as well as income earned on pension plan assets. The level of employee and employer contributions and the maximum buy-ins are set out in the individual pension plan regulations.

The vast majority of PUBLICA's operations are funded by contributions to administrative expenses (cost premiums) invoiced to the employers. These are set out in "service level agreements on services".

3.3 Further information on pension provision

Pursuant to Art. 3 para. 2 of the PUBLICA Act, the Federal Council may delegate other tasks to PUBLICA provided that these are relevant to its area of responsibility under the PUBLICA Act; the costs incurred are borne by the Confederation. On this basis, PUBLICA takes charge of paying pensions on behalf of the Federal Council in accordance with the Federal Act of 6 October 1989 on the Remuneration and Occupational Pensions of Federal Council Members and other Federal Officials. These payments are not financed under the funded system; they are billed to the Confederation on an ongoing basis and are not charged to PUBLICA's annual financial statements.

For the purposes of Art. 36 para. 2 of the BVG, the parity commissions and the Board of Directors have decided not to adjust pensions in line with the cost of living. Individual employers fund pension increases for their former employees.



4 Valuation and accounting principles, consistency

4.1 Confirmation of financial reporting as per Swiss GAAP ARR 26

The financial statements are compiled in accordance with the Swiss GAAP ARR 26 accounting standards.

4.2 Accounting and valuation principles

4.2.1 General principles

Accounts are kept in accordance with the commercial principles of the Swiss Code of Obligations. The annual financial statements include the entire collective institution consisting of the pension plans, PUBLICA Reinsurance as a separate pension plan, and PUBLICA Operations. Assets, liabilities and transactions between the individual pension plans, PUBLICA Operations and PUBLICA Reinsurance are not cancelled out but are booked as if between third parties.

4.2.2 Recording point of transactions

All concluded transactions are recorded on a daily basis. Transactions are normally booked on the trade date.

4.2.3 Foreign currency translation

Transactions involving foreign currencies are translated into Swiss francs and recorded using the exchange rate applying on the transaction date. Assets and liabilities held on the balance sheet date are translated at the exchange rate applying on that date. Price differences arising out of the settlement or revaluation of the foreign currency position on the balance sheet date are recorded through income.

4.2.4 Offsetting of assets and liabilities

Receivables and liabilities are offset in the balance sheet to the extent that such offsetting is legally enforceable.

4.2.5 Cash and cash equivalents, receivables, mortgages and liabilities, employers' contribution reserve

Cash and cash equivalents, receivables, mortgages and liabilities as well as the employers' contribution reserve are recorded at their nominal value. Allowances are created as necessary to cover expected defaults on receivables and mortgages.

4.2.6 Securities and derivative financial instruments

Securities (bonds, equities, etc.) and derivative financial instruments are normally valued at market value. The market value corresponds to the price offered on a market. In exceptional cases where no market value is available, a value arrived at using a valuation model is used. If it is impossible to calculate such a value, the assets are valued and recorded in the balance sheet at cost less any necessary value adjustments. The profits and losses arising out of the valuation are recorded through income.

The replacement values of derivative financial instruments are recorded in the balance sheet item corresponding to the assets from which they are derived. Likewise, transactions used to hedge foreign currency risks are recognised in the balance sheet item affected.

Cash and cash equivalents, receivables or liabilities in connection with the administration of asset management mandates or collective investment schemes are recorded in the corresponding balance sheet item under "Investments". Within asset management mandates and collective investment schemes, cash and cash equivalents are used in particular to provide full and permanent cover for derivatives that increase the exposure, thus ensuring that there is no leverage effect on the overall portfolio. For this reason, the balance sheet items under "Investments" normally show the actual investment strategy (economic exposure).



4.2.7 Private corporate, infrastructure and real estate debt ex Switzerland

Private corporate, infrastructure and real estate debt outside Switzerland is revalued at least quarterly and recognised at the current value. The valuation is carried out using the discounted cash flow (DCF) method or market prices, where available. Discounting is conducted using interest rates derived from comparable market data that take account of the term, liquidity, credit risk and industry sector of the borrower. If a debtor falls behind with their payments or the asset manager responsible anticipates impairments, the valuation is reviewed by PUBLICA. In the case of private corporate and infrastructure debt, the impairment is based on the lower of a valuation using historical default rates for comparable borrowers and the valuation proposed by the asset manager for debtors in financial difficulties. In the case of private real estate debt, an impairment is recorded if there are indications that the value of the underlying collateral is lower than the nominal value.

4.2.8 Private real estate debt Switzerland

Private real estate debt in Switzerland is recognised at its nominal value. Impairments are assessed if a default is probable or the value of the underlying collateral has fallen significantly.

4.2.9 Real estate investments Switzerland

Directly held real estate is revalued annually and recognised at the market value. The market value is calculated by Jones Lang LaSalle Ltd using the discounted cash flow (DCF) method. The discounting is based on the interest on long-term, risk-free investments together with a specific risk premium. The bandwidth for the nominal discount interest rate is between 2.45% and 5.10% (prior year: 2.70% and 5.10%). The average capital-weighted nominal discount interest rate across the valued portfolio is 3.37% (prior year: 3.51% on a like-for-like basis).

4.2.10 Real estate investments international

Unlisted foreign real estate funds are revalued at least quarterly and recognised at market value in accordance with the most recent quarterly or monthly valuation. They are valued using a customary real estate valuation method such as the capitalised earnings or discounted cash flow method. If market indicators indicate a material impairment since the most recent quarterly or monthly valuation, the valuation is reviewed by PUBLICA. The level of the impairment is calculated in collaboration with the fund managers.

4.2.11 Deferred taxes

For the purposes of deferred taxes, property gains taxes on the directly held property portfolio are calculated using the current local tax multipliers, on the basis of the effective holding duration. Deferred taxes are reported under non-technical provisions without discounting and without loss offsetting within cantons or communes. Future capital gains taxes are taken into account; however, future transaction costs such as property transfer taxes, land register fees, notary's fees, broker's commissions and other costs are disregarded.

4.2.12 Pension fund capital and technical provisions

PUBLICA's internal actuarial service calculates the pension fund capital and technical provisions using the actuarial tables and supplies the data to the Pension Actuary. The basis for the calculation of the technical provisions is the current version of the Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance. The Pension Actuary reviews the pension fund capital and technical provisions annually in accordance with recognised principles.

4.3 Changes to principles concerning valuation, accounting and reporting

No changes were made to the principles concerning valuation, accounting and reporting.



5 Actuarial risks, risk coverage, funded ratio

5.1 Form of risk coverage, reinsurance

PUBLICA has not taken out any external reinsurance cover for its actuarial risks. With respect to actuarial risks, the individual pension plans are either autonomously reinsured or fully reinsured with PUBLICA's internal Reinsurance. The pension plans concerned pay a risk premium for this reinsurance and also participate in any surpluses. Shares in the surplus are appropriated as a deposit in the employers' contribution reserve for the employers and, where provided for, as a one-time deposit for employees. Both the autonomous pension plans and PUBLICA Reinsurance have created adequate provisions to cover foreseeable liabilities and counteract any actuarial fluctuations.

The internal relationship between the pension plans and PUBLICA Reinsurance is reported gross in the income statement. The balance sheet for PUBLICA Reinsurance is as follows:

Balance sheet – PUBLICA Reinsurance

2021 with prior-year comparison, in CHF

	31.12.2020	31.12.2021
Operating assets – PUBLICA Reinsurance	156 737 762	152 935 203
Liabilities and deferrals	6 287 968	6 250 513
Technical provisions	55 222 235	53 222 235
Fluctuation reserve	9 387 780	9 313 891
Working capital – Reinsurance	70 817 000	70 817 000
Uncommitted funds	15 022 780	13 331 563
Liabilities and available risk capital – PUBLICA Reinsurance	156 737 762	152 935 203

The operating assets comprise cash and cash equivalents from cash pooling, bond investments and any accruals/deferrals. PUBLICA Reinsurance has its own, separate, low-risk strategic asset allocation to keep its investment risks as low as possible.

The result for PUBLICA Reinsurance shows a loss of CHF 1.7 million (prior year: profit of CHF 1.6 million) and is reported in the income statement for the collective institution.

To guarantee its ability to act and as risk capital for exceptional liabilities, PUBLICA Reinsurance has its own working capital. This is reported in the same way as foundation capital.



5.2 Development of pension fund capital for active members

The balance sheet item "Pension fund capital – active members" corresponds to the total statutory vested termination benefits for active members of CHF 18.9 billion (prior year: CHF 18.3 billion). The interest rate on retirement assets was between 1.0% and 2.0% during the year in review (prior year: 1.0% and 1.5%). The following table shows the development in pension fund capital during the period under review.

Pension fund capital – active members

2021 with prior-year comparison, in CHF mn

	2020	2021
Pension fund capital 1 January	17 602	18 265
Savings contributions – employees and employers	1 386	1 433
Lump-sum payments and buy-ins – active members	218	126
Vested pension benefits received	375	396
Payments on takeover of member portfolios	0	7
Home ownership and divorce payments received	24	29
Interest on savings capital	171	278
Vested benefits paid on departure	-418	-444
Vested benefits – pending departures	12	0
Transfer of funds on collective departure *	0	-7
Reduction of compensation deposit resulting from departure	-7	-2
Early withdrawals for home ownership / divorce	-69	-73
Retirement pensions	-1 011	-1 098
Release on death	-21	-27
Release on disability leading to pension	-25	-24
Creation as a result of disability with reintegration	28	24
Other changes	-2	-2
Total pension fund capital 31 December	18 265	18 880

* see section 9.2

The "Reduction of compensation deposit resulting from departure" includes retrospective corrections of the adjustment to the technical interest rate dating from 2019. The other changes include corrections, bookings relating to other periods and exceptional bookings from the previous year. The vested benefits in the event of collective departure and entry are shown in the income statement item "Transfer of additional funds – collective departure and entry".

5.3 Total BVG retirement assets

BVG retirement assets

2021 with prior-year comparison, in CHF mn and percent

	Units	31.12.2020	31.12.2021
Total BVG retirement assets	CHF mn	5 614	5 755
in % of pension fund capital – active members	Percent	30.7%	30.5%
BVG minimum interest rate, set by Federal Council	Percent	1.0%	1.0%

In addition to managing the pension fund capital of its active members, PUBLICA manages the retirement assets prescribed by the provisions of the BVG (shadow account). This ensures that the requirements for statutory minimum benefits are met in all cases. The reported BVG retirement assets are contained in the pension fund capital of active members.



5.4 Development of pension fund capital for pension recipients

The pension fund capital for pension recipients corresponds to the net present value of current pensions including associated deferred annuities, and increased by CHF 80 million from the previous year's figure.

Pension fund capital – pension recipients

2021 with prior-year comparison, in CHF mn

	2020	2021
Pension fund capital 1 January	20 558	20 196
Statutory benefits	-1 848	-1 907
Lump-sum payments and buy-ins (buy-outs of pension reductions and pension buy-ins)	32	29
Retirements	1 011	1 098
Disability cases leading to pension	25	24
Change to technical parameters	0	391
Technical interest rate*	349	357
Deaths and other changes	69	87
Total pension fund capital 31 December	20 196	20 276

* Approximate calculation

Employers and employees partially finance the buy-out of pension reductions, bridging pensions and further statutory benefits under the regulations. Such lump-sum payments and buy-ins flow directly into the pension fund capital for pension recipients.

5.5 Composition, development and explanation of technical provisions

The technical provisions increased by CHF 173.0 million compared with the previous year.

Technical provisions

2021 with prior-year comparison, in CHF

Pension plans	31.12.2020	Formation	Release	31.12.2021
Provision for change to technical parameters – active members	286 774 383	449 274 095	- 79 800	735 968 678
Provision for change to technical parameters – pension recipients	242 346 419	142 695 129	-348 488 070	36 553 478
Provision for transitional arrangements on change to technical parameters	162 544 400	4 116 551	-68 749 180	97 911 771
Provision for fluctuations in the membership of closed pension plans	61 540 500	1 273 038	0	62 813 538
Provision for outstanding claims (IBNR)	200 000 000	5 000 000	-10 000 000	195 000 000
Provision for death and disability	72 000 000	0	0	72 000 000
Provision for administrative expenses and cost-of-living adjustment	25 679 298	1 199	- 22 880	25 657 617
Provision for administrative expenses and risk premium	248 990	515	- 13 044	236 461
Total technical provisions – pension plans	1 051 133 989	602 360 527	-427 352 974	1 226 141 543
Reinsurance				
Provision for outstanding claims (IBNR)	18 000 000	6 768 890	-8 768 890	16 000 000
Provision for death and disability	12 000 000	0	0	12 000 000
Provision for hardship cases – active members / pension recipients	14 096 845	0	0	14 096 845
Provision for hardship cases – pension plans	11 125 390	0	0	11 125 390
Total technical provisions – Reinsurance	55 222 235	6 768 890	-8 768 890	53 222 235
Total technical provisions	1 106 356 224	609 129 418	-436 121 864	1 279 363 778



5.5.1 Technical provisions – pension plans

Technical provisions are capital that, together with the retirement assets of active members and the policy reserves of pension recipients, make up the liabilities on the balance sheet. They serve to meet a future benefit obligation that is not taken into account in the pension fund capital. They are measured using recognised procedures and transparent assumptions.

Provision for changes to technical parameters

For the 2021 financial statements, the provision for changes to technical parameters was also adjusted following the changeover to generational tables. Previously, when using static tables, the provision for active members and pension recipients was increased by 0.6% each year, and stood at 1.8% of the pension fund capital concerned on 31 December 2021. With the changeover to generational tables, this provision ceases to apply for pension recipients, as the future decline in mortality is already taken into account in the present-value factors and thus in the pension fund capital of pension recipients. In the case of active members, however, the provision is retained and increased, because the conversion rate has not been lowered. For active members who have reached the age of 55 by 31 December 2021, the provision rate is increased to 4.99%; for all others it remains at 1.8%. The annual addition to the provision is calculated exactly on the basis of the difference between the actuarially correct and the statutory conversion rate, and corresponds on average to an annual increase of 0.3%. This provision wholly or partly funds the additional capital requirement resulting from an adjustment to the technical parameters or retirement loss. The provision can be additionally increased to wholly or partially cushion the impact on the benefits of active members and pension recipients resulting from a reduction in the conversion rate due to a change to the technical parameters.

Provision for transitional arrangements on change to technical parameters

This provision finances the measures taken in respect of active members who had in principle reached age 60 on 1 January 2019 when the technical parameters were adjusted. They receive a credit for the portion they draw as an annuity when they take retirement.

Provision for fluctuations in the membership of closed pension plans

Pension plans with closed memberships are subject to fluctuation risk over the medium or long term as a result of having too few members. To cushion the impact of this risk, the provision for fluctuations in the membership of closed pension plans is increased annually until it reaches the level of the statutory benefits for one year.

Provision for outstanding claims (IBNR)

The risk premiums are calculated on an actuarial basis so that they finance the death and disability cases arising in the current year. In the case of disability, however, several years may pass between the occurrence of the insured event and the definitive settlement. A corresponding provision is created to enable a correct result for the period to be reported.

Provision for death and disability

The provision for death and disability cushions the financial impact of a one-off extraordinary claims year that is not covered by the risk premium. The calculation is based on a safety level of 99%. This provision only exists in the pension plans that cover the risks of death and disability themselves and are thus exposed to the risk of fluctuation.



Provision for administrative expenses and cost-of-living adjustment, administrative expenses and risk premium

Certain groups of pensioners no longer have an employer to assume their future administrative expenses.

The provision for administrative expenses and cost-of-living adjustment thus serves to fund future administrative expenses and any cost-of-living adjustments. It is allocated to specific groups of pensioners in the Pensioners only – PUBLICA Administration pension plan and used in accordance with the purpose.

The provision for administrative expenses and the risk premium serves to fund future administrative expenses and includes an allowance for the takeover of pension recipients in respect of the increasing life expectancy risk, and costs for a potential reduction in the technical interest rate.

5.5.2 Technical provisions – Reinsurance

Provision for outstanding claims (IBNR)

Like the pension plans, PUBLICA Reinsurance maintains a provision for outstanding claims. This is funded by the risk premium for the reinsured pension plans.

Provision for death and disability

As with the provision for outstanding claims, Reinsurance is also obliged to set aside a provision for death and disability because it has to bear the risk of fluctuations in the volume of claims of the reinsured pension plans.

Provision for hardship cases

The prerequisites for granting voluntary benefits from Reinsurance are set out in the PUBLICA policy document on hardship cases.

5.6 Results of the latest actuarial assessment

In his report dated 31 December 2021, the Pension Actuary confirms that the regulatory insurance provisions regarding benefits and financing comply with the statutory rules. He also confirms that, as at 31 December 2021, PUBLICA has sufficient collateral to meet its actuarial obligations. Accordingly, PUBLICA meets the requirements of Art. 52e para. 1 of the Occupational Pensions Act. The confirmation from the Pension Actuary can be found in section 12.

5.7 Actuarial tables and other actuarial assumptions

During the year under review, the calculations were based on the BVG 2015 actuarial tables (loaded). With effect from 31 December 2021, PUBLICA switched over to the BVG 2020 actuarial tables and to generational tables. The conversion rate was not changed. The technical interest rate is 2.0% for the open pension plans and 0.5% for the closed pension plans.

As a result of the changeover to generational tables, the pension fund capital of pension recipients was increased by CHF 391.1 million. Meanwhile, CHF 321.4 million were released from the provisions for changes to technical parameters (pension recipients). For active members, the provisions for changes to technical parameters were increased by CHF 328.5 million to mitigate retirement losses. On a consolidated basis, this resulted in a 1.1-percentage-point decline in the technical funded ratio.



5.8 Funded ratio as per Art. 44 BVV2

The consolidated funded ratio as per Art. 44 BVV2 is the ratio of the assets available to cover actuarial liabilities to the required actuarial pension fund capital (pension fund capital and technical provisions).

Funded ratio as per Art. 44 BVV2

2021 with prior-year comparison, in CHF

	31.12.2020	31.12.2021
Actuarially required pension fund capital	39 566 476 244	40 435 498 780
Fluctuation reserve	2 513 562 866	3 138 054 007
Uncommitted funds (+) / underfunding (-) / working capital (+)	96 775 285	96 615 023
Available assets	42 176 814 395	43 670 167 810
Funded ratio as per Article 44 BVV2	106.6%	108.0%

5.9 Economic funded ratio

In order to permit an effective assessment of the Fund's situation, it is sensible to value the pension liabilities in a market-consistent manner and to calculate an economic funded ratio in addition to the actuarial funded ratio. When calculating the economic funded ratio, liabilities are valued using the current BVG actuarial tables, taking account of the yield curve of Confederation bonds and generational tables. In addition to the obligations to pension recipients, the potential obligations to active members who have already reached the earliest possible statutory retirement age are also taken into account. This potential obligation arises out of the current regulatory provisions on drawing a retirement pension before reaching the ordinary AHV age limit of 64 for women and 65 for men.

The corresponding calculations produced an economic funded ratio across all 19 pension plans of 95.2% (prior year: 87.7%).

6 Notes on investments and the net return on investment

6.1 Organisation of investment activity, investment advisors and managers, Investment Guidelines, custodians

The Board of Directors bears overall responsibility for asset management. It is responsible for issuing and amending the Investment Guidelines and determines the strategic asset allocation. The Investment Committee advises the Board of Directors on investment-related issues and monitors compliance with the Investment Guidelines and strategic asset allocation.

Equity investments are made in line with an index and replicate market trends. All equity portfolios are managed by external specialists. The bond portfolios are managed by PUBLICA Asset Management and external specialists on an "enhanced passive" or semi-active basis, allowing for active elements subject to relatively tight tracking error requirements in order to avoid the disadvantages of fully replicating capitalisation-weighted bond indices. Illiquid asset classes such as Swiss and international real estate or private corporate, infrastructure and real estate debt are actively managed, endeavouring to replicate comparable indices as far as possible.

In the interest of business continuity planning, an optional mandate agreement was concluded with Pictet Asset Management in 2011. If PUBLICA Asset Management suddenly finds itself unable to manage the internally managed mandates itself, Pictet has undertaken to take over those mandates within 48 hours. Pictet Asset Management will then manage them on a fiduciary basis until PUBLICA is able to resume doing so itself or a definitive solution has been found.

The following institutions were entrusted with the management of PUBLICA's assets as at the balance sheet date of 31 December 2021:



Asset management

2021

Mandate	Asset manager	Licensing authority	Benchmark	Investment style	Retrocessions	
					Date of regulation	Received
Swiss government bonds	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	SBI Domestic Swiss Government	Semi-active	–	prohibited
Non-government bonds CHF	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	SBI AAA-A foreign borrowers (40%) and domestic borrowers (60%)	Semi-active	–	prohibited
Non-government bonds CHF	Pictet et Cie	Swiss Financial Market Supervisory Authority FINMA ²	SBI AAA-A foreign borrowers (40%) and domestic borrowers (60%)	Semi-active	08.12.11	prohibited
Government bonds EUR	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	JPM GBI Germany (50%), France (33%) and Netherlands (17%)	Enhanced passive	–	prohibited
Government bonds USD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	JPM GBI USA	Enhanced passive	–	prohibited
Government bonds GBP	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	JPM GBI UK	Enhanced passive	–	prohibited
Government bonds CAD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	JPM GBI Canada	Enhanced passive	–	prohibited
Government bonds AUD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	JPM GBI Australia	Enhanced passive	–	prohibited
Government bonds SEK	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	JPM GBI Sweden	Enhanced passive	–	prohibited
Inflation-linked government bonds EUR	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	80% Barclays Euro Government EMU HICP-Linked Bond Index 1–10 Years 20% Barclays Euro Government EMU HICP-Linked Bond Index > 10 Years	Enhanced passive	–	prohibited
Inflation-linked government bonds USD	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	80% Barclays US Government Inflation-Linked Bond Index 1–10 Years 20% Barclays US Government Inflation-Linked Bond Index > 10 Years	Enhanced passive	–	prohibited
Currency hedging inflation-linked government bonds	Russell Implementation Services Ltd	Financial Conduct Authority (UK) ⁴	Difference in relevant portfolio benchmark hedged vs. unhedged	Enhanced passive	30.06.20	prohibited
Public corporate bonds EUR ⁷	Union Investment Institutional GmbH	Federal Financial Supervisory Authority (DE) ⁴	Barclays EUR Corporate	Enhanced passive	20.06.11	prohibited
Public corporate bonds EUR ⁷	abrdn Investments Limited	Financial Conduct Authority (UK) ⁴	Barclays EUR Corporate ex Financials	Enhanced passive	25.08.11	prohibited
Public corporate bonds USD ⁷	PIMCO Europe Ltd	Financial Conduct Authority (UK) ⁴	Barclays USD Corporate Intermediate	Enhanced passive	04.05.11	prohibited
Public corporate bonds USD ⁷	BlackRock Institutional Trust Company	Office of the Comptroller of the Currency (US) ¹	Barclays USD Corporate Intermediate ex Financials	Enhanced passive	04.05.11	prohibited
Private corporate debt	MetLife Investment Management Limited	Financial Conduct Authority (UK) ⁴	Barclays Global Agg Corp Composite Custom	Direct investments	29.09.15	prohibited
Private corporate debt	PGIM Private Capital Limited	Financial Conduct Authority (UK) ⁴	Barclays Global Agg Corp Composite Custom	Direct investments	29.09.15	prohibited
Private infrastructure debt	MetLife Investment Management Limited	Financial Conduct Authority (UK) ⁴	Barclays Global Agg Corp Composite Custom	Direct investments	29.09.15	prohibited
Private infrastructure debt	Vantage Asset Management (UK) Limited	Financial Conduct Authority (UK) ⁴	Barclays Global Agg Corp Composite Custom	Direct investments	02.09.15	prohibited
Private real estate debt	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	SBI Domestic AAA-BBB 1-3Y	Direct investments	–	prohibited
Private real estate debt	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	SBI Domestic A Yield Custom	Direct investments	–	prohibited
Private real estate debt	CPGIM Real Estate (UK) Limited	Financial Conduct Authority (UK) ⁴	Barclays Global Agg Corp Composite Custom	Direct investments	15.11.19	prohibited
Private real estate debt	Baring International Investment Limited	Financial Conduct Authority (UK) ⁴	Barclays Global Agg Corp Composite Custom	Direct investments	29.01.20	prohibited
Currency hedging corporate bonds foreign currency	Record Currency Management Limited	Financial Conduct Authority (UK) ⁴	Difference in relevant portfolio benchmark hedged vs. unhedged	Enhanced passive	30.06.20	prohibited
Government bonds emerging markets hard currencies ⁷	UBS Asset Management	Swiss Financial Market Supervisory Authority FINMA ³	JPM EMBIG Diversified Investment Grade (USD)	Enhanced passive	26.02.16	prohibited
Government bonds emerging markets local currencies	Ashmore Investment Management Limited	Financial Conduct Authority (UK) ⁴	JPM GBI-EM Global Diversified	Active	21.02.13	prohibited
Government bonds emerging markets local currencies	Ninety One Asset Management	Financial Conduct Authority (UK) ⁴	JPM GBI-EM Global Diversified	Active	21.02.13	prohibited
Government bonds emerging markets China	Manulife Investment Management	Financial Conduct Authority (UK) ⁴	JPM GBI-EM China Unhedged LOC	Enhanced passive	18.03.19	prohibited
Government bonds emerging markets China	UBS Asset Management	Swiss Financial Market Supervisory Authority FINMA ²	JPM GBI-EM China Unhedged LOC	Enhanced passive	18.03.19	prohibited
Equities Switzerland	Credit Suisse AG	Swiss Financial Market Supervisory Authority FINMA ²	MSCI (gross) Switzerland ⁵	Indexed	01.12.08	prohibited

Asset management

2021

Mandate	Asset manager	Licensing authority	Benchmark	Investment style	Retrocessions	
					Date of regulation	Received
Equities Switzerland	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA ²	MSCI (gross) Switzerland ³	Indexed	02.12.08	prohibited
Equities developed markets ex Switzerland ⁷	Credit Suisse Funds AG	Swiss Financial Market Supervisory Authority FINMA ³	MSCI (gross) Europe ex Switzerland (25%) ⁴ , North America (50%) ⁴ , Japan (10%) ⁴ and Pacific ex Japan (15%) ⁵	Indexed	09.11.05	prohibited
Equities developed markets ex Switzerland ⁷	BlackRock Advisors (UK) Limited	Financial Conduct Authority (UK) ⁴	MSCI (gross) Europe ex Switzerland (25%) ⁴ , North America (50%) ⁴ , Japan (10%) ⁴ and Pacific ex Japan (15%) ⁵	Indexed	27.06.05	prohibited
Equities developed markets ex Switzerland ⁷	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA ³	MSCI (gross) Europe ex Switzerland (25%) ⁴ , North America (50%) ⁴ , Japan (10%) ⁴ and Pacific ex Japan (15%) ⁵	Indexed	01.05.21	prohibited
Equities developed markets ex Switzerland ⁷	Northern Trust Global Investments Limited (UK)	Financial Conduct Authority (UK) ⁴	MSCI (gross) Europe ex Switzerland (25%) ⁴ , North America (50%) ⁴ , Japan (10%) ⁴ and Pacific ex Japan (15%) ⁵	Indexed	01.05.21	prohibited
Currency hedging equities developed markets ex Switzerland	Russell Implementation Services Ltd	Financial Conduct Authority (UK) ⁴	Difference in relevant portfolio benchmark hedged vs. unhedged	Enhanced passive	30.06.20	prohibited
Equities emerging markets ⁷	Pictet Asset Management SA	Swiss Financial Market Supervisory Authority FINMA ²	MSCI (net) Emerging Markets ³	Indexed	19.08.10	prohibited
Equities emerging markets ⁷	UBS Asset Management	Swiss Financial Market Supervisory Authority FINMA ²	MSCI (net) Emerging Markets ³	Indexed	19.08.10	prohibited
Precious metals	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	S&P GSCI TR Precious Metals	Enhanced passive	02.11.09	prohibited
Precious metals	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	London Gold Price PM Auction USD	Direct investments	20.05.15	prohibited
Real estate investments Switzerland	Swiss Federal Pension Fund PUBLICA	Bernische BVG- und Stiftungsaufsicht (CH) ¹	KGAST Immo Index	Direct investments	–	prohibited
Real estate investments Switzerland	LIVIT AG	n/a	n/a	Direct investments	23.11.11	prohibited
Real estate investments Switzerland	Von Graffenried AG Liegenschaften	n/a	n/a	Direct investments	27.06.16	prohibited
Real estate investments Switzerland	Privera AG	n/a	n/a	Direct investments	27.06.16	prohibited
Real estate investments Switzerland	Apleona GVA AG	n/a	n/a	Direct investments	01.07.14	prohibited
Real estate investments Switzerland	Sidenza AG	n/a	n/a	Direct investments	01.07.14	prohibited
Real estate investments international APAC	M&G Luxembourg S.A.	Commission de Surveillance du Secteur Financier (CSSF)	ANREV ODCE (Open End Diversified Core Equity) Fund Index	Real estate funds	10.05.16	prohibited
Real estate investments international APAC	Nuveen Alternatives Europe S.à.r.l	Commission de Surveillance du Secteur Financier (CSSF)	ANREV ODCE (Open End Diversified Core Equity) Fund Index	Real estate funds	01.10.18	prohibited
Real estate investments international Australia	AMP Capital Funds Management Limited	Australian Securities and Investments Commission (ASIC)	ANREV Australia Core Open End Fund Monthly Index	Real estate funds	01.11.15	prohibited
Real estate investments international Australia	Dexus Wholesale Property Limited	Australian Securities and Investments Commission (ASIC)	ANREV Australia Core Open End Fund Monthly Index	Real estate funds	07.06.18	prohibited
Real estate investments international Australia	GPT Funds Management Limited	Australian Securities and Investments Commission (ASIC)	ANREV Australia Core Open End Fund Monthly Index	Real estate funds	29.11.17	prohibited
Real estate investments international Europe	AEW S.à.r.l.	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	13.12.19	prohibited
Real estate investments international Europe	AXA CoRE Europe GP S.à.r.l.	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	01.01.18	prohibited
Real estate investments international Europe	Hines Luxembourg Investment Management Sarl	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	07.02.20	prohibited
Real estate investments international Europe	PGIM Real Estate Luxembourg S.A.	Commission de Surveillance du Secteur Financier (CSSF)	INREV Open End Diversified Core Equity Fund Index	Real estate funds	01.07.19	prohibited
Real estate investments international USA	LaSalle Property Fund, L.P.	U.S. Securities and Exchange Commission (SEC)	NCREIF Fund Index Open End Diversified Core Equity	Real estate funds	01.03.16	prohibited
Real estate investments international USA	PRISA Fund Manager LLC	U.S. Securities and Exchange Commission (SEC)	NCREIF Fund Index Open End Diversified Core Equity	Real estate funds	19.09.17	prohibited
Real estate investments international USA	RREEF America L.L.C.	U.S. Securities and Exchange Commission (SEC)	NCREIF Fund Index Open End Diversified Core Equity	Real estate funds	19.06.17	prohibited

¹ Art. 48f para. 4 let. a. BVV2 registered pension plans under Article 48 BVG

² Art. 48f para. 4 let. d. BVV2 banks under the Banking Act

³ Art. 48f para. 4 let. f. BVV2 fund management companies

⁴ Art. 48f para. 4 let. h. BVV2 financial intermediaries operating outside Switzerland that are subject to supervision by a foreign supervisory authority

⁵ 100% MSCI Switzerland IMI capital-weighted climate-efficient index

⁶ Each 50% MSCI CEC capital-weighted, 16.6% MSCI CEC Minimum Volatility, 16.6% MSCI CEC Small Caps and 16.6% MSCI CEC Enhanced Value climate-efficient indices

⁷ Mandate in single-investor fund



PUBLICA strives to achieve low costs and fair, transparent agreements in the individual asset classes at all times. In connection with securities and real estate, the arrangements entered into with PUBLICA's partners prohibit the acceptance or retention of compensation in excess of the contractually agreed mandate fee, in particular retrocessions or similar pecuniary advantages.

PUBLICA's securities are held with the following custodian bank:

Global Custodian (custodian bank for securities and consolidation of all assets)	J.P. Morgan (Schweiz) AG Dreikönigstrasse 21 8002 Zurich	jpmorgan.com
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6.2 Extensions to the range of permitted investments (Art. 50 BVV2)

The alternative asset classes "private corporate debt" amounting to CHF 1,431 million (prior year: CHF 1,395 million) and "private real estate debt ex Switzerland" amounting to CHF 1,027 million (prior year: CHF 298 million) are implemented via diversified mandates. They do not constitute collective investments within the meaning of Art. 53 para. 4 BVV2, so that the extension provided for in Art. 50 para. 4 BVV2 is utilised. A specialised investment team is responsible for the diligent selection, management and monitoring of these alternative asset classes. Reliable achievement of the pension objectives is ensured by regularly conducted asset and liability studies. Direct investments are permitted as set out in Art. 25 of the PUBLICA Investment Guidelines and appropriate risk diversification within the asset classes is ensured.

By a resolution of the Board of Directors dated 25 March 2021, a new "investments in infrastructure" asset class (Art. 53 para. 1 let. d^{bis} BVV2) was inserted into the PUBLICA Investment Guidelines. Since investments in private infrastructure debt as implemented by PUBLICA do not have any leverage, there is no need to make use of an extension.

6.3 Target size and calculation of the fluctuation reserve

Owing to the positive operating result, fluctuation reserves of CHF 624.5 million were created.

Target size and calculation of the fluctuation reserve

2021 with prior-year comparison, in CHF

	2020	2021
Fluctuation reserve 01.01	1 564 178 062	2 513 562 866
Change in fluctuation reserve debited (+) / credited (-) to income statement	949 384 804	624 491 140
Total fluctuation reserve 31.12	2 513 562 866	3 138 054 007
Fluctuation reserve deficit 31.12	8 551 624 246	6 738 837 187
Target fluctuation reserve	11 065 187 112	9 876 891 194
Fluctuation reserve in % of target size	22.7%	31.8%
Target size of fluctuation reserve in % of pension fund capital and technical provisions	28.0%	24.4%

In accordance with the Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance, the target value of the fluctuation reserve takes account of two different elements: the short-term fluctuation risk on investments and the long-term valuation risk on pension liabilities (including working capital on a consolidated perspective).

The component of the target fluctuation reserve set aside for investments ensures that investment risks can be borne. It is necessary to take on investment risks in order to achieve the target returns. The percentage specified depends on the risk/return characteristics of the strategic asset allocation, the safety level sought and the observation horizon. The target size has been fixed, on the basis of a safety level of 97.5% and an observation horizon of one year, at 17.5% (prior year: 17.0%) of the sum of the pension fund capital and the technical provisions.

The component of the target fluctuation reserve set aside to cover pension liabilities serves to absorb potentially higher liabilities. The target size of this reserve is 50% of the difference between the pension fund capital calculated using the technical interest rate and that calculated using the risk-free interest rate. Of the target size of 24.4% (prior year: 28.0%), 6.9 percentage points (prior year: 11.0 percentage points) is attributable to this component.

6.4 Assets by asset class

Responsibility for implementing the strategic asset allocation lies with PUBLICA Asset Management. Asset Management also takes tactical decisions to deviate temporarily from the weightings set out in the strategic asset allocation in order to generate added value relative to the defined allocation. Where individual asset classes are increased or reduced over a number of years, a pro rata allocation is calculated to ensure that transactions are diversified as well as possible over time with regard to opportunity and transaction costs.

Of the total CHF 43.7 billion of investments (excluding cash and cash equivalents, receivables, operating assets, prepaid expenses and accrued income, and taking account of deferred taxes), CHF 40.7 billion are invested in the strategic asset allocation for the open pension plans and CHF 2.8 billion in the allocation for the closed pension plans. The remaining investments of CHF 0.1 billion have been invested in accordance with the lower-risk strategic asset allocation of PUBLICA Reinsurance. The composition of the investments in the individual asset classes is set out in detail in the balance sheet and in section 6.9).

Strategic asset allocation – open pension plans

2021, in percent

Asset class	Allocation at 31.12.2021	Pro-rata strategy	Long-term strategy	Tactical bandwidths as a % of strategy weighting	
				Minimum	Maximum
Money market	2.6%	3.0%	3.0%	0%	200%
Swiss government bonds	5.3%	6.0%	6.0%	80%	120%
Non-government bonds CHF	9.6%	9.1%	8.0%	80%	120%
Government bonds EUR currency hedged	2.3%	2.5%	2.5%	50%	150%
Government bonds USD currency hedged	1.6%	1.5%	1.5%	50%	150%
Government bonds GBP currency hedged	1.0%	1.0%	1.0%	0%	200%
Government bonds CAD currency hedged	1.0%	1.0%	1.0%	0%	200%
Government bonds AUD currency hedged	1.1%	1.1%	1.0%	0%	200%
Government bonds SEK currency hedged	0.9%	1.0%	1.0%	0%	200%
Government bonds developed markets ex Switzerland	7.9%	8.1%	8.0%	80%	120%
Inflation-linked government bonds EUR currency hedged	1.5%	1.5%	1.5%	50%	150%
Inflation-linked government bonds USD currency hedged	4.9%	4.5%	4.5%	50%	150%
Inflation-linked government bonds	6.4%	6.0%	6.0%	80%	120%
Public corporate bonds EUR currency hedged	4.1%	4.5%	4.5%	50%	150%
Public corporate bonds USD currency hedged	4.4%	4.5%	4.5%	50%	150%
Public corporate bonds ex CHF	8.5%	9.0%	9.0%	80%	120%
Private corporate debt	3.5%	3.5%	3.5%	50%	150%
Private infrastructure debt	3.4%	3.5%	3.5%	50%	150%
Private real estate debt	2.7%	2.8%	3.0%	50%	150%
Government bonds emerging markets hard currencies	3.0%	3.0%	3.0%	80%	120%
Government bonds emerging markets local currencies	5.0%	5.0%	5.0%	80%	120%
Equities Switzerland	3.1%	3.0%	3.0%	50%	150%
Equities Europe partially currency hedged	4.1%	4.0%	4.0%	50%	150%
Equities North America partially currency hedged	8.1%	8.0%	8.0%	50%	150%
Equities Pacific partially currency hedged	4.0%	4.0%	4.0%	50%	150%
Equities developed markets ex Switzerland partially currency hedged	16.1%	16.0%	16.0%	50%	150%
Equities emerging markets	7.7%	8.0%	8.0%	50%	150%
Precious metals partially currency hedged	2.2%	2.0%	2.0%	80%	120%
Real estate investments Switzerland direct	6.3%	6.0%	7.0%	80%	120%
Real estate investments international indirect	6.7%	6.0%	6.0%	80%	120%
Total	100.0%	100.0%	100.0%		
Total not currency hedged	17.4%	17.5%	17.5%		
Total currency hedged	82.6%	82.5%	82.5%		
Total in CHF mn	40 722				



The Swiss government bonds amounting to CHF 2,687 million (prior year: CHF 2,727 million) are investments in the employer; see section 6.11.

The build-up of private infrastructure debt was completed during the year under review. This means that the target strategic allocation to private corporate and infrastructure debt has been reached. In the case of private real estate debt, there was a slight delay due to the difficult situation on the international real estate markets. The build-up is expected to be completed in the first half of 2022. Initial financing in private real estate debt Switzerland was provided. Indirect international real estate investments were further increased, while listed government and corporate bonds were reduced. Investments within the individual asset classes are broadly diversified across countries, currencies, sectors and terms.

In the case of equity investments from developed markets other than Switzerland, currency risks were hedged between 60% and 90%, depending on the currency pair, using a rules-based, dynamic process. The currency risks on bonds were once again 100% hedged using currency forwards. For economic reasons, currencies of emerging nations are not hedged. Derivative financial instruments are reported under the associated asset classes.

Strategic asset allocation – closed pension plans

2021, in percent

Asset class	Allocation at 31.12.2021	Pro-rata strategy	Long-term strategy	Tactical bandwidths as a % of strategy weighting	
				Minimum	Maximum
Money market	3.4%	3.0%	3.0%	0%	200%
Swiss government bonds	18.0%	20.3%	20.0%	80%	120%
Non-government bonds CHF	11.6%	11.0%	11.0%	80%	120%
Government bonds EUR currency hedged	2.0%	2.2%	2.2%	50%	150%
Government bonds USD currency hedged	1.4%	1.3%	1.3%	50%	150%
Government bonds GBP currency hedged	0.9%	0.9%	0.9%	0%	200%
Government bonds CAD currency hedged	0.8%	0.9%	0.9%	0%	200%
Government bonds AUD currency hedged	1.0%	1.0%	0.9%	0%	200%
Government bonds SEK currency hedged	0.7%	0.9%	0.8%	0%	200%
Government bonds developed markets ex Switzerland	6.8%	7.0%	7.0%	80%	120%
Inflation-linked government bonds EUR currency hedged	1.0%	1.3%	1.3%	50%	150%
Inflation-linked government bonds USD currency hedged	4.3%	3.8%	3.8%	50%	150%
Inflation-linked government bonds	5.3%	5.0%	5.0%	80%	120%
Public corporate bonds EUR currency hedged	6.0%	6.5%	6.5%	50%	150%
Public corporate bonds USD currency hedged	6.4%	6.5%	6.5%	50%	150%
Public corporate bonds ex CHF	12.4%	13.0%	13.0%	80%	120%
Private real estate debt	2.8%	2.8%	3.0%	80%	120%
Government bonds emerging markets hard currencies	5.1%	5.0%	5.0%	80%	120%
Equities Switzerland	3.2%	3.0%	3.0%	50%	150%
Equities Europe partially currency hedged	1.8%	1.8%	1.8%	50%	150%
Equities North America partially currency hedged	3.5%	3.5%	3.5%	50%	150%
Equities Pacific partially currency hedged	1.7%	1.8%	1.8%	50%	150%
Equities developed markets ex Switzerland partially currency hedged	7.1%	7.0%	7.0%	50%	150%
Precious metals partially currency hedged	3.3%	3.0%	3.0%	80%	120%
Real estate investments Switzerland direct	21.0%	20.0%	20.0%	80%	120%
Total	100.0%	100.0%	100.0%		
Total not currency hedged	3.6%	3.4%	3.4%		
Total currency hedged	96.4%	96.6%	96.6%		
Total in CHF mn	2 826				

The Swiss real estate portfolio held directly by PUBLICA comprises 76 properties (prior year: 75) and 4 properties in development / under construction (prior year: 1). The portfolio is made up of 65% residential properties, 20% commercial properties and 15% mixed residential and commercial properties (based on the market value as at 31 December 2021).

6.5 Current (open) derivative financial instruments

As at 31 December 2021, the following derivative positions are open:

Current (open) derivative financial instruments and collateral

2021 with prior-year comparison, in CHF

31.12.2021	Net replacement value	Underlying equivalent exposure-increasing derivatives in mn	Underlying equivalent exposure-reducing derivatives in mn	Collateral received	Collateral pledged
Interest-rate swaps	9 906 600	75	0	10 042 919	0
Precious metal swaps	7 747 953	270	0	4 070 000	0
Currency forwards	359 086 813	232	-22 993	303 327 082	0
Equity futures	1 330 714	111	0	0	0
Bond futures	743 441	189	-24	0	0

31.12.2020	Net replacement value	Underlying equivalent exposure-increasing derivatives in mn	Underlying equivalent exposure-reducing derivatives in mn	Collateral received	Collateral pledged
Interest-rate swaps	13 356 892	75	0	13 262 919	0
Precious metal swaps	17 611 649	236	0	16 090 000	0
Currency forwards	97 186 490	278	-20 916	167 845 414	0
Equity futures	1 882 490	99	0	0	0
Bond futures	-200 632	186	-34	0	0

Interest-rate swaps are used to control interest-rate risks. Around one third of the investments in precious metals are replicated via a corresponding swap transaction. Currency forwards are used for strategic hedging of currency risks and thus reduce the currency risk to which the portfolio as a whole is exposed. Portfolio dividends that have been approved but not yet paid out are reinvested via equity index futures to minimise the portfolio's deviation from the benchmark.

PUBLICA employs a prime brokerage set-up to ensure the efficient management of counterparty risks in its currency hedging programmes. As at end-2021, HSBC and Deutsche Bank are the two FX prime brokers. The currency managers act on a competitive basis with a wide range of banks. They pass the transactions to one of PUBLICA's two FX prime brokers, which then settles all currency forward transactions as central counterparty in return for a fee. The only counterparty risk is therefore in respect of the two FX prime brokers. This is covered by collateral in the form of government bonds that are exchanged daily in order to keep the counterparty risk low.

The interest-rate and precious metal swaps are also covered by collateral to hedge the counterparty risks involved.

The legally required collateral for all exposure-increasing derivatives in the form of cash and cash equivalents is continually monitored to ensure there is no leverage effect on the overall portfolio. Exposure-reducing derivatives are hedged with the corresponding underlyings.



6.6 Open capital commitments

The following capital commitments are open as at 31 December 2021:

Open capital commitments by asset class

2021 with prior-year comparison, in CHF

Asset class	31.12.2020	31.12.2021
Private corporate debt	17 111 470	45 548 045
Private infrastructure debt	59 923 790	60 733 629
Private real estate debt	110 632 505	26 627 662
Real estate investments international	625 591 633	8 289 600
Total open capital commitments	813 259 397	141 198 936

The open capital commitments result from time delays between the approval of the investment and the capital draw-down in the case of unlisted investments.

6.7 Securities lending

PUBLICA has concluded a securities lending agreement for foreign securities with J.P. Morgan, under which J.P. Morgan acts as an agent. The borrowers are first-class counterparties that are carefully selected and constantly monitored. PUBLICA accepts only government bonds with a high credit rating as collateral. As at 31 December 2021, securities valued at CHF 1,777.0 million were on loan (compared with CHF 1,574.2 million as at 31 December 2020).

The securities lending transactions are in accordance with the investment regulations applicable to pension funds, which refer to the corresponding rules for Swiss collective investment schemes (Art. 55 CISA, Art. 76 CISO, CISO-FINMA).

6.8 Net investment income

The composition of the net income from the individual asset classes is set out in detail in the income statement.

6.9 Performance

Performance measurement seeks to report, as factually and in as much detail as possible, the influence of market trends and investment decisions on investments. The performance is calculated as the ratio of income to average invested capital. Current income such as coupons and dividend payments as well as capital gains and losses and total asset management expenses are taken into account (total return). Inflows and outflows of funds similarly influence the average invested capital, with the timing of these flows also playing a role. PUBLICA's performance calculation is drawn up by the Global Custodian, reconciled with the asset managers and reviewed by the Investment Controller. It is adjusted for the flows of funds and is based on a daily valuation of securities.

Net performance

2021 in CHF and percent, after deduction of all asset management expenses

	Portfolio performance	Benchmark performance	Difference	Investments ¹ CHF mn
Money market	-0.55%	-0.82%	0.27%	1 163
Swiss government bonds	-2.00%	-2.01%	0.01%	2 687
Non-government bonds CHF	-1.45%	-1.46%	0.01%	4 348
Government bonds EUR	-2.00%	-1.99%	-0.01%	1 000
Government bonds USD	-3.36%	-3.74%	0.38%	682
Government bonds GBP	-6.48%	-6.41%	-0.07%	415
Government bonds CAD	-4.26%	-3.95%	-0.31%	443
Government bonds AUD	-4.55%	-4.46%	-0.09%	491
Government bonds SEK	-1.92%	-1.89%	-0.03%	368
Government bonds developed markets ex Switzerland	-3.49%	-3.45%	-0.04%	3 399
Inflation-linked government bonds	5.04%	5.00%	0.04%	2 743
Public corporate bonds EUR	-1.44%	-1.33%	-0.11%	1 854
Public corporate bonds USD	-2.30%	-2.16%	-0.14%	1 959
Public corporate bonds ex CHF	-1.86%	-1.74%	-0.12%	3 813
Private corporate debt	-2.68%	-2.12%	-0.56%	1 431
Private infrastructure debt	-1.14%	-2.50%	1.36%	1 368
Private real estate debt	2.25%	-2.35%	4.60%	1 197
Government bonds emerging markets hard currencies	-3.08%	-3.10%	0.02%	1 363
Government bonds emerging markets local currencies	0.09%	-0.66%	0.75%	2 018
Equities Switzerland	23.75%	23.79%	-0.04%	1 364
Equities developed markets ex CH	20.32%	20.35%	-0.03%	6 768
Equities emerging markets	6.57%	6.44%	0.13%	3 155
Precious metals	-2.38%	-3.25%	0.87%	984
Real estate investments Switzerland²	5.15%	5.49%	-0.34%	3 143
Real estate investments international	11.65%	11.39%	0.26%	2 709
Total	4.43%	4.12%	0.31%	43 652
Total without currency hedging	4.95%	4.62%	0.33%	43 294
Open pension plans	4.62%	4.32%	0.30%	40 722
Closed pension plans	2.14%	1.97%	0.17%	2 826
Reinsurance	-1.46%	-1.46%	0.00%	104

¹ Excluding cash & cash equivalents, receivables, operating assets, prepaid expenses and accrued income

² Including deferred taxes



6.10 Asset management expenses

With a cost transparency level of 100%, total asset management expenses stand at 24.2 basis points (prior year: 20.1 basis points). Asset management expenses are made up of the main items listed in the following table:

Asset management expenses

2021 with prior-year comparison, in CHF

	2020	2021
External asset managers – securities	-35 265 891	-43 257 188
External asset managers – real estate	-6 332 973	-5 724 875
External asset managers – mortgages	- 404 686	-1 740 805
Internal asset managers – securities	-6 330 990	-6 508 433
Internal asset managers – real estate	-2 715 086	-2 516 470
Asset manager expenses	-51 049 626	-59 747 771
Custody fees and management	-6 095 337	-6 235 256
Custodian expenses	-6 095 337	-6 235 256
TER expenses (TER costs)	-57 144 963	-65 983 026
Stamp tax	-5 669 035	-5 060 760
Withholding tax (not reclaimable)	-11 518 455	-15 985 854
Taxes	-17 187 490	-21 046 614
Trading fees, commissions, other costs	-9 115 663	-17 159 667
Transaction expenses	-9 115 663	-17 159 667
Transaction expenses and taxes (TTC costs)	-26 303 153	-38 206 280
Investment Controller	- 178 782	- 178 782
Other consultancy (legal, tax, ALM, etc.)	- 366 986	- 489 833
Other expenses (SC costs)	- 545 768	- 668 615
Total asset management expenses	-83 993 884	-104 857 921
Average cost-transparent capital investments	41 738 593 317	43 241 068 502
TER expenses (TER costs) in basis points	13.7	15.3
Transaction expenses and taxes in basis points	6.3	8.8
Other expenses in basis points	0.1	0.2
Asset management expenses in basis points	20.1	24.2
Total of all key cost figures reported in the income statement in CHF for collective investment schemes	0	0
Cost transparency level	100%	100%

External asset manager expenses for real estate include the cost of property valuation and management. Internal asset manager expenses comprise both personnel expenses (including social benefits) and, in particular, all expenses related to securities accounting and a portion of the infrastructure costs of PUBLICA Operations.

In addition to custodian fees and administrative costs, custodian expenses include expenditure on collateralisation processes, in particular collateral management and periodic reporting.

Asset management expenses include professional advice from the Investment Controller, ALM studies and further consultancy services in connection with asset management.



PUBLICA books collective investment schemes such as single-investor funds in a fully cost-transparent manner, and takes full account of the associated transaction and tax expenses. When comparing with pension funds that have invested in collective investment schemes and calculate asset management expenses solely on the basis of the TER in their income statements, reduced asset management expenses on a TER basis of 15.3 basis points (prior year: 13.7 basis points) should be applied.

Asset management expenses do not include the custodian fees in connection with securities lending amounting to CHF 1.0 million (prior year: CHF 1.2 million), which are offset directly against income. Transaction expenses in relation to foreign currency transactions, chiefly in currencies that are not freely tradable, are likewise not included. They are included by the custodian in the spread and amount to CHF 0.5 million (prior year: CHF 0.3 million).

Total asset management expenses are taken into account when calculating the performance.

6.11 Note on investments with the employer and the employers' contribution reserve

Owing to the special legal requirements governing PUBLICA, the restrictions set out in Art. 57 and 58 BVV2 on investments in the employer (in this case the Confederation) do not apply. The banks entrusted with the respective asset management mandates are authorised to acquire debt claims against the Confederation, e.g. in the form of bonds.

Allocations to the employers' contribution reserve take account of the surpluses resulting from the good risk results of PUBLICA Reinsurance, among other factors. This relates to the pension plans that have matching reinsurance for their risks. In total, CHF 783,992 were collected from employers for employers' contributions (prior year: CHF 795,025); CHF 278,553 of this sum (prior year: CHF 189,222) relate to employers' contributions on the basis of the COVID-19 ordinance for occupational pensions. CHF 795,426 were released on the basis of decisions by the parity commissions (additional interest and partial liquidation).

The employers' contribution reserve did not accrue interest, since in line with PUBLICA's current practice interest is accrued at the BVG interest rate (currently 1%) less 1%.

Employers' contribution reserve

2021 with prior-year comparison, in CHF

	2020	2021
Employers' contribution reserve 01.01.	31 295 268	36 210 897
Payments	2 668 052	5 740 000
Payment – Reinsurance surplus concept	3 231 823	1 908 936
Allocations	5 899 876	7 648 936
Withdrawals to finance contributions	–984 247	–783 992
Financing for changes to technical parameters	0	–795 426
Utilisation	–984 247	–1 579 418
Interest	0	0
Total employers' contribution reserve 31.12	36 210 897	42 280 415



7 Note on other items in the balance sheet and income statement

7.1 Operating assets, working capital and liabilities – Operations

The operating assets of PUBLICA Operations comprise the following:

Operating assets, working capital and liabilities – PUBLICA Operations

2021 with prior-year comparison, in CHF

	31.12.2020	31.12.2021
Current assets	15 028 688	12 080 942
Investment assets	3 374 419	4 656 038
Operating assets – PUBLICA Operations	18 403 107	16 736 980
Liabilities	4 411 616	2 559 742
Working capital	13 991 491	14 177 238
Working capital and liabilities – PUBLICA Operations	18 403 107	16 736 980

To guarantee its ability to act and as risk capital for exceptional operational liabilities, PUBLICA Operations has its own working capital. This is reported in the same way as foundation capital.

7.2 Administrative expenses – Operations

The resources of PUBLICA Operations are used for the administration of active members and pension recipients as well as components of asset management. The items for general administration consist of expenses for both areas of administration. Administrative expenses are reported net of apportionments to asset management. The corresponding expenses are reported under section 6.10 in asset management expenses under the items “Internal asset managers” and “Other expenses” and as a component of custodian expenses.

Administrative expenses

2021 with prior-year comparison, in CHF

	2020	2021
Personnel expenses	-18 218 408	-17 622 672
General administrative expenses	-7 933 718	-8 100 115
Financial expenses	- 927	-1 627
Apportionments to Asset Management	10 353 823	10 373 974
General administration	-15 799 230	-15 350 441
Marketing and advertising	0	0
Statutory Auditors	-231 017	-240 710
Pension Actuary	-168 812	-223 701
Supervisory authority	-99 385	-104 253
Total administrative expenses	-16 298 444	-15 919 104
Expenditure (-) / income (+) surplus working capital – PUBLICA Operations	-174 713	-185 747
Administrative expenses	-16 473 157	-16 104 851
No. of active members	66 329	66 862
No. of pension recipients	42 066	42 010
Total active members and pension recipients	108 395	108 872
Administrative expenses per active member / pension recipient	152	148

General administrative expenses are charged to asset management and administrative management transparently and in line with their contribution to those expenses. PUBLICA obtains services from affiliated employers at market conditions and does not receive any hidden contributions. Administrative costs are then attributed to the individual pension plans. While the allocation of costs to the two administrative areas is largely carried out via apportionments, the allocation to the individual pension plans is largely guided by processes. These are derived directly from the services provided in the administration of active members and pension recipients (e.g. entrance, departure and pension calculations, and changes). They are charged according to the quantity used.

7.3 Non-technical provisions

Non-technical provisions

2021 with prior-year comparison, in CHF

	31.12.2020	31.12.2021
Provision for cost fluctuations	43 740 608	40 065 526
Deferred taxes	151 629 663	154 369 583
Non-technical provisions	195 370 271	194 435 109

The cost premiums paid by employers are compared with the administrative costs actually caused. The shortfall from administrative expenses amounting to CHF 3.7 million (prior year: surplus of CHF 2.0 million) was charged to the non-technical provisions of the pension plans.

Under Art. 27 and 43 of the Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA, the Pension Plans and PUBLICA Reinsurance, the upper limit for this provision is two thirds of the annual cost premium for the concluded accounting year, while the lower limit is one third. Where the figure falls outside these limits, negotiations are conducted with the employers concerned with a view to setting new cost scales, unless otherwise agreed.

Deferred taxes on the directly held real estate portfolio increased by CHF 2.7 million (prior year: CHF 7.0 million) in the year under review. Changes are made via the corresponding account in the income statement.



8 Requirements of the supervisory authority

8.1 Instruction to hold replacement elections

Elections for all members of the PUBLICA Board of Directors took place in 2021. PUBLICA's supervisory authority, the Bernische BVG- und Stiftungsaufsicht (BBSA), disagreed with the election of a representative of the supervisory authority to the Board of Directors, apparently due to partiality or potential conflicts of interest. In a letter dated 28 December 2021, it instructed PUBLICA to conduct replacement elections by 29 April 2022.

9 Further information concerning the financial situation

9.1 Underfunded pension plans

As at 31 December 2021, the closed "Pensioners only – Voluntarily Insured" pension plan is once again underfunded according to its regulations, with a funded ratio of 98.3% (prior year: 97.1%). In the Board of Directors' assessment, the pension plan's asset situation complies with the legal requirements and takes account of its risk capacity. The strategic asset allocation is explained in section 6.4. With the assistance of the Pension Actuary, the Board of Directors evaluated possible corrective measures and concluded that, within the framework of the law and having regard to the equal treatment of different closed pension plans and groups of beneficiaries, no measures to remedy the underfunding could be adopted.

The dispatch on the amendment to the PUBLICA Act concerns the proposal for restructuring the closed pension plans. The Federal Council adopted the dispatch on 30 June 2021. Consultations within the committees were positive, and it is possible that the revision will be adopted in spring 2022.

9.2 Transfer of funds on collective departure

The Trasse pension plan was liquidated with effect from 1 January 2021 and integrated into the Confederation pension plan. The impact on the income statement resulting from the liquidation is set out below.

Transfer of funds on collective departure

2021, in CHF

	31.12.2021
Transfer of provisions for pension benefits	1 071 871
Transfer of employers' contribution reserve	37 519
Transfer of pension fund capital – pension recipients	2 002 289
Vested benefits on collective departure	6 524 411
Total	9 636 090

9.3 Pledging of assets

PUBLICA has concluded framework agreements customary in the sector in respect of derivative financial instruments not transacted on an exchange. In the case of material contract partners, these provide for liabilities to be hedged using securities or cash. The level of the pledged assets for current (open) derivative financial instruments is disclosed in section 6.5.

9.4 Ongoing legal proceedings

There are currently no substantive ongoing legal proceedings.

10 Post-balance sheet events

There have been no extraordinary events since the balance sheet date.





11 Report by the Statutory Auditors



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Report of the Statutory Auditor to the Board of Directors of the Swiss federal pension fund PUBLICA, Bern

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Swiss federal pension fund PUBLICA, which comprise the balance sheet, operating accounts and notes (page 49 to page 81), for the year ended 31 December 2021.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the regulations. This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibility of the expert in occupational benefits

In addition to the auditor, the Board of Directors appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with Article 52e paragraph 1 of the Occupational Pensions Act (OPA) and Article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the regulations.

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**Swiss federal pension fund PUBLICA,
Bern**
Report of the Statutory Auditor
to the Board of Directors

Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (Article 52b OPA) and independence (Article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by Article 52c paragraph 1 OPA and Article 35 OPO 2. The Board of Directors is responsible for ensuring that the legal requirements are met and that the regulatory provisions on organization, management and investments are applied.

We have assessed whether

- organization and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation;
- funds are invested in accordance with legal and regulatory requirements;
- the occupational pension accounts comply with legal requirements;
- measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfil their duties of loyalty and disclosure of interests;
- the available funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- in the event of an underfunding, the pension fund has taken the necessary measures to restore full coverage,
- the legally required information and reports have been given to the supervisory authority;
- the pension fund's interests are safeguarded in disclosed transactions with related entities.

We confirm that the applicable legal requirements of Swiss law and the regulations have been met.

As at 31 December 2021, the overall funded status of the pension fund of the Swiss federal pension fund PUBLICA amounted to 108.0%. The Swiss federal pension fund PUBLICA includes 19 different pension plans, of which one shows an underfunding. Please refer to the notes to the annual financial statements for an overview of the funded status of the pension plans.

In the case of pension plans where the funded status is below 100%, we are obliged according to Article 35a paragraph 2 OPO 2 to state in our report whether the investments are in line with the risk capacity of the pension fund having the underfunding. In our opinion,

- the Board of Directors fulfils its management role in a clear and comprehensible manner in its choice of an investment strategy appropriate to the given risk capacity, as described in the notes to the financial statements under 9.1;
- the Board of Directors complies with the legal requirements and in particular has determined the risk capacity having assessed all assets and liabilities in accordance with the actual financial situation, as well as the fund's structure and expected developments in the number of insured persons;
- the investments with employers are legally compliant;
- taking the above into consideration, the investment is in compliance with the provisions of Article 49a and 50 OPO 2.



**Swiss federal pension fund PUBLICA,
Bern**

Report of the Statutory Auditor
to the Board of Directors

We draw your attention to the fact that the Board of Directors has assessed potential restructuring measures together with the expert in occupational benefits. In this respect, it has come to the conclusion that no measures aiming to remedy the underfunding can be decided by the Board of Directors in accordance with the legal provisions and the principle of equal treatment between the various affiliated pension plans and groups of beneficiaries. In this respect, we refer to the explanations provided in the notes (note 9.1). We note that the possibility of remedying the underfunding and the risk capacity regarding investments may also be subject to unpredictable events, e.g. developments in the investment markets.

We recommend that the financial statements submitted to you be approved.

KPMG AG

***This is the English translation of the
German report of the statutory auditor***

Erich Meier
Licensed Audit Expert
Auditor in Charge

Andreas Schneider
Licensed Audit Expert

Bern, 25 March 2022





12 Confirmation from the Accredited Pension Actuary

ALLVISA | VORSORGE

Mandate

Allviva AG was mandated by the Board of Directors of the PUBLICA Collective Institution (hereinafter referred to as the "Pension Fund") to prepare an actuarial report as at 31 December 2021 as defined by art. 52e of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG).

Confirmation of independence

As pension actuary as defined in art. 52a para. 1 BVG, we confirm that

- we are licensed by the Occupational Pension Supervisory Committee as defined in art. 52d BVG;
- we are independent as defined in art. 40 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2) as well as Directive BV W-03/2013 of the Occupational Pension Supervisory Committee;
- this actuarial report was prepared in accordance with the principles and guidelines of the Swiss Association of Actuaries and the Swiss Chamber of Pension Actuaries. It is in particular confirmed that Standard 5 "Minimum requirements for audits of pension funds pursuant to art. 52e para. 1 BVG" of the Swiss Chamber of Pension Actuaries is being implemented, which was declared binding and expanded for all accredited pension actuaries by Directive BV W-03/2014 of the Occupational Pension Supervisory Committee. We also confirm compliance with Standard 7 "Audits of occupational benefits institutions with several pension plans pursuant to art. 52e BVG" of the Swiss Chamber of Pension Actuaries.

Available documents and reference date

We received the data for the active insured and pensioners that are relevant to the calculations from the Pension Fund's management.

Calculation of required actuarial pension capital

We have checked the Pension Fund's calculations for determining the required actuarial pension capital. We can confirm that the following figures are correct:

- Total pension capital of insured	CHF	18,880,431,975
- Total pension capital of pensioners	CHF	20,275,703,028
- Total technical provisions	CHF	1,279,363,778

ALLVISA | VORSORGE**Confirmation by pension actuary**

In compliance with our duties as pension actuary, we confirm as at **31 December 2021** that we are of the opinion

- that the BVG 2020 (GT 2025) actuarial tables applied to the Pension Fund are appropriate;
- the consolidated funding ratio pursuant to art. 44 BVV 2 is 108.0%;
- the consolidated economic funding ratio is 95.2%;
- on a consolidated basis as at the reference date, the Pension Fund can guarantee that it can fulfil its obligations (art. 52e para. 1(a) BVG);
- the funding ratio pursuant to art. 44 BVV 2 of the open pension plans is 107.9%, while the funding ratios of the individual open pension plans range from 107.3% to 112.5%;
- the financial situation of the open pension plans is limited;
- the funding ratio pursuant to art. 44 BVV 2 of the closed pension plans is 105.4%, while the funding ratios of the individual closed pension plans range from 98.3% to 117.4%;
- the financial situation of the closed pension plans is limited;
- one closed pension plan is underfunded;
- the consolidated value fluctuation reserve equals 32.9% its target value;
- the technical provisions comply with the reserve regulations pursuant to art. 48e BVV 2 and the Pension Fund has sufficient reinsurance measures in place as defined in art. 43 BVV 2;
- the regulatory insurance provisions regarding the benefits and financing comply with the statutory rules (art. 52e para. 1 (a) BVG);
- the measures implemented to cover the actuarial risks (old age, death and disability) are sufficient.

As at 31 December 2021, the Pension Fund applies a technical interest rate of 2.00% for the open pension plans and 0.50% for the closed pension plans. In consideration of the new Standard (FRP) 4 of the Swiss Chamber of Pension Actuaries, the interest rates that are currently applied are appropriate.

Recommendations

PUBLICA changed the actuarial tables on 31 December 2021. It now uses the BVG 2020 generation tables (previous year: BVG 2015 demographic tables). This change has also meant that the technical interest rate for the open and closed pension plans can now be described as appropriate. As part of the switch, the provisions for a change in actuarial tables for insured persons and pensioners were also reviewed and adjusted. The other technical provisions, in particular the reinsurance provisions have not yet been reviewed. We therefore advise the Board of Directors to review these provisions in the near future and adjust them, if necessary.



ALLVISA | VORSORGE

As part of the report we also have to assess the target value fluctuation reserve in the context of Standard (FRP) 5 of the Swiss Chamber of Pension Actuaries (SKPE). Taking account of the investment strategy's volatility of 6.41%, a time horizon of one year and the value at risk, the consolidated target value fluctuation reserve provides a safety margin of 99.99%. This is high, even when compared to other pension funds. Until at least 75% of the target value fluctuation reserve has been reached (= 75% of 24.2%), PUBLICA pursuant to Art. 46 BVV 2 may not pay more than 2.00% interest on the insured's retirement savings. The determination of the target value fluctuation reserve therefore directly impacts the flexibility to decide on the interest payable on retirement savings. We therefore advise the Board of Directors to review the target value fluctuation reserve.

One closed pension plan is underfunded as at 31 December 2021. However, this problem is likely to be solved in the foreseeable future. The Federal Council has issued a Dispatch on the amendment of the PUBLICA law. The amendment to the law provides for the Confederation to pay a rehabilitation contribution when a closed pension plan suffers a funding deficiency of at least 5 percentage points or reports a funding ratio pursuant to Art. 44 BVV 2 of 95% or less. This legislative amendment was adopted by the National Council with slight adjustments. After it has also been approved by the Council of States, we believe that a merger of the closed pension plans should be investigated.

Zurich, 17 March 2022

Pensionskassen-Experte SKPE
Allviva AG, 17.03.2022

Qualifizierte elektronische Signatur - Schweizer Recht

Christoph Plüss
Dr. phil. II
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Executive Pension Actuary



Pensionskassen-Expertin SKPE
Allviva AG, 17.03.2022

Qualifizierte elektronische Signatur - Schweizer Recht

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Thank you for your interest.

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