

OLD MUTUAL SUPERFUND BOARD CHARTER

- EVERGREEN PENSION AND PROVIDENT FUNDS
- PROTEKTOR PRESERVATION PENSION & PROVIDENT FUNDS
- OLD MUTUAL SUPERFUND PENSION & PROVIDENT FUNDS
- OLD MUTUAL SUPERFUND UNCLAIMED BENEFITS PENSION & PROVIDENT FUNDS

(Hereinafter referred to collectively as “SuperFund” or the “Fund”)



do great things



OLD MUTUAL

Corporate



PREAMBLE

In response to current environmental factors Old Mutual has embarked on a programme, as far as the regulatory regime makes it possible, to consolidate all its sponsored umbrella retirement funds for the sake of increased cost-efficiency and good governance.

Insofar as Old Mutual is not able to consolidate the Funds, it has developed a governance system for the Funds and all retirement fund products that will enable the Funds to be managed as far as possible as a single virtual fund, referred to herein as "SuperFund" or "Fund".

Best practice governance aims to achieve the following objectives:

1. The efficient management and control of the Fund.
2. Ensuring that the benefits promised to members are delivered smoothly, transparently and efficiently and that its assets are adequately managed. This requires that the performance of the governance structures be regularly monitored, reviewed, assessed and improved.
3. Building and maintaining the trust and confidence of the members and other stakeholders.

INTRODUCTION

The Management Board of the Fund acknowledges the need for a Board Charter as recommended in the Code of Governance Principles for South Africa – 2009 ("King III").

This Board Charter is subject to the provisions of the Pensions Funds Act, the Rules and any other applicable law or regulatory provision.

PURPOSE OF THE BOARD CHARTER

The purpose of this Charter is to set out the Board's role and responsibilities as well as the requirements for its composition and meeting procedures. This Charter must be read in conjunction with the Governance Agreement entered into between the Fund and the Old Mutual Life Assurance Company of South Africa Limited ("Sponsor").


COMPOSITION OF THE MANAGEMENT BOARD

The Management Boards of each of the Funds jointly referred to as Superfund comprise of the same people; all of whom are appointed by the Sponsor. As a courtesy, the Management Board is consulted on these appointments.

At least 50% of the Board members must be independent of the Sponsor. [An independent Board member may not be or have been within the last two years, an employee of any company within the Old Mutual Group.]

The Board currently comprises 8 Board members, 5 of whom are independent of the Sponsor.

There are no alternate Board members.



The Chairman and Deputy Chairman are elected by the Board members from their number. As a courtesy, the Sponsor is consulted on these appointments.

Due allowance is made for diversity in terms of race and gender in the composition of the Board. Ideally the Board should reflect the demographics of South Africa.

Generally, the Board members should among them have sufficient experience and complimentary skills to properly govern the Fund and should ideally include persons with practical experience of the administration of a Fund, knowledge of the business of the Sponsor, and expertise in investment, actuarial, accounting, legal and social.

REMOVAL FROM OFFICE

Board members may be sanctioned, whether in the form of censure, suspension subject to any terms determined by the other Board members, or expulsion from office, for any breach of the code of conduct. Such sanction may only be imposed after that Board member accused of such breach has been furnished with the opportunity to defend himself or herself.

The Sponsor may remove from office:

- 1.1. any Board member, who is an employee, in its discretion; and
- 1.2. any independent Board member on good cause shown and with the agreement of the Board.

DISQUALIFICATIONS FROM APPOINTMENT AS BOARD MEMBER

- A minor or any other person under legal disability.
- A person who has been convicted of theft, fraud or other crime of which dishonesty is an element.
- A person who has been declared by a court to be disqualified from being appointed as a director of a company or a trustee of a trust.
- A person removed from an office of trust on account of misconduct or one who has been suspended, disqualified or replaced by the regulator on account of a breach of good governance standards as a trustee of a fund.
- A person who has been removed or disciplined by a professional body, e.g. Actuarial Society or Law Society.
- An unrehabilitated insolvent.

APPOINTMENT AND TENURE OF THE BOARD MEMBERS

A Board member shall hold office for a period of 3 (three) years. On expiry of the 3 (three)-year period, further elections or appointments must take place. A Board member may make him- or herself available for re-appointment.

Re-election or reappointment will be subject to continued satisfactory performance.



After 9 years (three three-year terms) re-election or reappointment will take place annually.

At 9 years the Board member will be subject to a particularly rigorous review, of not only performance but also an independence assessment to ensure that there are no relationships or circumstances likely to affect, or appearing to affect, the Board member's judgement. During the review, the need for progressive refreshing of the Board must be weighted up against the positive factor of the continuity of the Board.

If a Board member's office is terminated for whatever reason, the incoming Board member's term of office will commence from his/her date of appointment/election and not from date of appointment of the outgoing Board member.

The initial Board was appointed by the Sponsor on 26 June 2007. Applications submitted were reviewed by a panel appointed by Old Mutual. The panel made recommendations to the Chief Executive of the Corporate Business who made the appointments in consultation with the Executive General Manager (Finance). The appointment of each of the initial Board members still in office has been extended for a second term to 26 June 2013. In respect of the initial Board members who were members of the Boards of individual Funds within SuperFund prior to 26 June 2007, for the purposes of this section commence on 26 June 2007. Prior terms of office will therefore not be taken into account when determining future terms in accordance with this Charter.

Board members are required to confirm their acceptance of the office by signing an Acceptance of Trust which includes adherence to the Code of Conduct.

REMUNERATION OF BOARD MEMBERS

Board members in the employ of the Sponsor will not be remunerated by the Fund.

Independent Board members are remunerated for their work in respect of the governance of the Fund in accordance with the Remuneration Policy adopted by the Board. To avoid any potential conflicts of interest, the Board members are remunerated from the Fund and not from the Sponsor, unless the circumstances dictate otherwise and the Board is agreeable.

Remuneration of independent Board members and attendance at meetings is disclosed in the annual financial statements and annual Board report.

Independent Board members are reimbursed for reasonable travel expenses in terms of the Travel Policy adopted by the Board. Any other ad hoc expenses require Board approval before the expenses are incurred.

APPOINTMENT AND TENURE OF THE CHAIRMAN OF BOARD

The Chairman and Deputy Chairman are elected annually by the Board from amongst the Board members effective from 26 June.

The outgoing Chairman and Deputy Chairman may make themselves available for re-election.



BOARD TRAINING AND SKILLS

The Fund has a responsibility to provide orientation and induction to new Board members with a focus on Fund-related orientation. Exiting Board members are required to play an active role in the hand-over to the successor. Thereafter the Fund is required to provide ongoing training on Fund-related matters. The Board may agree to provide other training.

On entry, each Board member is assessed and undergoes appropriate training where a need is identified. The new Board member will at the expense of the Fund attend relevant training modules. On an ongoing basis, all Board members must submit to annual performance appraisals during which time development needs will be identified. The Board member will then, at the expense of the Fund, undergo such training.


With regard to continuous and lifelong learning/professional development, the onus is on the Board members to ensure that they maintain and enhance their professional capability for which they are appointed. As this is covered by the fee, the Board member must not only pay for this but must account for it to the Board on a quarterly basis.

The Board has documented its policy with regard to Board development.

ROLE AND RESPONSIBILITIES

The role and responsibilities of the Board are to:

1. Direct, control and oversee the operations of the Fund in accordance with the applicable laws and the rules of the Fund with due regard to their fiduciary duties to act with good faith, diligence and care towards the Fund and its members that may not in any way be fettered, qualified or compromised. The Governance Agreement regulates the relationship.
2. Provide effective leadership on an ethical foundation, avoiding conflicts of interest and ensure that the Fund is managed in a manner that accords with the ethical standards set by the Board;
3. Act as the focal point for, and custodian of, corporate governance by managing its relationships with the Sponsor, the members and other stakeholders along sound governance principles;
4. Act in the best interests of the Fund by ensuring that individual Board members:
 - a. Adhere to legal standards of conduct;
 - b. Are permitted to take independent advice in connection with their duties following an agreed procedure;
 - c. Disclose real or perceived conflicts to the Board and deal with them accordingly;
5. Take all reasonable steps to ensure that the interests of members in terms of the rules of the Fund and the provisions of the Pension Fund Act are protected at all times.
6. Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
 - a. Contributing to and approving the strategy;
 - b. Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by the Board;
 - c. Identifying key performance and risk areas;
 - d. Ensuring that the strategy will result in sustainable outcomes;
 - e. Considering sustainability as a business opportunity that guides strategy formulation;

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7. Be responsible for the governance of risk;
 - a. Ensure that the Fund has an effective and independent audit committee function; the Administration & Financial Reporting Sub-Committee oversees the audit function but the Chairman of the Sub-Committee is an independent Board member;
 - b. Ensure that there is an effective risk-based internal audit process in place;
 - c. Be responsible for information technology governance;
 8. Ensure that the Fund is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the Fund's business but also the impact that business operations have on the environment and the society within which it operates. The Board is accountable to the stakeholders of the Fund, particularly the members, participating employers and the Sponsor and is required to demonstrate this accountability by:-
 - a. regularly reporting the activities of the Board and the Fund to the stakeholders in a transparent manner; and
 - b. seeking feedback from stakeholders on the performance of the Fund and the perceptions of stakeholders.
 9. Ensure that the Funds comply with applicable laws and consider adherence to non-binding rules and standards;
 10. The Board must build a sound relationship with regulatory authorities and establish adequate structures to ensure compliance with all regulatory requirements, as well as to foster and maintain a good relationship with the authorities.
 11. Appreciate that stakeholders perceptions affect the Funds' reputation;
 12. Ensure the integrity of the Funds' integrated report;
 13. Commence business rescue proceedings as soon as a crisis (issue) arises where the Fund is obliged to seek assistance in bringing it back to normal operations. The Board has documented its Business Rescue and Disaster Recovery Process;
 14. Appoint and evaluate the performance of the Principal Officer.

Duties of the Board as set out in the Pension Funds Act;

15. Ensure that proper registers, books and records of the operations of the Fund are kept, inclusive of proper minutes of all resolutions passed by the Board;
16. Ensure that proper controls and systems are employed by or on behalf of the Board;
17. Ensure that adequate and appropriate information is communicated to the members of the Fund informing them of their rights, benefits and duties in terms of the rules of the Fund;
18. Take all reasonable steps to ensure that contributions are paid timeously to the Fund in accordance with this Act;
19. Obtain expert advice on matters where Board members may lack sufficient expertise;
20. Ensure that the rules and the operation and administration of the Fund comply with the Pension Fund Act, the Financial Institutions (Protection of Funds) Act and all other applicable laws;
21. Ensure that stakeholders are kept duly informed of all matters in which they have an interest and that adequate communication channels and dispute resolution mechanisms exist to enable them to communicate their needs, lodge any complaints and cause any disputes to be resolved.



DELEGATION

The Board delegates functions to well-structured sub-committees but without abdicating its own responsibilities. Delegation is formal and involves the following:

- Formal terms of reference are established and approved for each sub-committee of the Board;
- The sub-committees' terms are reviewed at least once a year;
- The sub-committees are appropriately constituted with due regard to the skills required by each sub-committee;
- The Board has an established framework for the delegation of authority to the Office of the Principal Officer, Administrator and Investment Consultant.

Each sub-committee comprises at least two Board members, provided that the chairperson of any sub-committee dealing with financial reporting is an independent Board member. The Principal Officer and Deputy Principal Officer serve on each sub-committee, and also liaise between the sub-committees where necessary, but do not have a vote. Each sub-committee may also include other Fund officers, independent experts and representatives of service providers. The sub-committee should endeavour to reach consensus on its affairs, but where this is not possible, the Board members alone may vote. The quorum for all sub-committees is set at two Board members plus the Principal Officer or Deputy Principal Officer.

The Board has appointed the following sub-committees:

- Administration & Financial Reporting
- Claims
- Communication
- Governance & Risk Management
- Legal & Contractual
- Investment & Actuarial
- Transition (ad hoc to oversee system migration)

MEETING PROCEDURES

Frequency

Meetings of the Management Board must take place as often as resolved by the Board in order to conduct the business of the Fund as set out in this Charter, but at least 4 (four) meetings must be held in each financial year.

If at least two-thirds of the Board members make a request to the Chairman to convene a meeting of the Management Board, the Chairman must do so giving 10 business days' written notice of the issues to be discussed at the special meeting.

Each sub-committee must meet at least quarterly and such meetings may take place telephonically, if appropriate. The Claims Sub-Committee meets weekly to adjudicate death claims.



ATTENDANCE

Representative from the Administrator and Sponsor may be in attendance at meetings but by invitation only and they may not vote. The Principal Officer and/or Deputy Principal Officer attend all meetings of the Board and Sub-Committees.

Board members must attend all scheduled meetings of the Board, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Principal Officer.

The Principal Officer is accountable for the secretarial functions for the Board.

If the Chairman is temporarily unable to discharge his or her duties, the Deputy Chairman shall take up the position of Chairman. If the Deputy Chairman is also not available, the Management Board may resolve that one of their number be appointed as Acting Chairman. Such appointment shall be for such period and for such purpose as resolved by the Management Board.

The Management Board may also conduct a meeting by using a conference telephone or any communication equipment (including video link) that allows everybody participating in the meeting to speak to and hear each other.

Agenda & Minutes

The Principal Officer establishes a work plan every year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan includes matters laid out in this Charter.

The length and timing of meetings as well as the agenda are determined in accordance with the annual plan and the terms of reference of the sub-committees.

A detailed agenda, together with supporting documentation is circulated at least one week prior to each meeting to the Board members and other invitees. Board members have the right to request additions to the agenda either prior to the meeting or at meetings.

All submissions to the Management Board meeting are made via the sub-committees or Office of the Principal Officer.

Board members must be fully prepared for Board meetings and are expected to provide appropriate and constructive input on matters for discussion. Preparation time for meetings is taken into account in determining the fee paid to the independent Board members.

The proceedings of each sub-committee meeting are recorded in writing and details the results of investigations and recommendations to the Management Board are documented in the recordal. These records are submitted to the first meeting of the Management Board after such meeting for noting, and incorporating into the records of the Fund.

A record of the proceedings of Management Board meetings is prepared within two weeks of a Board meeting. After review by the Principal Officer, it is circulated to the Chairman and Board members for review. The record is formally approved by the Board at its next scheduled meeting. Thereafter minutes are prepared and the Chairman is mandated to sign these.



Decision Making

At a meeting of the Management Board each Board member has 1 (one) vote. The Board must make a reasonable effort to reach consensus but a decision favoured by 75% (seventy-five per cent) of the meeting must be carried. If the Board cannot reach a decision, the matter must be referred to the next meeting. A decision favoured by the majority at such meeting shall be a decision of the Board.

A resolution in writing sent to all the Board members shall, provided that the number of individually signed copies amount to the number required for a quorum, be as valid and effective as if it was passed at a meeting of the Management Board duly convened and held.

A resolution circulated to all the Board members via e-mail shall, provided that the number of the Board members, who signify their approval by return of e-mail is no less than the number required for a quorum, be as valid and effective as if it was passed at a meeting of the Management Board duly convened and held.

Any resolution passed must, as a matter of good governance, be recorded in the minutes at a subsequent meeting of the Management Board held after the resolution was passed. Failure to so record the resolution shall however not affect the validity of the resolution.

Quorum

4 (Four) Board members, at least 2 (two) of whom shall be independent Board members, shall form a quorum. Provided there is a quorum, the Board members present shall be entitled to act notwithstanding any temporary vacancy in their number.

Board members attending via video or telephone link are counted for purposes of determining whether a meeting is quorate.

Individuals in attendance at Board meetings by invitation may participate in discussions but do not form part of a quorum for Board meetings.

APPRAISAL OF BOARD MEMBERS

The Board has developed an appropriate performance appraisal system to measure the performance of the Board. Input from major service providers is also obtained.

The Sponsor ensures that the duties of a Board member who is in its employ form part of its performance contract with such Board member.

In the case of the Chairman, collective appraisal is done by his fellow Board members and the Sponsor.

Where possible some form of external benchmarking of the governance system from an authoritative person is obtained in an effort to be able to demonstrate to members and potential clients that the Fund is well governed.



DECLARATION OF INTERESTS

Structural conflicts may arise where the interests of the Fund and its members conflicts with either the Board member's personal interests or the interests of the Board member's employer if the employer is the Sponsor or with the Sponsor or one of its subsidiaries. In this circumstance the legislation is clear. The Board member must put the interests of the Fund above all other interests.

Other conflicts of interest should be avoided. When they do arise the Board should scrupulously deal with them. Any Board member with a direct interest in an issue should recuse himself or herself from the discussion in respect of this issue.

Each Board member is required to complete an annual declaration of interests.

The Board has adopted a gift policy; all gifts and entertainment accepted or declined must be recorded in the Gift Register on a quarterly basis. Gifts or entertainment exceeding R500 require a full Board resolution.

Board members, invited service providers and Fund officials are required to declare any interests in relation to any item on the agenda for any Board or sub-committee meeting.

CODE OF CONDUCT

The Board has adopted a code of conduct and each Board member is required to sign acceptance thereof.

The Board has put in place a process and remedies to deal with a breach of this code of conduct. Such process includes appropriate arbitration/dispute resolution processes.

RISK MANAGEMENT AND COMPLIANCE

The Board acknowledges that it is accountable for the governance of risk, understanding the risk exposure that the Fund has, its ability to tolerate risk, and the risk that it is willing to take. The Board appreciates that it should prevent risk management from becoming a series of activities that are detached from the realities of the Fund's business.

The risks faced by the Fund are managed by the Board within the guidelines of policies and practices which are monitored and managed by sub-committees. The sub-committees identify deviations from the policies and practices (called issues) which are then rated in terms of its impact on the Fund should it materialise and the likelihood of the risk materialising. The top ranking issues are reported in the Board Issues Log and dealt with by the Management Board. Less significant issues are allocated to the various sub-committees in accordance with their mandates and they are responsible for ensuring that appropriate mitigating strategies are implemented. Insignificant risks are dealt with by the Principal Officer.

Only residual risks are specifically measured on a qualitative basis with a 12 month view with respect to regulation, reputation and impact on members.



ETHICS STANDARDS

The Board has identified the following specific ethics standards:

- Responsibility & Accountability – Applying best practice governance principles and implementing the principles and recommendations in King III and, where they are not implemented, explaining the reasons why. Being responsible and able to justify and explain decisions and actions. Accounting to the stakeholders in a transparent manner for the manner in which the Board has conducted the affairs of the Fund.
- Fairness – the legitimate interests and expectations of stakeholders are considered when deciding what is in the best interests of the Fund. The best interests of the Fund are always interpreted within the parameters of the Fund as a sustainable enterprise and the Fund as a responsible corporate citizen. The Board must act in a manner that is free from discrimination or dishonesty and in conformity with rules and standards.
- Declarations of interest - Any personal interest, including family interest, that may impinge on or may reasonably be deemed by others to impinge on a Board member's impartiality in any matter relevant to his or her duties must be declared to the Management Board. Where structural conflicts of interest arise or where a Board member (or family member) is a shareholder or a director of a potential service provider, such conflict should not only be declared but should be avoided and the Board member must recuse himself/herself from the tender process. The Board members shall at all times act in the best interests of the Funds, members and beneficiaries.
- Confidentiality and accuracy of information - The confidentiality of information received in the course of duty must be respected and must never be used for personal gain other than for approved Fund purposes, and information given in the course of duty must be true and fair and never be designed to mislead. No Board member or Fund official may engage with or provide any information to a service provider or potential service provider other than through the official channels during the tender process.
- Competition - Any arrangement that may, in the long term, prevent the effective operation of fair competition in the delivery of services to the Funds must be avoided.
- Gifts – No Board member or Fund official may be or may be seen to be influenced in making a decision as a consequence of accepting a gift. Therefore, during the tender process no gift, payment, loan, reward, inducement, benefit or other advantage may be accepted from any service provider or potential service provider involved in the tender process. The same principle would apply to hospitality. At all other times, the Fund's Gift Policy will prevail.
- Disclosure & transparency – All fees and expenses will be fully disclosed. The Board will deal with the members and stakeholders in an open and transparent manner and in utmost good faith.

This Charter will be kept under review by the Management Board, and in no way restricts the ability of the Board to make decisions as allowed under the Fund Rules. It will remain in force until such time as it is rescinded or altered by the Board.



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