

DE BEERS PENSION FUND

FUND POLICY DOCUMENT

TRUSTEE EDUCATION POLICY

Revision no	Review cycle	Effective date
003	At least every two years	10 April 2025



DEFINED BENEFIT



DEFINED CONTRIBUTION

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1. INTRODUCTION

The Fund is a self-administered restricted hybrid pension fund, whose affairs are managed according to the Rules of the Fund (the Rules) and applicable legislation by a Board of Trustees (the Board or Trustees) consisting of fourteen (14) persons who are required to be fit and proper to serve as Trustees.

At least fifty percent of Trustees are elected by members from amongst duly nominated members to serve as Trustees and the remaining fifty percent are appointed by De Beers Group Service (Pty) Ltd (the Employer). All Trustees serve a five-year term of office.

The Board appoints non-Trustee members with the relevant skills, knowledge and experience to serve on specific Board Committees. The Rules of the Fund and Board Charter also allow the Board to obtain expert advice on any matter where it may lack sufficient expertise.

Notwithstanding the above, the Trustees and non-Trustee Board Committee members should collectively have sufficient experience and understanding in the fields of administration, communication, investment, actuarial, accounting, legal, project management, human resources and social matters to enable them to perform their duties objectively and effectively.

New Trustees and non-Trustee Board Committee members undergo a formal induction process from Fund Management and formal training is provided on an ongoing basis, as appropriate. Trustees and non-Trustee Board Committee members are encouraged to undertake continuous self-development, training and education throughout their term(s) of office.

2. SCOPE

This policy applies to the Fund, Fund Management, all relevant service providers, the Board, the non-Trustee Board Committee members, the Communications and Education Board Committee (the Committee) and all other Board Committees.

3. REGULATORY FRAMEWORK

In providing Trustee Education, the Fund needs to consider all applicable legislation and governance provisions to ensure that Trustees and non-Trustee Board Committee members are adequately equipped to fulfil their fiduciary duties, in particular:

- Section 7A(3) of the Pension Funds Act No. 24 of 1956 (the Act) states that:
 - (a) *“A board member appointed or elected in accordance with subsection (1), must attain such levels of skills and training as may be prescribed by the registrar by notice in the Gazette, within six months from the date of the board member’s appointment; and*
 - (b) *A board member must retain the prescribed levels of skills and training referred to in paragraph (a), throughout that board member’s term of appointment”.*
- As per the Financial Sector Conduct Authority (FSCA) Conduct Standard 4 of 2020, RF Notice 1 of 2023 and RF Notice 6 of 2024 Trustees are required to complete an online Trustee Training Toolkit (the FSCA Trustee Toolkit) within a period of six (6) months from their date of appointment/election or date of publication of a RF Notice advising of additional modules. This is currently regarded as the minimum skills and training requirement for Trustees in terms of Section 7A(3) of the Act and the certification that is obtained on completion of the FSCA Trustee Toolkit is not a formal qualification.

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Trustees who have already attained the certification are required to complete additional modules as and when such additional modules are added to the FSCA Trustee Toolkit.

- In terms of Section 7D(f) of the Act, Trustees are required to ensure that the Rules, the operation and the administration of the Fund comply with the Act, the Financial Institutions (Protection of Funds) Act No. 28 of 2001 and all other applicable laws.
- Regulation 28 states that *“A fund and its board must at all times apply the following principles, one of which being to promote the education of the board with respect to pension fund investment, governance and other related matters.”*
- Pension Fund (PF) Circular No 130 (PF 130) states that:
 - “New board members should, post appointment and election, receive rigorous and comprehensive education on both the legislative and regulatory framework and governance principles in order to equip them to effectively carry out their functions as board members, and to enable them to minimise their risk of liability as well as to safeguard them against bad decision-making;*
 - Board members should be educated on an ongoing basis about new matters relating to funds to ensure that they acquire and maintain an understanding of risk management, investment risks and strategies, benefit structure, legal issues, regulatory and compliance requirements, taxation, actuarial and reform issues; and*
 - Training and education requirements for board members should be an ongoing process, with an emphasis placed on continuous and lifelong learning.”*

4. DEFINITIONS AND ACRONYMS

In this policy, unless inconsistent with the context, the following words shall have the following meaning:

Definition / Acronym	Description
AFS	Annual Financial Statements
The Board or Trustees	Board of Trustees
CRISA	Code for Responsible Investing in South Africa
DB	Defined Benefit
DC	Defined Contribution
FSCA	Financial Sector Conduct Authority
IPS	Investment Policy Statement
King IV	King IV Report on Corporate Governance for South Africa, 2016
LDI	Liability Driven Investing
The Act	Pension Funds Act No 24 of 1956
TCF / TMF	Treating Customers Fairly / Treating Members Fairly
The Committee	Communication and Education Board Committee

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Definition / Acronym	Description
The Fund	De Beers Pension Fund
The Society	De Beers Benefit Society

5. RESPONSIBILITIES AND AUTHORITY

Designation	Responsibility
The Board	To approve the policy and revisions on the recommendation of the Committee.
The Committee	To review and recommend the policy and revisions to the Board for approval.
Principal Officer	- To take ownership of the policy and provide interpretation as required; - To ensure that the policy is implemented and updated as appropriate; - To promote and ensure compliance with the policy by all concerned; and - To deal with any enquiries in relation to the policy.
Secretarial and Communications Manager	- To draft and maintain the policy, in consultation with Fund Management and the Fund's contracted service provider of Trustee Education; - To align the policy with associated Fund policies and procedures, as well as regulatory requirements and provisions; - To ensure that the Trustee Education Strategy is aligned to this policy and maintained; and - To advise the Principal Officer of any non-compliance with the policy.

Any matter concerning Trustee Education not provided for in this policy must be referred to the Principal Officer who may in consultation with the Chairpersons of the Committee and the Board exercise his / her discretion in dealing with the issue prior to reporting the matter at the next scheduled meeting of the Board, along with any proposed policy changes, if appropriate.

6. RELATED DOCUMENTS

This policy should be implemented and considered in conjunction with the following policy and governance documents of the Fund:

- Trustee Education Strategy;
- Board Charter;
- Travel Policy; and
- Trustee Remuneration Policy.

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7. POLICY

7.1 Purpose

The purpose of the policy is to:

- establish guidelines and procedures for Trustees and non-Trustee Board Committee members that recognise and affirm the importance of Trustee Education in ensuring; and
- encourage Trustees and non-Trustee Board Committee members to participate in educational opportunities throughout their term(s) of office,

that could assist them in the effective and adequate discharge of their fiduciary duties.

7.2 Objectives

The main objectives of Trustee Education are to:

- ensure that all Trustees and non-Trustee Board Committee members have adequate opportunity to acquire the knowledge they need to carry out their fiduciary duties;
- empower all Trustees and non-Trustee Board Committee members to be able to engage in effective debate and decision making regarding the Fund;
- ensure that individual Trustees and non-Trustee Board Committee members have sufficient knowledge and understanding of the issues and challenges facing the Fund to draft policies and plans to address these, as well as to effectively monitor the implementation thereof;
- provide new Trustees and non-Trustee Board Committee members with the general introductory knowledge they require to effectively participate in Board and Board Committee deliberations in a timely manner; and
- provide all Trustees and non-Trustee Board Committee member with opportunities to broaden their knowledge through formal training programmes and other interventions approved by the Board or as recommended by the Principal Officer in consultation with the Chairpersons of the Committee and the Board.

7.3 Trustee Education Interventions

7.3.1 Induction and Onboarding Training

All new Trustees and non-Trustee Board Committee members will receive induction and onboarding training from Fund Management, other staff members and/or service providers, as deemed necessary, which covers an overview of the following:

- Fund's governance framework and organisational structure;
- Current composition of the Board and Board Committees;
- Overview of the Terms of References of the various Board Committees;
- Fund's membership profile and demographics;
- Fund's key service providers;
- Fund's internal control environment, reporting processes and statutory reporting requirements, including the Fund's administration and accounting system(s);
- Fund's statutory actuarial valuation;

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- Fund's benefits and contributions, including risk benefits;
- The Rules, Schedule of Rulings and Practice Notes;
- What is expected of the Trustees and their fiduciary duties;
- What members may expect of Trustees;
- Governance documents for Trustees (such as the Board Charter);
- Fund's investment philosophy and strategies;
- Fund's risk management policy and process;
- Roles and responsibilities of Trustees and Board Committee members and how these translate into action;
- Trustee fidelity and professional indemnity insurance cover;
- Treating Members Fairly (TMF);
- Member communications;
- Current Board issues / matters arising; and
- Administration requirements to register with all relevant regulatory and professional bodies.

In terms of Section 7A(3) of the Act, all new Trustees and non-Trustee Board Committee members are required to complete the FSCA Trustee Toolkit within six (6) months of being elected or appointed to the Board and / or one of the Board Committees. The FSCA Trustee Toolkit is a development programme for Trustees, based on the FSCA good governance guidelines for retirement funds, with the aim of assisting Trustees in getting a better understanding of their role and performing their duties more effectively.

7.3.2 Ongoing Education and Training

In addition to the above-mentioned induction and onboarding training, Trustees and non-Trustee Board Committee members will receive the following:

- Ongoing information of an educational nature at Board and Board Committee meetings, as well as other events, as deemed appropriate;
- Literature of interest circulated to the Fund by service providers, the FSCA and other regulatory bodies;
- Access to a secure dedicated Trustee Zone on the Fund's website containing minutes of all Board and Board Committee meetings, governance related information and other background information relevant to the ongoing affairs of the Fund; and
- Comprehensive agenda packs prior to each meeting of the Board and Board Committees.

Fund Management with the assistance of the contracted service provider of Trustee Education and other external technical specialists (such as the Fund Actuary and/or Asset Consultants), as deemed appropriate, will be responsible to develop and review training and educational topics for Trustees and non-Trustee Board Committee members from time to time.

Appropriate training and educational topics include, but are not limited to:

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Regulatory and Governance Topics

- Introduction to retirement funds, the different types of retirement funds and the key role players;
- Why retirement funding is important;
- Role of the FSCA;
- Role of the Employer, particularly as it relates to the DB section;
- Overview of fiduciary duties and powers of the Board;
- Overview of the legislative framework i.e., the Act and the Regulations thereto;
- Introduction to Regulation 28;
- Introduction to the Two Pot Retirement System;
- Introduction to the TCF / TMF outcomes;
- Overview of Fund Rules / Schedule of Rulings and amendments thereto;
- Overview of the Fund's organisational and management structure;
- Overview of Fund's contributions and benefits;
- Overview of death benefit distribution process;
- Introduction to PF 130 and King IV corporate governance principles;
- Overview of the Fund's governance documents i.e., Board Charter and the Trustee and Principal Officer Code of Conduct, framework, structures and processes;
- Overview of key reports i.e., AFS, Actuarial Valuation Reports, Investment Reports and Operational Reports used in governing retirement funds and understanding key differences between these reports, as well as the practical and effective use of such;
- Introduction to the Board Agendas;
- The role of the pension fund administration;
- Overview of Fund's AFS (various components and related reports), the audit process and the difference between the AFS of a retirement fund and a company;
- The role of the Fund Actuary and an overview of the purpose and key components of the Fund's Actuarial Valuation Reports;
- Overview of the Fund's IPS and the roles of the Fund Actuary, Asset Consultants, Investment Board Committee and Board; and
- The purpose and key components of the Investment Report, including the practical and effective use of these reports.

Fund Specific Topics

- Fund's purpose, vision, values and operating principles;
- Overview of the registered Rules and Schedule of Rulings;
- Details of the various Board Committees, their membership and Terms of References; and
- Details of the Fund's various governance and policy documents.

Investment Topics

- Overview of macro-economic elements, such as:

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- Basic economic principles;
- Fiscal policy - why and how governments raise money;
- Monetary policy - how do central banks set exchange rate;
- Exchange rates and inflation;
- Supply and demand;
- Key economic fundamentals;
- Flow of funds, financial securities and financial markets;
- Basic principles of finance;
- Corporate capital structure;
- How companies raise money; and
- The banking system;
- The regulatory framework for retirement funds from an investment perspective;
- Fundamental investment concepts i.e., returns, risk, time horizons and diversification;
- Differences from an investment and benefits perspective between DB and DC;
- Introduction to various asset classes i.e., equities, bonds and money market, how to combine asset classes and why retirement funds need to invest offshore;
- Overview of the principles of default life-stage portfolios;
- Introduction to retirement fund investment strategies with reference to the Fund's IPS;
- How to monitor and evaluate investment performance – theory and reality, benchmarking and the role of the Fund's IPS;
- How to measure investment risk;
- How to select investment managers;
- Overview of the different investment styles and the characteristics of a good investment manager;
- Developing an investment strategy, setting objectives and determining asset allocations;
- Overview of the Fund's IPS;
- Overview of CRISA, TCF and Responsible Investing;
- Introduction to the pricing of the different asset classes;
- Introduction to the fundamentals of derivatives;
- Overview of alternative asset classes i.e., hedge funds and private equity;
- Overview of Liability Driven Investments (LDI);
- Relationships between assets and liabilities (DB and DC); and
- Overview of techniques to immunise against unrewarded risks.

7.3.3 Continuous Development

In order to encourage Trustees and non-Trustees Board Committee members to undertake continuous self-development, training and education throughout their terms of office, the Fund will pay membership fees on behalf of individuals who qualify for membership of a single recognised South African professional association or institution, where such

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membership would be beneficial to the Fund subject to the discretion and approval by the Chairperson, Principal Officer and Chief Operating Officer. In the case of the Chairperson of the Board, it will be subject to the discretion and approval by another Trustee, Principal Officer and Chief Operating Officer.

Should a Trustee and non-Trustee Board Committee member applying for this benefit also be a Trustee and non-Trustee Board Committee member of the Society such request will be considered in conjunction with the terms and conditions stipulated in the Society's Trustee Education Policy and, if approved, the cost will be shared equally between the Fund and the Society. Trustees and non-Trustee Board Committees members who are employees of the participating employers, as per the Rules, and whose membership fees of a professional association or institution are paid for by those employers, will not qualify for this benefit.

7.4 Evaluation of Trustee Education

To evaluate the success of the Fund's Trustee Education interventions and to ascertain what (if any) further training needs are required to ultimately help improve individual performance and competence, Trustees and non-Trustee Board Committee members will be requested to provide input as part of the Fund's annual Board and Board Committee Self-Appraisals, which will be considered by Fund Management and the Committee when reviewing the Fund's Trustee Education Policy and Strategy.

8. AUTHORISATION AND APPROVAL

Approved by Board of Trustees.



CW Coltman
Chairperson

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REVISION HISTORY

Revision no	Description	Date Reviewed	Date Approved	Minute no.
001	Policy created	November 2020	3 December 2020	59.20.2.1
002	Biennial Review	9 March 2023	4 April 2023	13.23.2.2
003	Biennial Review	13 March 2025	10 April 2025	06.25.3.2