

PENSION FUND - MEMBERS OF THE EUROPEAN PARLIAMENT - ASBL
(the "Association")
Registered Office:
EUROPEAN PARLIAMENT
Centre Europeen
L-2929 Luxembourg-Kirchberg

MINUTES OF THE ANNUAL GENERAL MEETING
HELD IN BRUSSELS ON
30TH NOVEMBER 2016

BUREAU

The meeting was declared open at 5:05p.m with [REDACTED] presiding. The chairman appointed [REDACTED] as secretary of the meeting.

ATTENDANCE

The record of attendance showed 299 of the 612 associates present or represented.

Also present were [REDACTED] of Candriam Asset Management and [REDACTED] Company Secretary.

AGENDA

The chairman announced the agenda which comprised the following items:

1. Minutes of the Annual General Meeting of 2nd December 2015.
2. Appointment of tellers and scrutineers.
3. Presentation of the Annual Report of the Board of Directors -
[REDACTED] Chairman of the Board.
4. Presentation of the Annual Accounts prepared by IF Group Accountants.
5. Auditor's Report: prepared by PricewaterhouseCoopers
6. Investment reports: prepared by Candriam Asset Managers.
prepared by Portfolio Evaluation Ltd.
prepared by Aberdeen Property.
7. Questions and Answers.
8. Election of a new Board of Directors.
9. Resolution from [REDACTED]
10. Close.

DISCUSSION AND RESOLUTIONS

1. Minutes of the Annual General Meeting of 2nd December 2015.

With the addition of the following new paragraph to section 7 of the minutes:

"Following a restricted invitation to tender, and pursuant to article 31 of the Statutes, the Annual General Meeting agreed that KPMG Luxembourg be appointed auditors of the association for the three year period 2016-2018."

the minutes of the Annual General Meeting of 2nd December 2015 were accepted as a true and correct record.

2. Appointment of tellers and scrutineers.

████████████████████ and ██████████ were appointed scrutineers.

3. Presentation of the Annual Report of the Board of Directors.

The chairman presented the Annual Report and Accounts of "The Pension Fund - Members of the European Parliament" on behalf of the Board for the period 1st January to 31st December 2015.

It was reported that in 2015 the assets of the Fund fell as a result of increased pension payments set against a 4.0% return on the Fund's investments in 2015. This saw the value of the Fund's assets decrease to €156 million-€9 million below the €165 million recorded at the end of 2014.

The 4.0% return on the Fund's investments in 2015 therefore covered around €7 million of the cost of the €16 million paid out in pensions during the year.

It was reported that at the end of June 2015 around 50% of the Fund was invested in Equities, 48% in Bonds and 2% in Real Estate and that in line with the Fund's prospectus no more than 35% of the Fund's investments were invested outside of Europe.

Members Statute and the Court Cases

At its meeting on 1st April 2009 the Bureau of Parliament expressly accepted its liability to underwrite the scheme in particular the Bureau agreed that:

"The EP has a legal responsibility to guarantee the right of members of the Scheme to an additional pension which could be retained after exhaustion of the Scheme's funds. Equally, any capital remaining in the Scheme after all pension entitlements have been honoured is to be transferred to the European Parliament".

The Bureau was however concerned about the liabilities of the scheme as the Members Statute specifically stated that:

"The voluntary pension fund set up by the European parliament shall be maintained after the entry into force of this Statute for Members or former Members who have already acquired rights or future entitlements in that fund" and that "Acquired rights and future entitlements shall be maintained in full."

Consequently, the Bureau made some changes to the rules of scheme which adversely affected a number of members of the scheme. Whilst the Board had sympathy with the aims of the Bureau they did not feel that the matter should have been decided without consulting the Board. These decisions gave rise to a number of court cases and appeals at the European Court of Justice by some individual members of the scheme which concluded in April 2015 with a final judgement that upheld all of Parliament's changes to the rules of the scheme.

Having received advice that there were no legal or accounting rules and regulations in Luxembourg that required the Fund to report in its annual accounts the Parliament's future liabilities, and any actuarial deficit between those liabilities and the Fund's assets, the Board of Directors, with the approval at the AGM of the Fund of 2nd December 2010, decided not to include these details in the Fund's accounts.

It was noted that in the European Parliament's accounts for 2008 the actuarial deficit was recorded as €121,842,536. It was €84,561,233 in the 2009 accounts, €178,911,233 in the 2010 accounts, €155,600,000 in the 2011 accounts, €227,900,000 in the 2012 accounts, €194,600,000 in the 2013 accounts and in the 2014 accounts it is recorded at €270,300,300.

It was noted that at some point in time an orderly transfer of the Fund to the Parliament would be necessary and noted that the Directors of the Fund had expressed their willingness to commence discussions on this matter as soon as the Parliament required.

Management of the Fund

It was noted that much of the work of the Board involved overseeing the effective management of the Fund for which the Board engaged the services of a number of companies.

In March 1994 a "*Societe d'Investissement Capital Variable - SICAV*" was formed to deal with the investments of the Fund. The ASBL owned all the shares of this SICAV and the investment manager, Candriam Asset Managers, was responsible for the day-to-day management of the investments of the Fund within the overall strategy set by the Board.

It was noted that copies of annual, and half-yearly, reports and accounts of the SICAV could be inspected by any member on application to the Fund's Company Secretary.

Financial Administration

It was noted that the financial administration of the scheme was undertaken by the MEPs Pensions Unit in DG Finance at the European Parliament in Brussels. It was agreed to record the thanks of the Fund to the Parliament's staff for the efficient way they had played their part in the administration of the scheme.

General Administration

It was noted that the Fund's general administration was undertaken in Brussels by [REDACTED] [REDACTED] the Fund's administrator and Company Secretary [REDACTED] was thanked for his work for the Fund.

Annual Contributions and Benefits

It was noted that the level benefits of the scheme were determined by the Bureau of Parliament and are based on a proportion of the "base" salary of a Judge of the Court of Justice of the European Communities. Consequently benefits automatically increased in line with any increases in salaries within the Community Institutions.

It was reported that in for 2016 the adaptation (or indexation) of the EU Staff salaries on which the pension rates are based and in line with the agreed "Method" had been increased by 3.3%.

It was reported that this 3.3 % increase, and the backdated pension payments to July 2016, would be implemented and paid at the end of December 2016.

Directors Remuneration

The directors remuneration policy of the Fund was that no director, other than the independent specialist director, received any fee for their role.

Directors who were serving MEPs received allowances from the European Parliament and made no claims on the Fund whilst any expenses incurred by the director nominated by the EIB were met by the EIB.

It was reported that Deloitte Consulting, whom the independent specialist director represented, received an annual payment of €17,500 and a fee of €1,500 for each meeting attended plus reimbursement of actual travel and accommodation costs incurred.

All the other directors, including the Chairman and Vice-Chairman, received a daily allowance when on Board business plus travel reimbursements on the same basis as MEPs. From 1st January 2016 it was noted that, as agreed at the 2015 annual meeting, remuneration for these directors had been brought into line with that for MEPs to include the payment of distance and duration allowances.

It was reported that during 2015 total meeting expenses for the entire Board (excluding that paid to Deloitte Consulting) amounted to €53,438, the majority of which was incurred by the Chairman on his regular visits to Brussels.

Investment Policy review and implementation

It was noted that the Board's investment aim was to secure the best possible returns on the assets within a framework of security and stability.

In 2010/2011 a full review of the Fund's investment strategy had begun with the receipt of a letter from President ██████████ on 4th May 2009 in which the President highlighted one part of the Bureau Parliament's decisions of 1st April 2009 (see details above) and invited the Fund *"to adopt a more prudent and balanced investment strategy and to avoid exposing the Fund to risk offluctuations in exchange rates"* and invited the Board to *"guarantee an immediate sustainable change in the investment policy of the Scheme towards low risks assets"*.

Despite the fact that the Parliament had on numerous occasions in 2009 failed to respond to the Fund's request for them to define *"a more prudent and balanced investment strategy"*, or to cooperate with the Fund in a joint review of the investment strategy, the Board of Directors appointed its own investment consultant in early 2010.

The result of this review and the investment consultants recommendations to implement *"a more prudent and balanced investment strategy"* were discussed at the Board meetings of 13th October and 4th December 2010 when it was agreed to accept the main recommendations namely that *"the equity allocation is reduced to 50% initially"* and that *"a mix of corporate and government bonds"* would be used *"to de-risk out of equities."*

Following on from this decision the Board shortlisted and interviewed a number of investment managers and agreed on 4th May 2011 to select Candriam Investors Group (formerly Dexia Asset Managers) as the Fund's new investment managers charged with implementing the Fund's agreed new investment strategy. Consequently on 1st August 2011 Candriam Investors Group replaced Credit Agricole as the Fund's investment managers.

Annual Accounts

The audited annual accounts had been circulated and the Fund's accountants, the IF Group, were present at the meeting.

Annual Pension and Contribution Statements

Concerning annual Pension and Contribution Statements it was noted that each year every member in receipt of a pension from the Fund was sent an annual pension payments statement, and each year contributing MEP's were sent a contributions statement.

As the number of pensioners continued to grow so did the number of requests for duplicate statements to replace those lost or mislaid by members. It was noted that the Board therefore urged all pensioners and MEPs to keep in a safe place all their statements.

4. Annual Accounts - IF Accountants.

The 2015 annual accounts prepared by the IF Group, were presented.

5. Auditors Report- PricewaterhouseCoopers.

The 2015 auditors report prepared by PricewaterhouseCoopers, was presented.

6. Investment reports.

The investment performance analysts, Portfolio Evaluation Ltd, had tabled a report which showed that in 2015 the investment managers had achieved overall returns on investments of 4.0%, 0.6% above the benchmark returns of 3.4%.

7. Questions and answers

At this point of the meeting a series of questions concerning agenda items 3, 4, 5, and 6 were then taken from Members and answered by the Chairman and Vice-Chairman.

After discussion the 2015 Annual Report, Annual Accounts, Auditors Report and Directors Remuneration were accepted.

In the ballot to approve the associate's annual report and accounts for 2015 the votes were 229 in favour with 4 abstentions.

In the ballot to approve the directors' remuneration report for 2015 the votes were 200 in favour, 5 against with 35 abstentions.

8. Election of a new Board of Directors

In the elections for the Board of Directors the following were elected:

