



# Corporate Governance

# Board of Directors

The Board of Directors is composed of three independent members:

- Mr Germain Steiner, Chairman
- Mr Jean-François Ducrest, Vice-Chairman
- Mrs Sophie Maillard

The Board acts without committees and takes all decisions during its regular meetings. It may take decisions only if the majority of the members is present.

*Professional background and education: cf. website under « Management – Board of Directors »*

# Executive Committee

The Executive Committee (ExCo) is composed of five members:

- M. Guy Barbey, CEO
- M. Christophe Utelli, Deputy CEO
- M. Laurent Kramer, Responsible for Lausanne's Office
- M. Nicolas Geissmann, Senior Banker
- M. Sébastien Micotti, Responsible for Legal & Compliance

*Professional background and education: cf. website under « Management – Executive Committee »*

# Cité Gestion strategic management of risks and risk profile

The risks inherent in Cité Gestion activities can be categorised as follow:

- Financial risks: credit and counterparty & market risks;
- Operational risks: business relationship, investment (customer asset management), fraud, cyber and business continuity risks;
- Reputational risk resulting from mismanagement of the above mentioned points.

# Different bodies and their responsibilities

## Board of Directors:

The primary responsibility for risk policy rests with the Board of Directors. It adopts the general principles of the internal control system (ICS) and the tolerance and risk limits ("Risk Appetite"). It reviews Cité Gestion's risk policy and takes the necessary corrective measures annually.

## Executive Committee:

The Executive Committee implements the risk policies adopted by the Board of Directors and reports at each meeting or more often if necessary. It ensures the consistency of the internal control system and the activity of the various committees and functions that make up the ICS.

# Internal Control System: organs and responsibilities

Other active committees:

- Diligence Committee,
- Risk Committee,
- Credit Committee,
- Investment Committee.

The active functions within the ICS are:

- Risk Management,
- Legal & Compliance,
- Finance & Operations,
- HR & Communication.

# Control Architecture

Three levels of controls can be distinguished:

- The first level of controls is performed by the operational and commercial teams and is integrated in the work processes, carried out daily and based on internal directives and procedures.
- The Second level of controls by the Committees and functions active within the ICS in their respective areas of expertise.
- The Third level of controls is ensured by Internal Audit (outsourced to KPMG).

# Control Architecture

A fast and concise management information system (MIS) completes the ICS in order to guarantee adequate decision-making and Cité Gestion's ability to react to any given situation.

The external auditor Pricewaterhouse Coopers assesses the effectiveness of the ICS of Cité Gestion at least once a year.

# Financial Risks

## Credit risks:

Cité Gestion does not grant unsecured credit or mortgage financing. It may only grant Lombard loans or guarantees up to the amount of its own equity, in accordance with the rules on pledging and the concentration limits in force. Credit risk management is defined in the Credit Directive. To date, Cité Gestion has not incurred any credit losses.

# Financial Risks

## Counterparty risks:

The main counterparty to Cité Gestion is the Swiss National Bank (SNB). To facilitate its clients' operations, cash is held with the Lombard Odier Group, to which most of Cité Gestion's IT and operational activities have been outsourced. To a limited extent and according to a very prudent selection method formalised in the Treasury Directive, Cité Gestion uses leading Swiss banks to invest its liquid assets.

# Financial Risks

## Market risks:

Cité Gestion does not trade for its own account and does not actively take foreign exchange risk on its balance sheet. For collateral reasons with the Lombard Odier Group, a portfolio of high quality bonds is held and managed within strict limits defined by the Board of Directors (Treasury Directive).

# Operational Risks

## Risks related to business relationships:

Cité Gestion opened its first account at the beginning of 2010 and immediately applied the strictest rules regarding cross border and acceptance of relationships according to their taxation. In this sense, Cité Gestion has no legacy business. The Legal & Compliance Department reviews money laundering and terrorist financing risks as well as compliance with national and international sanctions lists on a daily basis. To date, there have been no cases of review by the judicial or supervisory authorities. Legal risk also deals with possible claims and disputes of customers or counterparties.

# Operational Risks

## Investment risks:

Investment risk is at the heart of Cité Gestion's business. The resources committed to this risk are intended to ensure that investment decisions comply with the investment objectives and restrictions specific to each mandate, as well as with internal and regulatory directives (in particular the rules of conduct for securities dealers and the directives concerning the asset management mandate of the Swiss Bankers Association (SBA)). Investment risk management is defined in the Investment Risk Directive.

# Operational Risks

## Fraud risk:

The fraud risk may be external (execution of transfer instructions to customer or nostro accounts by unauthorized persons) or internal (transactions carried out by employees for their benefit, to the detriment of the Company or Clients). To ensure the safety of Clients and Company assets, strict rules have been defined and are applied daily by the ICS functions. Any infringement is immediately addressed.

# Operational Risks

## Cyber-risk:

Cité Gestion has outsourced the majority of its IT to the Lombard Odier Group, which ensures the security of its tools. Cité Gestion carries out an appropriate monitoring concerning the measures taken by its service provider in the Cyber-risk field. In addition, Cité Gestion has set up a process with partners in the event of the occurrence of such a risk, which is structured according to the following phases: forensic investigations, repair and restoration countermeasures, legal management, notification(s) to the authorities. An insurance with a high level of coverage enables Cité Gestion to cover the possible financial impacts of such a risk. To date, no such event has happened against Cité Gestion.

# Operational Risks

## Business continuity:

Cité Gestion has developed a Business Continuity Plan (BCP) in collaboration with its partner in the field (Lombard Odier Group) in line with the recommendations of the Swiss Banking Association (SBA) and the requirements of FINMA. It protects critical processes for Cité Gestion's business in the event of a crisis through preventive measures and the creation of computer back-ups. The BCP includes a risk analysis, identifications of needs and expectations, as well as a recovery strategy. The priorities of the BCP are: people's safety, the ability to make and execute decisions, and the full recovery of the most critical processes within a pre-defined period of time. The BCP has yet been triggered at Cité Gestion, even though it is tested on a regular basis.

**CITĒ GESTION**  
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