

DE BEERS PENSION FUND

FUND PRACTICE NOTE

TRUSTEE ELECTIONS

<u>Revision no</u>	<u>Review cycle</u>	<u>Effective date</u>
003	At least every two years	30 September 2020



DEFINED BENEFIT



DEFINED CONTRIBUTION

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1. BACKGROUND

The management of the Fund vests in a Board of Trustees (the Board) consisting of fourteen Trustees, seven of whom will be elected by In-Service Members and Principal Pensioners (Elected Trustees) and seven of whom will be appointed by the Principal Employer (Appointed Trustees).

In terms of the Fund Rules, Defined Benefit (DB) and Defined Contribution (DC) In-Service Members (including DC Members in receipt of a disability pension) (*hereinafter referred to as In-service Member(s)*) and Principal Pensioners (including DB Deferred Pensioners, DC Deferred Pensioners Paid-Up Pensioners and Deferred Members) (*herein after referred to as Pensioners*) have the right to nominate and elect seven Elected Trustees from the various constituencies as follows:

- a) 1 (One) shall be elected by In-Service Members, who are not members of the National Union of Mineworkers (NUM);
- b) 2 (Two) shall be elected by Pensioners who were not members of NUM at the date of retirement and by NUM I Pensioners who elect in writing not to be represented by NUM;
- c) 3 (Three) shall be elected by In-service Members who are members of NUM; and
- d) 1 (One) shall be elected by Pensioners who were members of NUM at the date of retirement (but excluding those referred to in 1(b) above).

The Board may, after taking into account factors such as the ratio of In-Service Members and Pensioners, amend the number of Elected Trustees per constituency. An Elected Trustee will hold office for a period of 5 (five) years from the date of their election to the office unless the Board agrees that an earlier election be held. An Elected Trustee may be re-elected at the end of his or her term of office.

2. PURPOSE

The purpose of this practice note is to document the Fund's approach to the election of Elected Trustees. This practice note must be read in conjunction with the Fund Rules.

3. RESPONSIBILITIES AND AUTHORITY

The Principal Officer bears the primary responsibility for the maintenance of this Practice Note and may recommend amendments to this Practice Note for consideration by the Board.

This Practice Note shall remain in force until such time as it is rescinded or amended by the Board.

4. THE FUND'S APPROACH TO TRUSTEE ELECTIONS

All elections shall be conducted by the Fund and only In-Service Members and Pensioners from a particular constituency will be allowed to nominate and vote for candidates from that particular constituency.

4.1 Electoral Official

The electoral official shall be the Fund's internal auditors. The electoral official shall oversee the election process in totality and, if satisfied, certify that the election processes have been procedurally correct, free and fair and list the names of the person(s) nominated and elected as Trustees.

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4.2 Nomination and election process

The following shall apply in respect of each constituency specified in (ii) below:

- (i) The electoral official in collaboration with the Principal Officer shall implement the nomination procedure whereby it is required that a nomination form be signed by the nominee and 4 (four) In-Service Members or Pensioners from the relevant constituency [1 (one) as the proposer and 3 (three) as seconders];
- (ii) Elected Trustees will be nominated and voted for from three constituencies as follows:
 - 4 (Four) from the NUM constituency, of which at least 1 (one) must be a NUM Pensioner who was a member of the NUM at the date of his or her retirement. Regarding the 3 (three) In-Service Members, the Fund will obtain confirmation from the relevant employers that the nominees are members of NUM;
 - 1 (One) from the Non-NUM In-Service Member constituency; and
 - 2 (Two) from the Non-NUM Pensioner constituency;
- (iii) The electoral official in collaboration with the Principal Officer shall conduct the election by secret ballot either electronically or by mail, or a combination thereof;
- (iv) Each In-Service Member and Pensioner in each of the constituencies mentioned above shall be entitled to vote for a maximum number of vacancies within their specific constituency;
- (v) In the event of more than one candidate being nominated for each Elected Trustee vacancy in a particular constituency, an election as detailed in (iii) above shall be held;
- (vi) Candidates receiving the highest number of votes in each constituency shall be elected to fill the Elected Trustee vacancies. Provided that, in the event of a tie in the final number of votes cast, lots shall be drawn by the Principal Officer in the presence of the electoral official to determine the successful candidate(s);
- (vii) In the event of the number of nominated candidates being equal to the number of Elected Trustee vacancies for a particular constituency, the nominees will automatically be appointed to the vacancies without the need for any vote;
- (viii) In the event of the number of nominated candidates being less than the number of Elected Trustees vacancies for a particular constituency, further nominations will be called for within the affected constituency or constituencies. Should the nominations still be insufficient the Board shall apply to the Financial Sector Conduct Authority (FSCA) to intervene in terms of Section 26(2) of the Pension Funds Act;
- (ix) The electoral official shall, following an election, retain a full record of the nominated candidates and the number of votes cast in each constituency for a period of 5 (five) years;
- (x) Any vacancy that arises among the Elected Trustees in a particular constituency following an election shall be filled as contemplated in the Fund Rules; and
- (xi) The Fund shall conduct a background check on all nominees to confirm that they are “fit and proper” prior to them proceeding to the ballot stage of the election process.

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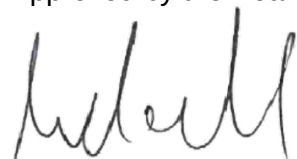
The Board may at any stage decide whether it is necessary to appoint alternate Trustees, and if so, may decide the number of alternate Trustees that are necessary and the process that is to govern their appointment and election.

4.3 Declaration

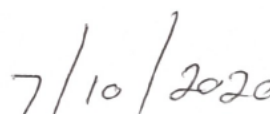
All candidates nominated for election are required to complete a declaration (Annexure A) indicating their acceptance of the circumstances that would disqualify them from holding office as a Trustee of the Fund.

5. AUTHORISATION AND APPROVAL

Approved by the Board.



C W Coltman
Chairperson



Date

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ANNEXURE A – CANDIDATE DECLARATION

I, _____ (full name and surname), with Fund membership number _____ understand and accept that in order to be elected and appointed as a Trustee and to remain a Trustee of the De Beers Pension Fund (the Fund) (should I be elected or appointed as such), I am legally required to be a 'fit and proper' person to occupy a position of trust at the time of my election or appointment and to maintain that standing at all times during my term of office.

I agree that the Fund may conduct whatever background checks that the Trustees may reasonably determine as being required to confirm that I am "fit and proper" to be appointed as a Trustee should I become eligible for such appointment.

I accept that, if after accepting this nomination, any information should come to light which causes the Board of Trustees (the Board) to determine that I am not a 'fit and proper' person to be a Trustee, my candidacy and/or appointment as a Trustee will terminate.

I accept that, should I be appointed to the Board, I will be required to attain the certification as required by the Financial Sector Conduct Authority (FSCA) of the FSCA Trustee Training Toolkit within a period of six months.

I also accept that if another minimum qualification requirement is made mandatory by the regulatory authorities, that I will be required to attain the applicable qualification within the specified time period.

I consent to my personal details (as reflected in the abbreviated CV below), where applicable, being communicated to In-Service Members and Pensioners eligible to vote during the election process. I confirm that these details are correct.

I further accept that I will be disqualified from becoming or remaining a Trustee in the following circumstances that are set out in the Rules of the Fund:

Persons disqualified from being Trustees:

A. A person is disqualified from being a Trustee if that person:

- Was previously a Trustee and was found by the Trustees to have been in breach of the Fund's Code of Conduct, unless the Trustees agree to the contrary; or
- Is a minor (under 18 (eighteen) years of age) or without legal capacity; or
- Is in the opinion of the majority of the Trustees, acting on such medical assessment, if any, as they may determine, mentally or physically incapable of discharging his or her duties in terms of the Fund Rules and/or the Pension Funds Act (the Act); or
- Has had his or her estate sequestrated or surrendered or assigned in favour of creditors and who has not been rehabilitated by a court order; or
- Has been convicted by a competent court of theft, fraud, forgery or any offence involving dishonesty; or
- Has been discharged by a competent court from any office of trust on account of misconduct; or
- Has been convicted by a competent court of any charge and sentenced to a prison term without the option of a fine.

B. A Trustee vacates office:

- When his or her term of office has expired;
- On resignation in writing as a Trustee;

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- A majority of Trustees in office may decide to remove a Trustee from office for a breach of the Fund's Code of Conduct established in terms of Rule A5.6.1¹ after hearing representations in the matter by the Trustee or his or her representative;
- If after appointing an impartial and independent third party to investigate and make a finding on whether there has been a breach of the Fund's Code of Conduct and after considering such finding the Trustees agreed that there has been such breach, a majority of the Trustees in office decide to remove a Trustee for breach of the Fund's Code of Conduct;
- If a Trustee fails to sign the acceptance of trust form together with any annexure thereto (the contents of which acceptance of trust form and any such annexures must have been agreed by the Trustees) within 30 calendar days of appointment or election as Trustee;
- If a Trustee fails to comply with the minimum attendance requirements as may be set out in the Fund's Code of Conduct or otherwise notified to Trustees;
- If the Principal Employer has revoked the appointment of any Appointed Trustee and upon such revocation or upon the death or resignation of any Appointed Trustee, may appoint another Appointed Trustee in his or her place; or
- If he or she is disqualified from remaining a Trustee whenever any of the grounds listed in Rule A5.6.1 becomes of application to him or her.

Signed at _____ on this _____ day of _____ 20____.

Signature: _____
(Nominated candidate)

ID no: _____ Contact telephone no: _____

Note: The nominated candidate must also complete a short CV for publication on the ballot form, as deemed appropriate by the Fund.

¹ - Should the Fund Rules be revised, the appropriate Fund Rule reference under the revised Fund Rules shall apply.

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REVISION HISTORY

Revision no	Description	Date Reviewed	Date Approved	Minute no
001	Practice note created	March 2018	27 March 2018	05.18.12.1
002	Annual review	August 2019	16 August 2019	50.19.3
003	Annual review	September 2020	30 September 2020	40.20.10