

## Minutes of the Ordinary General Assembly of 17 June 2022

Mr. Thomas Neufing, President of the Board, welcomed the members and opened the Annual General Assembly.

In accordance with Article 18 of the Statutes, the statutory quorum of 40 members is reached and the 2022 General Assembly can be held. Mr. Thomas Neufing introduced the members of the Board of Directors as well as the auditors, PricewaterhouseCoopers SA (hereafter PwC), represented by Mr. Tarek Bouchama.

Mr. Thomas Neufing asked the Secretary of the Board of Directors, Mrs. Pisca Chaoui, to read the agenda.

### 1. Election of the President of the ordinary General Assembly

Mr. Thomas Neufing proposed to the assembly the nomination of Mr. René Vargas as President of the meeting. This proposal was accepted unanimously.

Mr. René Vargas asked the assembly how it wished to adopt the decisions. One member proposed to adopt them by consensus. In case of opposition, a vote would then be taken. This proposal was approved by the assembly.

### 2. Report of the Board of Directors for 2021

Mr. Neufing informed the members that, during the year 2021, GPAFI and La Mutuelle continued to work closer together as the GPAFI team moved to the offices of La Mutuelle due to the SHP renovation work. More and more employees are now working for both entities, and a new staff member has been recruited to reinforce both teams. This merger allows, among other things, to diversify the skills of the employees and their work, and to reduce costs. There is still the question of joining the information systems, which are currently separate, and on which ICSMA is working. This change is taking longer than expected, particularly because of the differences between in the two current infrastructures. It is therefore essential not to make a mistake in the direction to take so as not to impact all users. The IT teams of ICTS and ICC are working with ICSMA to determine the way forward. Mr. Neufing reminded that the change of IT system will address all the recommendations made by the external auditors, PwC.

Mr. Neufing pointed out that the income of the CHF Fund was 9% lower than in 2020, but that thanks to a tight management of expenses these were reduced by 3%. The Board of Directors, nevertheless, wished to propose the same remuneration as in 2020, i.e. an interest rate of 0.10% plus a bonus of 1.25%, by taking the resulting deficit from the extraordinary reserve Fund in CHF. The income and expenses of the USD Fund are down by, respectively, 21% and 25% compared to 2020, and the result for the year is down by 6% compared to 2020.

Mr. Neufing wished to thank all members who responded to the request made by the external auditors to check the balance of their account(s) as of 31 December 2021 as the response rate was 84%. Mr. Neufing reminded members of the importance of checking their accounts at least once a year to ensure that they are correct and allow to test the lack of fraud within La Mutuelle.

As far as GPAFI is concerned, income and expenses were down, respectively, by 9% and 2% compared to 2020, a year which, it should be remembered, recorded an exceptional income related to an insurance contract. The extension of the complementary health insurance contract for three more years without any increase in premiums and with an option for two more years was an excellent news. As the premiums have not changed for several years, this renewal of this contract, under the same conditions, can be considered as exceptional.

As the ordinary reserve Funds of both entities exceed 12% of the balance sheet less the reserves, the Board considered that a portion of these could be redistributed to the members. The change of the IT system will require, however, a significant drawdown of reserves given the size of the investment which, it should be noted, will also improve the services to members. Moreover, in an environment of low returns on investments and declining income, it is important to remain prudent, but the Board is favorable to a progressive redistribution, as would already be the case this year if the proposal for the remuneration of the CHF deposit account is accepted by the assembly, and will address this very complex issue at a future retreat.

Regarding loans granted to members, Mr. Neufing reported an increase of 14.48% in housing loans and stability in ordinary loans. However, outstanding loans at the end of the year were down by 7% due to an increase in early loan repayments (137%), probably linked to the huge rise of savings during the pandemic. In 2021, the Members of the Credit Committee unfortunately had to exclude a member of La Mutuelle who had only partially declared his external debts when submitting a loan application, and another member, who was separated for health reasons, had seen the balance of the loan not covered by the death/disability insurance following a false statement made related to the sick leave taken at the time of the loan application. Mr. Vargas asked the assembly if there were any questions, which there were not. The report of the Board of Directors was approved by the assembly by consensus.

### 3. Presentation of the financial statements on 31 December 2021

Mr. Dobrogowski mentioned that, from an investment valuation point of view, 2021 was stable compared to 2020, but this quick observation hides the difficulty of investing members' assets. He reminded that La Mutuelle's main objective is to preserve the capital and minimize the risk, and for that purpose it does not invest in equities. Knowing that, theoretically, the least risky investments are deposits with banks, it must be noted that the performance of these deposits during the year was -0.75%, and that of the Swiss equities, bearing a higher risk, was 20% (SMI index). The problem with equities is their volatility, which can significantly affect the year's results in the event of a fall in the stock market and generate a loss. For this reason, La Mutuelle avoids this type of investment, but the limited investment opportunities and current rates of return increase the difficulty.

The Covid pandemic and the halt in activity, which occurred in the first half of 2020, have created bottlenecks in certain supply chains. One of the consequences is a significant decorrelation between supply and demand, which is felt directly on household budgets. This rise in prices also impacts the interest rates, one of the components of which is inflation, and for that reason some countries, such as the United States, have announced an increase of their interest rates. This has a positive effect as it will be possible to invest assets with more favorable conditions, but also a negative one as the valuation of bonds will fall if rates rise. Nevertheless, concerning the bond portfolios managed by La Mutuelle, given that bonds are held until maturity the impact will be felt on the annual valuation with the recording of an unrealized gain or loss. This is what happened in 2021 with the evaluation of the management mandates as the unrealized gain recorded in 2020 has been considerably reduced. The Members of the Investment Committee therefore expect that the valuation of investments at the end of 2022 will generate allocations to provisions, thus increasing expenses and negatively impacting the result.

The negative interests affected significantly the 2021 result for La Mutuelle as it rose by 26% compared to 2020. The 2022 budget forecasts show an estimated increase of 28% compared to 2021. The discussion related to the reallocation of the negative interest on the members' account with significant net assets is therefore important and makes sense when reading these estimates.

The rise in interest rates allowed, at the end of 2021, the reinvestment of La Mutuelle's and GPAFI's cash in CHF in bonds and securities benefitting from a net return close to 0%, higher than the negative interest (-0.75%). However, it is important to realize that, for La Mutuelle's assets, the reinvestment of expiring bonds will impact the results. Considering the forthcoming reimbursements, including CHF 14 million in

2022, it is undeniable that income will continue to fall over the next few years while costs are expected to increase (IT changes, negative interest), hence the importance of the reserves which serve as a safety cushion. Moreover, it should be borne in mind that the financial markets have been performing exceptionally well for several years now, and that a correction is likely to occur soon, which would impact La Mutuelle as it did during the subprime crisis.

In 2021 the Members of the Investment Committee started to revise the investment policy to modify, if necessary, the strategy adopted so far, the objective remaining the minimization of risk. This review will continue in 2022.

Mr. Vargas asked the assembly if there were any questions, which there were not. The report of the Investment Committee was approved by the assembly by consensus.

#### 4. Report of the Oversight body for 2021

Mr. Bouchama presented the report of the Auditors related to ICSMA's annual accounts. He recalled that the audit of the financial statements was carried out in accordance with the international auditing standards, and that the financial statements for the year ended 31 December 2021 complied with the Statutes and gave a true and fair view of the assets, liabilities, financial position and results of operations in accordance with IPSAS.

Mr. Vargas asked the assembly if there were any questions, which there were not. The report of the Oversight body was approved by the assembly by consensus.

#### 5. Approval of the 2021 Financial statements

Mr. Vargas asked the assembly if there were any questions, which there were not. The 2021 financial statements were approved by the members by consensus.

#### 6. Approval of the distribution of the revenue for the 2021 financial year of La Mutuelle's CHF Fund

Mr. Dobrogowski reminded the recommendation of the Board of Directors, namely the distribution of an interest rate on the CHF deposit account of 0.10% net plus a bonus of 1.25% net, i.e. a total of 1.35%. The bonus will generate a deficit for 2021, but thanks to the significant reserves, La Mutuelle can afford it. It also allows us to maintain a stable return compared to previous years, even if the environment is difficult for investments.

A member asked whether the bonus was taken from the ordinary or extraordinary reserve Fund and from La Mutuelle or GPAFI? Mr. Dobrogowski answered that the bonus comes from La Mutuelle's extraordinary reserve Fund in CHF.

Mr. Vargas asked the assembly if there were any further questions, which there were not. The proposal related to the distribution the surplus income was approved by the assembly by consensus.

#### 7. Election of three Directors, serving with or administrated by the United Nations Office at Geneva

Mrs. Fleury reminded that, according to article 34 of the Internal rules and Regulations, upon renewal of the mandates of the Directors of ICSMA, civil servants serving with or administered by the United Nations Office at Geneva, who wish to present their candidature to one of the 3 seats, must send their application to the Executive Secretary of La Mutuelle at least 7 working days before the date of the Ordinary General Assembly, with the support of at least 25 ICSMA members, a curriculum vitae and a cover letter, failing which the application will not be accepted. A Director wishing to be considered for another term of office shall simply express his/her wish to pursue his/her mandate and shall, and to the extent possible, attend the Ordinary General Assembly.

The deadline for complying with the minimum of 7 working days was 10 June 2022, and only the candidacies of the outgoing members, i.e. Mrs. Myriam Foucher, Mr. Hugues Noumbissie and Mr. Benjamin Hauser, were received.

Mr. Vargas asked the assembly if there were any questions for the candidates, which there were not. The outgoing directors were re-elected by consensus. The composition of the Board of Directors is therefore as follows:

President:	Thomas Neufing
Vice President:	Giovanni Pizzini
Treasurer:	Adam Dobrogowski
Deputy Treasurer:	Benjamin Hauser
Secretary:	Prisca Chaoui
Members:	Myriam Foucher Hugues Noubissie

8. Report on ICSMA's activity at the end of the first half of 2022

Mrs. Fleury clarified a point concerning the question that had been asked earlier about GPAFI and La Mutuelle' reserve Funds, by confirming that these are separate as already mentioned at the time of the vote on the integration of GPAFI into La Mutuelle.

As far as the up-to-date activity is concerned, GPAFI shows a continued stability in its growth and insurance yields which allowed, notably, the extension of the complementary health insurance contract under the same conditions for a further 3 years, with an option for two more years without change in premiums. The only significant change is related to the charge generated by the negative interest on assets deposited with banks. To minimize this charge and improve the return, investments in bonds have been made.

Concerning La Mutuelle, Mrs. Fleury underlined that, loans granted to members increased, but as mentioned previously by Mr. Hauser and Mr. Dobrogowski, the rise in interest rates resulting from the rise in inflation has a negative impact on investments, but the fact that the bonds are held until maturity would eventually reduce the effects. However, La Mutuelle has the necessary reserves to deal with possible annual latent losses.

Concerning mobility, Mrs. Fleury said that the demand for mobility passes is lower despite the reduced prices offered by La Mutuelle. Obviously telecommuting does not encourage colleagues to buy an annual pass, but the increase in fuel prices might change habits. Mrs. Fleury also mentioned that "Bike to work" runs until the end of June, an initiative sponsored by La Mutuelle for many years.

A member asked what the interest rate on the housing loan is. Mrs. Fleury replied that it is at 3.50%, including a death/disability insurance. Interest is paid at an effective discount rate as the interest rate is applied monthly on the remaining capital and not on the capital borrowed. This means that the net rate paid by the borrower is lower than 3.50% and close to 2%.

Another member referred to the annual report and the impact that a new financial crisis could have on La Mutuelle. He would like to know the position of the Treasurer, the members of the Committee, PwC, on the right way to invest with regards to this possible forthcoming correction, and if we should expect it in 2022.

Mr. Dobrogowski explained that the portfolio is managed with a 7-year investment horizon, that the market behaves in a volatile way, with upward phases following downward phases, but that due to the investment framework changing over the years the return on the portfolio has decreased. However, he believes that it will be possible to recover a probable shortfall in the future, but not immediately, as it should not be forgotten that the return on investments has fallen from 3% to -0.75%, and that the duration of the investments made by La Mutuelle to preserve the capital is about 7 years. We must be aware of the market situation and also of the way we invest.

Mr. Bouchama added that asset management was the responsibility of the Investment Committee and not of the Oversight body. As PwC is independent, it cannot make recommendations on a portfolio management decision but only on the application of accounting principles or on the internal control system.

## 9. Other business

A member asked why GPAFI's reserve Fund could not be used to promote mobility within the Palais.

Mr. Pizzini answered that the Board of Directors decided, during its last meeting, to abolish the monthly administrative fee, which amounts to CHF 1 per person and per insurance as from next year thanks to the positive results that GPAFI has achieved in the last years. A participation will thus be distributed to the insured. He also added that the extension of the complementary health insurance contract, proposed by UNIQA, means that the premiums will remain unchanged for almost 10 years, an exceptional achievement especially if we look at the Swiss statistics which confirm a strong inflationary trend in health costs since several years, except for the last 2 years due to Covid.

Mrs. Fleury added that the reserves will also be affected by the upgrade to the IT system, which was estimated to be expensive. Concerning bicycles, the Board was very much in favor of considering an envelope to provide bicycles for staff, as well as electric bikes and scooters. However, within the United Nations at Geneva there is a working group, in which ICSMA participates together with the Pension Fund, UNSMIS and the Division of Administration, which is addressing the issue of mobility within the Palais. The situation is not so simple as it is necessary to consider mobility as a whole and not just partially, and a global mobility solution that suits everyone must be found, not only for cyclists but also people with reduced mobility. The working group has had several meetings, including with the EPFL, to get the opinion of specialists in the field and to find one or more means of transport suitable for everyone. This will, however, take time as the subject is so complex.

Mr. Hauser stressed that the Board of Directors is asking itself what the optimal percentage of reserves is to achieve. But the answer is not simple, as the objective of minimizing risk and providing a return must always be kept in mind. The Board will, however, continue the discussion at a future retreat. Regarding the subprime crisis, Mr. Hauser mentioned that the Investment Committee is influenced in its strategy by the general investment environment. The 2007/2008 crisis led to the environment of low interest rates we are in now, and it is possible that we are coming out of it now with rising interest rates and decreasing valuations. No one knows what will happen in the future, but we must remain cautious and constantly assess the situation.

Concerning mobility, one member pointed out that the administration of the Office of the High Commissioner for Human Rights had installed shelters and encouraged the use of bicycles. Perhaps La Mutuelle could learn from this. Mrs. Fleury confirmed that discussions had taken place, notably on the mobility plan proposed by the Office of the High Commissioner, but also with UNEP. The inter-organization exchange was very productive and enabled to move in the right direction together, benefiting from each other's experiences.

Mrs. Chaoui thanked Mrs. Fleury and the ICSMA team for all the work they do for active and retired staff members.

As there were no further questions, Mr. Vargas gave the floor to Mr. Neufing to close the meeting.

Mr. Neufing thanked Mr. Vargas for leading the 2022 General Assembly and supported Mrs. Chaoui's words. He recalled that the Members of the Board are volunteers, that they provide a service in addition to their daily work and that he is very happy to work with a team that brings together different skills and experiences. He also thanked the work done by Mrs. Fleury and her team and expressed his joy at being able to meet again physically after a long period of pandemic.

The 2022 Ordinary General Assembly was closed at 1:30 pm.