

THE PRIVATE SECURITY SECTOR PROVIDENT FUND

("the fund")

MANDATE TO INVESTMENT COMMITTEE

1. CONSTITUTION

1.1. The board of the fund ('the board') may, in terms of rule 12.13 establish a subcommittee with such delegated authority as the board may determine.

1.2. The board has resolved to establish a committee in respect of matters relating to the investments of the fund, and this document is the mandate to that subcommittee.

2. Subject to the authority of the board, the purpose of the Investment committee ("the IC") are:

2.1. to carry out the responsibilities delegated to it by the board as described in this mandate;

2.2. to carry out such investigative work and oversight responsibility relating to the investments of the fund as, within the cost parameters agreed with the board, furthers the governance purposes of the fund;

2.3. to report at each board meeting on how the IC has exercised its responsibilities since the previous board meeting;

2.4. to report to the board on any matter relating to the investments of the fund as the IC may consider relevant for the board or which the board may have requested the IC to investigate.

COMPOSITION

3. The members of the IC comprise such persons as the board may from time to time determine; provided that -

3.1. the members of the IC must at all times comprise 2 (two) trustees;

3.2. members of the committee must, where possible and having regard to the composition of the board, be drawn from members and employer trustees;

3.3. the board may delegate any person to the IC on ex officio status;

3.4. a member of the IC must be a trustee;

- 3.5. the quorum of the IC meeting must be at least 2 (two) members of the committee;
- 3.6. the chairperson of the IC must be a trustee,
- 3.7. the principal officer is ex officio a member of the IC but without voting rights.

PROCESS

4. The following provisions apply to the process to be followed by the IC in carrying out this mandate:
 - 4.1. the IC must meet four times a year (at least once a quarter), and such meeting may be by way of telephone conference;
 - 4.2. the notice of the meetings of the IC and all necessary documents must be given at least 7 (seven) days before the meeting;
 - 4.3. the chairperson or IC may, subject to the approval of the chairperson of the board, convene an ad-hoc meeting within cost parameters to attend to any urgent matter that have to be dealt with prior or between the meetings of the IC;
 - 4.4. minutes of the meetings of the IC must be provided to all concern 14 (fourteen) days after each meeting;
 - 4.5. only trustees may exercise a vote in respect of any decision to be made by the IC; and any such decision to be effective must be by majority if there is more than 2 (two) trustees on the IC or otherwise by means of consensus if there are only two members on the IC;
 - 4.6. decisions must be made by the IC by way of a resolution in writing;
 - 4.7. unless there is an urgent business to be attended to, the appropriate person from the investment consultant or any service provider as per instruction from the chairperson of the IC must be notified 7 (seven) days of each meeting of the IC in order that they may attend provided that the chairperson of the IC or the IC may at any time determine that the IC may have an in-committee session at which only those entitled to vote may attend together with such other person or persons as the chairperson may decide;
 - 4.8. the chairperson of the IC or the IC may require any other service provider or person to attend any meeting of the IC in order to assist it with its responsibilities;
 - 4.9. minutes of each IC meeting must be maintained and submitted to the board for noting at the first board meeting following such IC meeting;

- 4.10. the chairperson of the board may at any time enquire from the chairperson of the IC regarding the operation of the IC, and may also attend any IC meeting.

RESPONSIBILITIES AND POWERS DELEGATED TO THE IC

5. Subject to ratification by the board, the board delegates the following responsibilities and powers to the IC:-
 - 5.1. to draft an investment policy statement ("IPS") for the fund for the approval of the board of trustees;
 - 5.2. to recommend changes to the IPS whenever necessary, either as stipulated in the IPS or generally if appropriate and circumstances demand it, for the approval of the board of trustees;
 - 5.3. to investigate and recommend changes to the investment portfolios as set out in the IPS;
 - 5.4. to examine the recommendations of the fund's investment consultant for the possible inclusion or removal of portfolios and if satisfactory, seeking board approval;
 - 5.5. to ensure that the necessary monitoring of the investment performance as stipulated in the IPS is carried out at the appointed times, and that the results thereof are presented to the board;
 - 5.6. to monitor and advise the board of any proposed changes to the investment fees in respect of any of the investment offerings provided by the fund;
 - 5.7. to undertake any research with regard to new or existing investment products and to make recommendations thereon as may be requested by the board from time to time;
 - 5.8. to identify the risks associated with the investments, advising the board on how these should be managed, and managing this risk through appropriate monitoring mechanisms;
 - 5.9. to establish the terms of the contractual arrangements of the fund with its investment consultant, asset managers, custodian and bank, and to make proposals in that regard to the board;
 - 5.10. to agree the performance benchmarks in respect of each investment portfolio;
 - 5.11. to negotiate the best interest rate with the fund's bank;

- 5.12. to establish the criteria for a prospective service provider which provides banking, custodian, asset management or investment consultancy, and to interview such prospective service providers in order to make proposals to the board regarding the appointment thereof;
- 5.13. to conduct an annual performance appraisal of the investment consultant, the custodian, the fund's bank, asset managers and insurers who provide investment related services to the fund;
- 5.14. to exercise on behalf of the fund the active ownership rights relating to the fund's investments;
- 5.15. to investigate and report of its own accord to the board in connection with any of the matters referred to above;
- 5.16. to implement any instruction given to it without reference to the board if so authorised by the board: provided that if the IC is authorised to act in any way in terms of this clause 6.16, it must report on the matter in such manner as is appropriate at each meeting of the board of the fund until the conclusion of that matter;
- 5.17. to require any report it may require from the investment consultant, any asset manager, custodian or bank to carry out its responsibilities in terms of this mandate, provided that if there is a cost to this then the chairperson of the board must approve that;
- 5.18. to ensure that the fund complies with the requirements of Regulation 28 and the Requirements of the South African Reserve Bank;
- 5.19. to investigate any actual, potential or perceived conflict of interest in respect of the investment consultant, the custodian, the fund's bank and any asset managers;
- 5.20. to assess annually the appropriateness of the costs charged by the investment consultant, the fund's bank, the custodian and each asset manager;
- 5.21. to approve for payment the invoices of any investment consultant, asset manager, custodian or other service provider, reporting to the IC, in terms of any agreement or budget approved by the board;
- 5.22. to propose to the board a methodology for allocating fund return to each member share and data reserve account;
- 5.23. to report any actual, potential or perceived conflict of interest relating to the fund's investment consultant or any other service provider which reports to the IC;

- 5.24. to incur annually such expenses up to a maximum of R10,000 provided such expenses are necessary for the responsibilities of the IC to be carried out properly, and provided further a full accounting is provided to the board in respect of any expenditure so incurred';
- 5.25. continually seek training and education in the matters of investments and pension fund investing. The Investment Committee may engage experts in areas where they lack expertise/experience and delegate responsibility to those experts. However, this does not absolve the Investment Committee of their responsibility in respect of the decisions taken because of such engagement and the consequences thereof;
- 5.26. to do an annual review of the performance of the fund's benefit administrator, and to report thereon to the board,
- 5.27. to do anything lawful which is within the jurisdiction or mandate of the IC or is in the best interest of the fund or that of its members.

RISK MANAGEMENT

6. The IC is responsible for identifying annually, or more frequently if required, such risks relating generally to the investment and custody of the assets of the fund and specifically in respect of the responsibilities referred to in paragraph 6 above, as well as putting in place such risk management strategy as the IC considers appropriate. The IC must advise the board of this risk management process and also specifically when it becomes aware of any material risk to the fund which relates to the investments of that fund.


REPORTING OBLIGATION

7. The IC must report at each board meeting or more frequently as the chairperson of the board may require its responsibilities in respect of paragraph 6 above, as well as any investigation undertaken in terms of paragraph 7 above.


AMENDMENT

8. It is recorded that this mandate may be amended at any time by the board.

This mandate was adopted by resolution of the board at a meeting of the board at Johannesburg on the 2nd of April 2019.



Chairperson of the board



Principal Officer

2 April 2019
Date

2 April 2019
Date