AUGUST 2024

CAPE PENINSULA UNIVERSITY OF TECHNOLOGY RETIREMENT FUND

CODE OF CONDUCT FOR THE BOARD OF TRUSTEES

1 PURPOSE

The purpose of this code of conduct is to set out the ethical values that should guide the behaviour of individual trustees in governing the Cape Peninsula University of Technology Retirement Fund ("the Fund").

2 PRINCIPLES

The object of the board of trustees is to direct, control and oversee the operations of the Fund in accordance with the applicable laws and rules of the fund. In pursuing this objective the trustees must act in accordance with their duties, which are contained in both the Pension Funds Act ("the PFA") and the Financial Institutions (Protection of Funds) Act, 2001 ("the FIA").

The PFA duties of boards of management are the following:

- take all reasonable steps to ensure that the **interests of members are protected** at all times;
- act with **due care, diligence and good faith**;
- avoid **conflicts of interest**;
- act with **impartiality** in respect of all members and beneficiaries;
- act **independently**;
- **Fiduciary duty** to members, beneficiaries and the Fund; and
- Comply with any other prescribed requirements.

The FIA sets out the following duties of persons in positions of trust in relation to financial institutions, including retirement funds:

- to observe the **utmost good faith** and exercise **proper care and diligence**;
- to refrain from alienating, investing, pledging, hypothecating or otherwise encumbering the assets of the fund in a manner calculated to gain directly or indirectly any **improper advantage for any person other than the fund**;
- to declare any **conflict of interest**; and
- to **act in terms of the rules** of the fund.

For avoidance of doubt, a brief explanation of the main principles is set out below.

Utmost good faith and conflicts between interests and duties

The trustees must act with the utmost good faith towards the Fund. This means that the trustees must put the interests of the Fund above their own interests and above the interests of any other party (including the members).

Trustees should not make decisions that are in their own best interests unless those decisions are, coincidentally, in the best interests of the Fund. If there is a conflict, the trustee must disclose the conflict and recuse themselves from any decision–making in relation to the matter.

When in doubt, the best advice for a trustee is to disclose if he or she has the slightest sense of unease about a potential conflict.

Due care, diligence and good faith

Trustees must act honestly and with a high standard of care (greater than when dealing with their own assets). The standard of care is the standard of care to be expected of a person familiar with the issues.

The trustees must ensure that they act in accordance with the Fund's rules, which are, in terms of section 13 of the PFA, binding on the Fund, the trustees and the members.

The trustees must acquire a reasonable level of knowledge and skill regarding Fund matters and obtain expert advice on matters not within their expertise and competence.

At the same time they must exercise their own discretion. Trustees must not allow themselves to be persuaded by service providers to take decisions with which they are uncomfortable. Trustees must also understand the basis on which their service providers are remunerated either by the Fund or by third parties to which they refer business on behalf of the fund. Such remuneration should not be allowed to be disproportionate to the value of the services rendered.

Trustees may delegate (but not abdicate) certain of their functions.

Impartiality & protect interests of members at all times

Trustees do not "represent" those who nominated or elected them. They must protect the interests of **all** members in terms of the rules. The trustees nonetheless have an obligation to convey to the board the views of all stakeholders with whom they have contact to enable the board to take into account those views when they make decisions.

Board members may not fetter their discretion, and must apply their minds to the particular circumstances at hand.

3 CODE OF CONDUCT

3.1 Attributes required

3.1.1 Trustees should be persons of integrity. This implies that they should be honest, law-abiding and free from corruption.

3.1.2 Trustees should be persons of insight, diligence, calibre, credibility, skill and experience. Experience and continuity on the board are essential. If possible, there should always be an overlap of terms of office of trustees, to avoid a loss of experience when trustees are replaced.

3.1.3 The Fund's rules provide that a person cannot become a trustee if he/she is declared insolvent, is convicted of theft, fraud forgery or other offences involving dishonesty, or is found by a court to be incompetent to hold a position of trust. The rules further provide that a trustee can be removed from the board if 75% of the board resolves that he/she is in breach of their fiduciary duty to the Fund or the members, or if he/she fails to attend two

consecutive board meetings without prior approval of the chairperson and good reason.

3.2 **Training and behaviour of trustees**

3.2.1 Trustees must gain a proper understanding of their accountabilities and responsibilities.

3.2.2 Newly elected Trustees must complete all 22 modules of the compulsory FSCA trustee training toolkit within 6 months of becoming elected.

3.2.3 Trustees who have not previously had experience as trustees must attend an induction program, which will be at the expense of the Fund.

3.2.4 Trustees must attend training sessions to equip them to discharge their responsibilities in an appropriate manner.

3.2.5 Trustees must set aside sufficient time and make the appropriate effort to execute their duties effectively and properly.

3.2.6 Trustees should be familiar with and, where applicable, comply with the various policies of the Fund.

3.2.7 Trustees must not discharge their duties negligently or half-heartedly.

3.2.8 Trustees should read documentation, reports, minutes, and other items distributed to them.

3.3 **Meetings**

3.3.1 Trustees must make themselves available for board meetings. There are four board meetings during each financial year, and all trustees should attend unless there is a pressing reason for

non-attendance.

3.3.2 Trustees should contribute to meetings. There is no room on the board for passive trustees. Refer to virtual meeting protocol of CPUT.

3.3.3 Trustees must ensure that they have applied their minds to the material to be covered in the meeting, including the possible implications and actions required around the various items.

3.3.4 As per the Rules, the failure to attend two consecutive trustees' meetings without an apology will result in a cease to hold office.

3.4 **Information and disclosure**

3.4.1 Trustees must comply, where applicable, with the principles as outlined in the Protection of Personal Information Act of 2013 (POPIA) including adhering to the best practices in accordance with POPIA as outlined in the Fund's Confidentiality Policy.

3.4.2 Trustees must not use the information about the Fund or its affairs for any purpose except to further the Fund's interests.

3.4.3 Trustees must not make use of, or act upon, confidential information obtained by virtue of their office for the advantage of themselves or anyone else.

3.4.4 In addition a trustee must not share or provide information to someone else if that information is confidential, unless required by law. For clarification, confidential information includes all information gained by virtue of being on the Board and includes, but is not limited to, personal information on current or previous Fund members or beneficiaries, the principal employer or details of discussions held in the Fund meetings.

3.4.5 Information should be communicated via the Fund's official communications channels.

3.4.6 In addition, a trustee is expected to maintain their duties in relation to protection and non-disclosure of information obtained during their term(s) as a trustee even after their term in the office ceases.

3.4.7 Where necessary, a trustee must undertake to communicate any known or suspected data / security breaches to the Information Officer, Principal Officer and Chairperson as soon as possible.

3.5 **Gifts**

3.5.1 Trustees must not, directly or indirectly –

3.5.1.1 request, solicit or demand from any person or body any direct or indirect reward or favour; or

3.5.1.2 accept any gift, reward or favour,

whether in money or otherwise.

3.5.2 Trustees must declare in writing to the chairperson any favour, gift or courtesy received in their capacity as a trustee. The chairperson shall ensure that such gift or courtesy is recorded in a register to be kept at the office of the principal officer.

3.5.3 Trustees must not accept any hospitality from suppliers or potential suppliers to the Fund in their capacity as trustees.

3.5.4 Trustees must not misuse or abuse the Fund's resources or the privileges they enjoy by virtue of their board membership.

3.6 **Remuneration**

The trustees are not remunerated for their work as trustees. Should there be legitimate expenses which a trustee may incur as part of their role, they may apply for approval, ahead of incurring the expense, to the Principal Officer for the Fund to cover this.

3.7 **General**

3.7.1 Trustees must treat fairly all those people with whom they interact in the course of their work as trustees.

3.7.2 Trustees must ensure proper and effective governance of the fund.

3.7.3 Trustees must, at all times, act in accordance with their duties.

3.8 **Breach of Code of Conduct**

Any trustee who is found after due investigation to have breached this code of conduct in any way, will be removed from office, subject to a vote of 75% of the board.

4 GENERAL

Trustees must take decisions as a group. If an individual trustee considers that a decision is unconscionable, however, he/she should make this known and ensure that it is recorded in the minutes.

Signatures

This document represents the Code of Conduct for the Cape Peninsula University of Technology Retirement Fund and is adopted with effect from the date of signature.

Andre Veethling

CHAIRPERSON

PRINCIPAL OFFICER

DATE 28 November 2024