PUBLIC INVESTMENT CORPORATION®
Est. 1911

PIC CORPORATE PLAN:

FY 2018/19 – FY 2020/21

PUBLIC INVESTMENT CORPORATION®
Est. 1911

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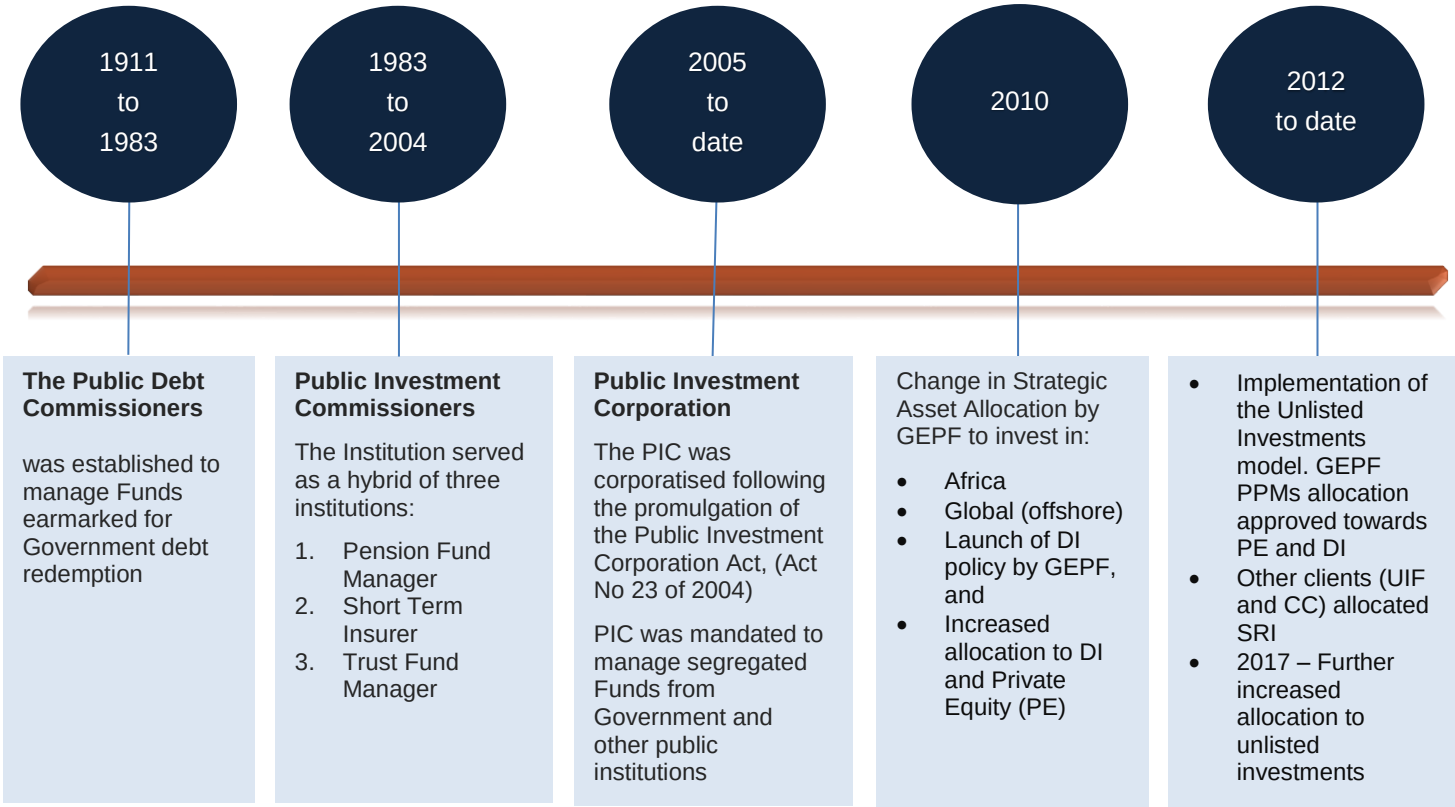
SECTION I

OVERVIEW OF THE PUBLIC INVESTMENT CORPORATION

Introduction and History

1.1. The Public Investment Corporation SOC Limited (PIC) has a long history which spans over 107 years. The PIC was established in 1911. The mandate of the PIC has changed over time. The major change to the PIC mandate was on 1 April 2005, when the Public Investment Corporation SOC Limited was established in accordance with the Public Investment Corporation Act, 2004 (Act No 23 of 2004) (the PIC Act) as a Financial Services Provider (FSP), wholly owned by the South African Government.



Key
DI – Developmental Investments
PE- Private Equity Investments
GEPF Government Employee Pension Fund
PPM – Private Placement Memorandum
SRI – Social Responsible Investments
UIF – Unemployment Insurance Fund
CC – Compensation Commission Fund

1.2. The PIC is a registered FSP, licenced Category II FSP, in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act No 37 of 2002) (the FAIS Act). The primary purpose of the PIC is to invest certain monies received or held by, for or on behalf of the Government of the Republic of South Africa and certain bodies, councils, funds and accounts. As custodian of substantial assets generated by the labour of generations of South Africa's public sector employees, the PIC has a responsibility to conduct its affairs with integrity, transparency and in an exemplary manner.

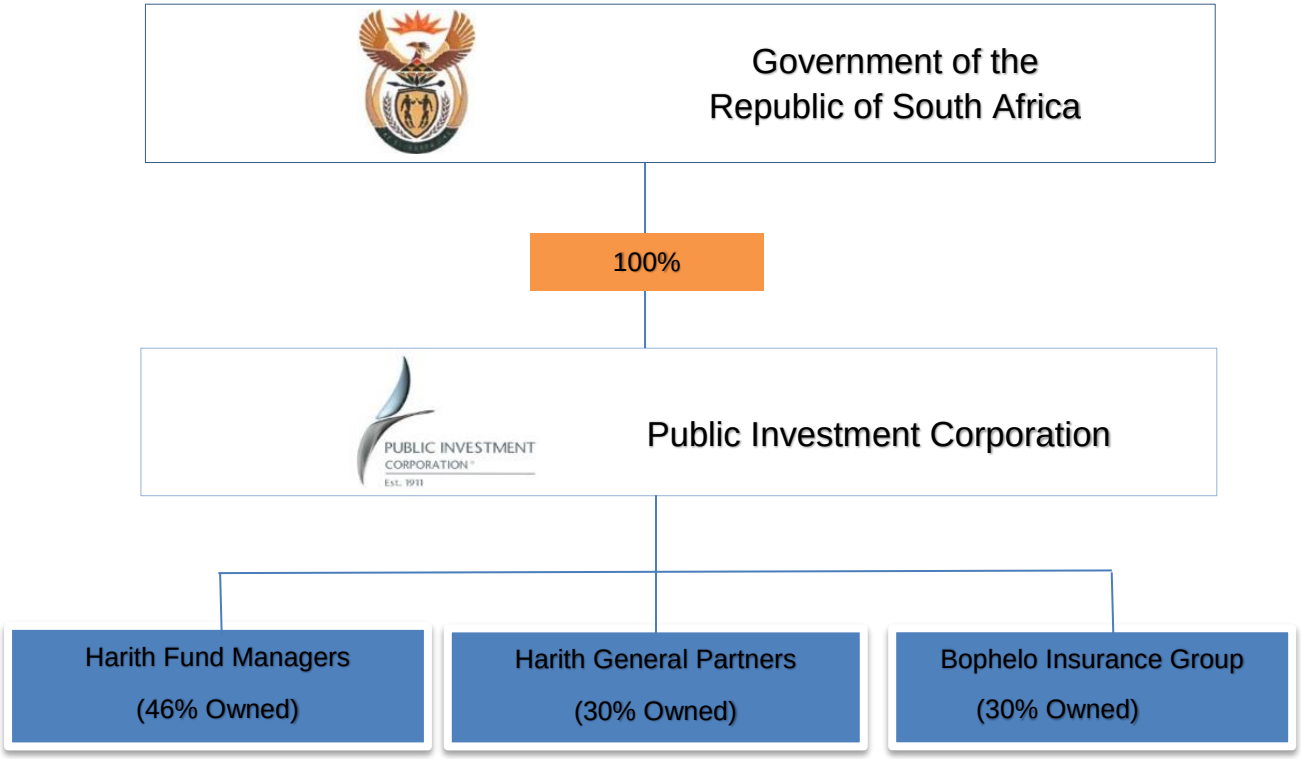
1.3. The deliverables of the PIC remain important within the South African investment management sector, particularly because of the developmental investment role it plays in the economy as an investor, a catalyst for crowding-in private sector investment and a driver in impact and responsible investing.

1.4. The clients of the PIC are mainly pension, provident, social security and guardian funds. PIC's mandate is to invest funds on behalf of these clients, based on investment mandates agreed with each client. PIC's client mandates are approved and regulated by the FSB.

1.5. The PIC invests funds on both a segregated and a unitised basis. The financial markets and investment environment in which the PIC operates is volatile and complex. To this end innovation is vital. To cater for the varying investment developments in the marketplace, the PIC continually explores new investment products and services.

PIC Ownership Structure

1.6. The ownership structure of the PIC is outlined in the diagram below.



1.7. The PIC has a 46% shareholding in Harith Fund Managers (Pty) Ltd and has a 30% shareholding in Harith General Partners. Harith Fund Managers (Pty) Ltd manages the funds of the Pan African Infrastructure Development Fund (PAIDF) and is also responsible for the provision of specified administrative services relating to the operations of the PAIDF. Harith Fund Managers (Pty) Ltd assists the PIC in carrying out its mandate as it relates to infrastructure investments, both in South Africa and the rest of the continent.

1.8. Harith General Partners (Pty) Ltd is the Pan-African Fund Manager for infrastructure development across the continent. The funds are invested in a number of major projects in diversified sectors such as, health, energy, transport, information and telecommunications, and water and sanitation.

1.9. The PIC has a 30% shareholding in Bophelo Insurance Group (Pty) Ltd, which provides financial services and insurance. The PIC aims to use this investment in

Bophelo Insurance Group (Pty) Ltd as a vehicle to develop financial products for its clients and its clients' members and dependents.

PIC's Vision and Mission

1.10. The PIC's vision and mission, will not only enable the PIC to exceed its stakeholders' expectations, but will also contribute towards the realisation of key developmental priorities of Government. Thus, the PIC's vision is to be a "Global Leader in impactful investing".

1.11. The long term vision of the PIC is underpinned by a clear mission statement of:

- Exceeding client expectations whilst investing for sustainable growth, inclusivity and transformation;
- Catalyst for continental integration and a global investor;
- Growing our client base and investment products offering through innovative thinking; and
- Mobilising and leveraging strategic partnerships and resources.

The PIC Vision, Mission and Enablers

PIC's Values

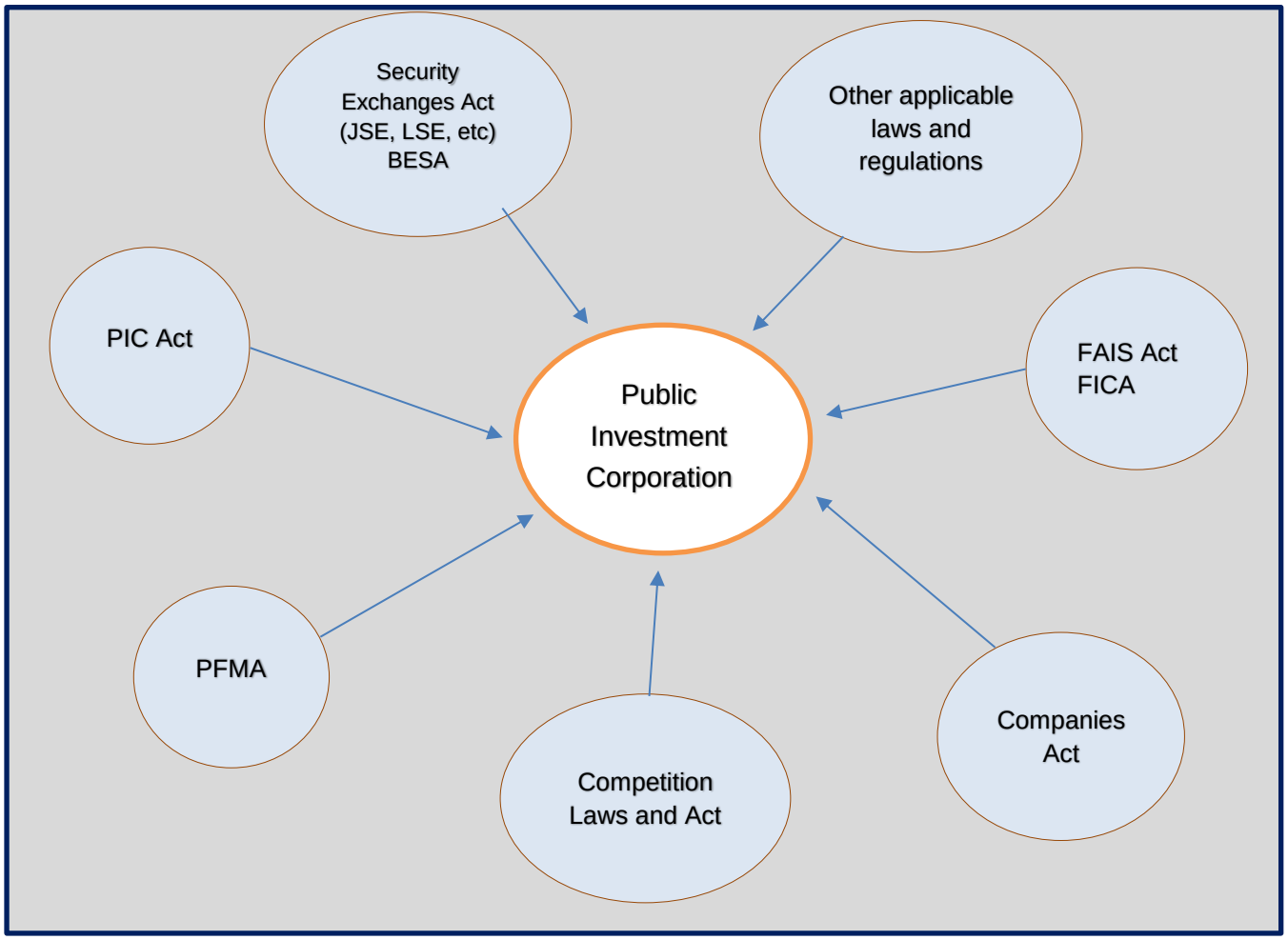
1.12. The PIC values are aligned to the PIC vision and mission. These values are a cornerstone of PIC's culture. The PIC values are discussed below in detail.

PIC's Values

We "Care"		
C	Committed	We are committed to delivering on our Clients' mandates. Commitment means doing everything in our power and going the extra mile to create value for our Stakeholders.
A	Accountable	We are accountable to our Stakeholders in everything we do as well as for every decision we make.
R	Respect	We treat each Stakeholder with respect and listen to their different views. We listen to the views of our Stakeholders, and never disregard their opinions, no matter how different they are from ours.
E	Empathy	We have empathy towards all Stakeholders. We have compassion for our Stakeholders, and we understand their unique circumstances.
We "Deliver"		
D	Diligence	Any work we do, will be done with diligence. We put our minds and full attention to everything we do.
E	Excellence	We value excellence above everything. Whatever we do, we go beyond the ordinary and we exceed our Stakeholders' expectations.
L	Leadership	We aim to lead in corporate governance. Our investment decisions are rooted in good corporate governance, consideration for the environment as well as social issues. We aim to outperform our benchmarks and play a leading role in terms of impact investing and operational excellence.
I	Innovate / Integrity	We encourage and appreciate innovation and creativity. We are consistently looking for new ways of improving what we do. We, therefore, put emphasis on research and development. We believe that everything we do is glued together by integrity; without integrity our relationship with our Stakeholders can never stand.
V	Value	We believe in value creation for our Stakeholders. We enable our Clients to realise their investment objectives and deliver beyond Stakeholder expectations.
E	Efficient	We do our work with precision and timeously. We are capable of doing more with little and within reasonable time. We do things right the first time.
R	Responsible / Reliable	We invest in a socially responsible manner. We anticipate and appreciate the possible consequences of our actions. We are a reliable partner for delivering the right result. Reliability means that our Clients can rely on us to deliver on their investment mandates and exceed their financial objectives.

PIC's Legislative Mandate

1.13. The PIC is regulated by various laws and regulations. Below is a diagrammatic depiction of the various key laws and regulations applicable to PIC.



The FAIS Act

1.14. The PIC is regulated by the Financial Services Board (FSB) through the operation of the FAIS Act. The PIC is a Category II licenced FSP in terms of the FAIS Act. The PIC is required to be compliant with all aspects of the FAIS Act and to conduct business within the limits of the Category II FSP conditions. The clients of the PIC are mostly pension, provident, social security and guardian funds. PIC's mandate is to invest funds on behalf of these clients, based on investment mandates agreed with each client. All client mandates are compliant with the legislation and regulations set by the FSB. As a Category II FSP, the PIC is a discretionary FSP.

The PIC Act

1.15. The Corporation reports to the Minister of Finance who is the sole shareholder representative on behalf of the South African Government. The concept of a separate body responsible for the investment of trusts and other Government deposits, such as the PIC, has its origins in the Public Debt Commissioners Act, 1911 (Act No 18 of 1911) which came into operation on 2 May 1911. This Act was later replaced by the Public Debt Commissioners Act, 1969 (Act No 2 of 1969). The successor to the Public Debt Commissioners was the Public Investment Commissioners which was governed by the Public Investment Commissioners Act, 1984 (Act No 45 of 1984). In 2005, the Public Investment Corporation SOC Limited succeeded the Public Investment Commissioners.

The PFMA

1.16. In addition to the PIC Act, the operations of the PIC are bolstered by the establishment of legislation for some public entities which specifically direct these entities to invest monies which are not required for immediate use, with the PIC. Furthermore, in terms of the Treasury Regulations for departments, trading entities, constitutional institutions and public entities issued in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA) public entities that are listed in Schedule 3A or 3C of the PFMA must invest surplus funds with the Corporation for Public Deposits unless they are exempted by the National Treasury. The above exemption has been granted to all Schedule 3A and 3C entities by the National Treasury and thus they can invest their surplus funds with the PIC.

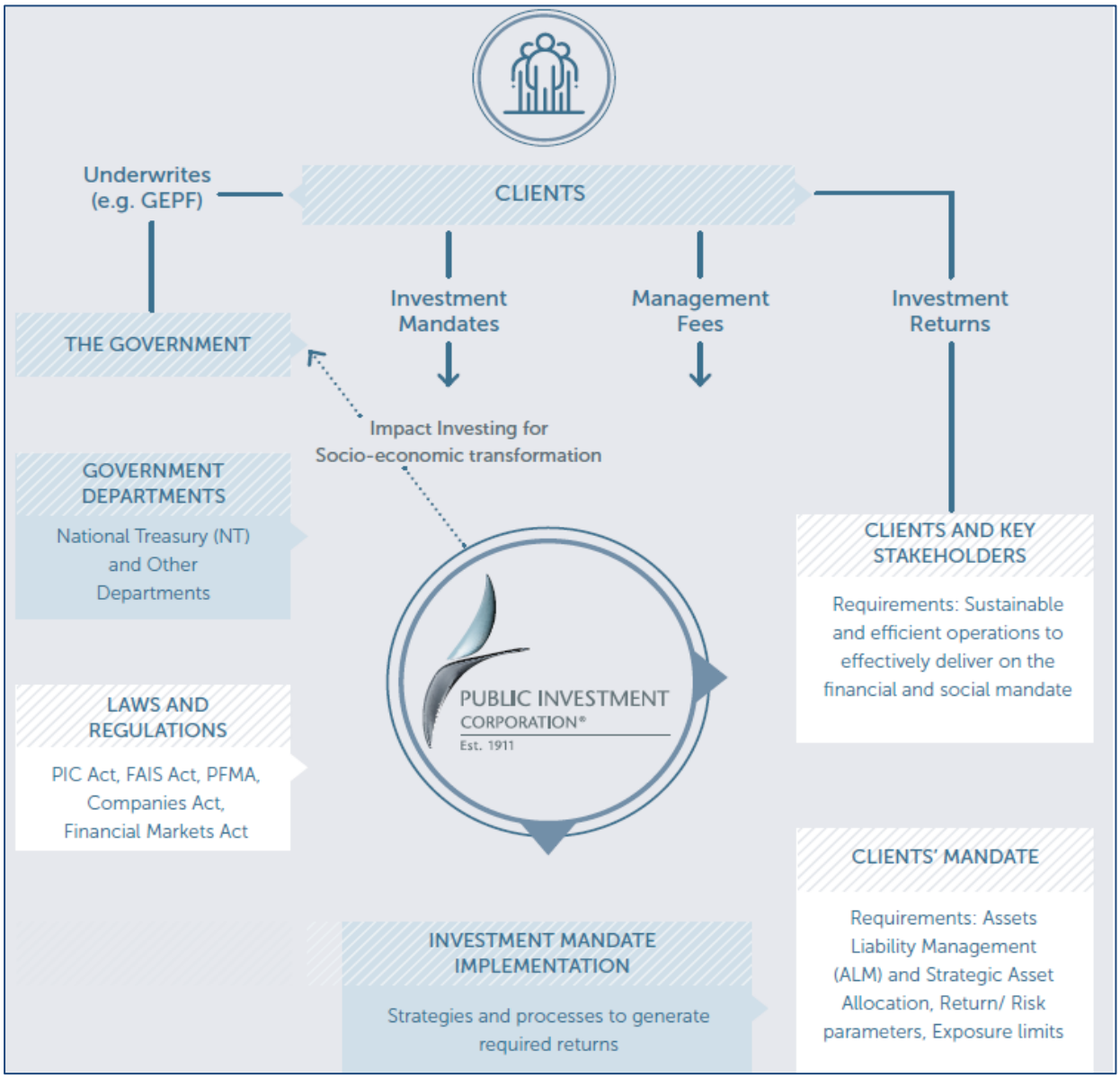
1.17. As a public entity, the PIC is listed in Schedule 3B of the PFMA and thus has to comply with the requirements of the Act. The investment operations of the PIC are regulated by the FSB and the corporation is an approved financial services provider in terms of the FAIS Act. The PIC has been regulated by the FSB since its inception in 2005. In addition to these laws, the PIC has to operate in line with other legislation such as the Companies Act, 2008 (Act No 71 of 2008) (the Companies Act) and the Financial Intelligence Centre Act, 2001 (Act No 38 of 2001) (FICA)

Other relevant laws and regulations

1.18. As the financial service provider and institutional investor in various markets, both listed markets, and unlisted markets, the PIC is required to comply with various exchange laws and regulations as well as competition laws in the region in which it invests. The PIC is therefore regulated by various legislation in the jurisdictions where it conducts its business.

The Public Investment Corporation Business Operating Model

1.19. The diagram below shows the PIC Operating model.



1.20. PIC is different from Development Finance Institutions (DFIs) in that the PIC is an asset manager which manages funds based on mandates prescribed by clients for which it is paid a fee. PIC does not own these investments. DFIs, on the other hand, manage funds from their own balance sheet. Whilst PIC's investment philosophy includes consideration of developmental impact, it has to deliver financial returns in line with client mandates and expectations. DFIs have latitude to sacrifice financial returns in order to achieve social impact outcomes and primarily exist because of the failure of commercial financial institutions to intervene in certain markets.

1.21. The PIC business model can be summarised as follows: The PIC invests funds as allocated by clients. The clients pay management fees to the PIC. The management fees are the major source of the PIC's income that finances its operations. The PIC investment activities and implementation of the strategy are guided and overseen by the Board. In doing business, the PIC interacts with the investee companies, Government (alignment of developmental and sectoral priorities, eg the National Development Plan (NDP)), service providers (provides specialist services) and strategic partners (crowding-in of private sector funding and co-investments) in implementation of the client mandates.

1.22. The table below summarises the role of PIC for each stakeholder in order to achieve its objectives.

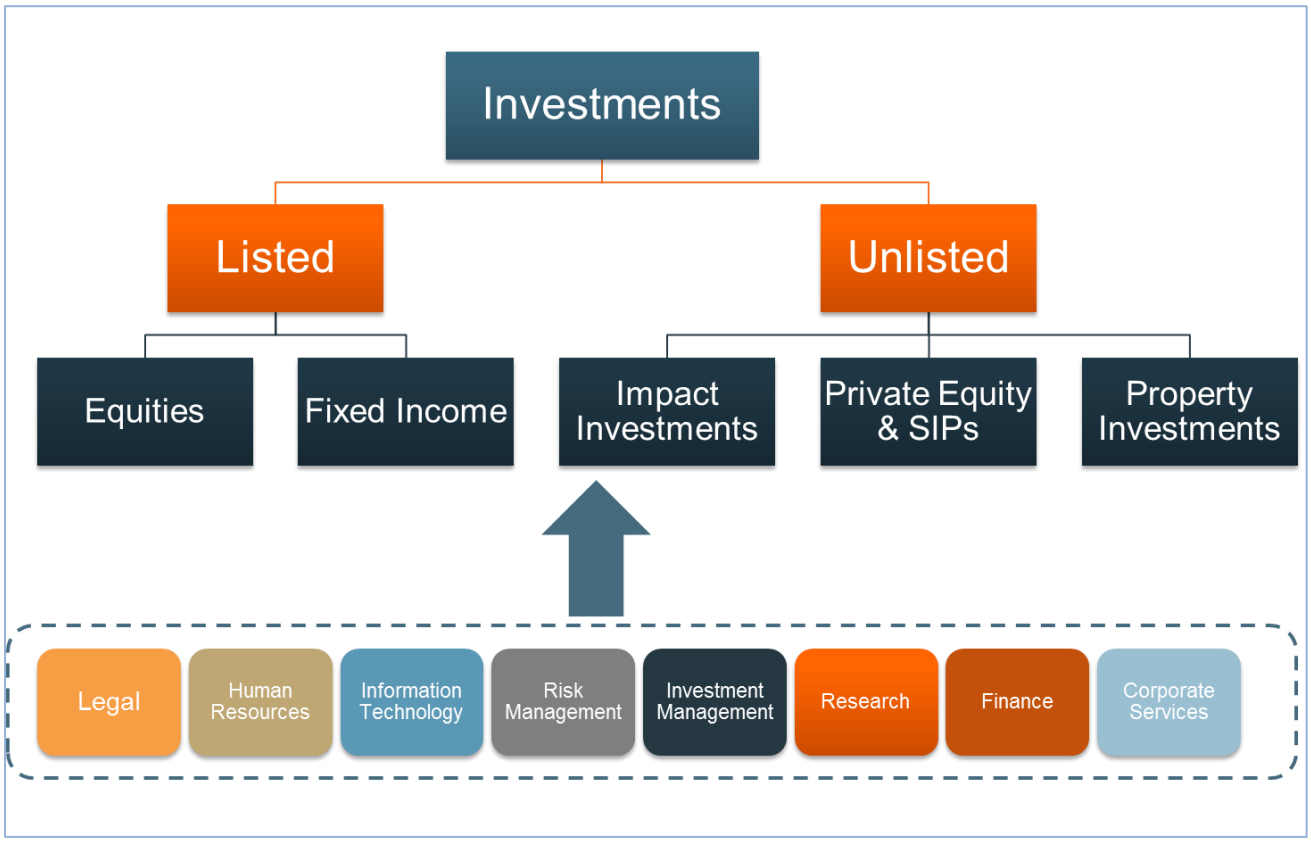
Counterparty	What they require from PIC	PIC Strategic Positioning	Driving Inclusive Growth
Clients	• Financial returns • Asset growth • Sustainability and impact investing • Pension security and increases • Client direct benefit products (housing, education, insurance, healthcare), direct participation in investments	• PIC relationship with Clients (GEPF, UIF, CC) governed by PIC Act and National Treasury • Competitive low fees • Owned by government • Human talent • Clean audit • Consistent good client performance over a long period of time • Client benefits design, eg housing, education, insurance • Development of SPAC dedicated to Clients` members	• Investments DI pillars • Development of SPACs to advance financial inclusion and allowing the clients to directly participate in the economy • Job creation • Transformation of various sectors • Expanding client product offering

Counterparty	What they require from PIC	PIC Strategic Positioning	Driving Inclusive Growth
Shareholder	• Corporate Financial Sustainability • Dividends • Good corporate governance and compliance	• Strong financial sustainability • Strong governance • Alignment of PIC investment strategy to the shareholder's strategic intent	• Strategic intent implementation • Alignment of NDP and other key initiatives by the shareholder
Government	• Alignment to Government developmental agendas • SoE support • National Treasury bond market support • Investments in strategic sectors of the economy • Crowding-in of private sector investments funding • Job creation and impact investing	• Alignment of PIC investment strategy to key Government developmental agendas • Driving transformation, and impact investing in various sectors of the economy • Job creation • Big player in the bond market, supporting SoEs • Largest player on the JSE	• Investment in critical sectors that drives economy • Targeting high job creation sectors • Investments in Social and Economic infrastructure • Crowding-in of private sector funding • Transformation across all sectors
Regulators	• Compliance	• Good relationship with regulators • Compliance	• Use regulation to advance transformation and impact investments, eg FSB
Service providers	• Business from PIC (eg brokerage, systems, advisory work) • Fees	• Drive transformation • SMME development • Transmit PIC ESG principles to service providers • Youth employment through internship provided by PIC's service providers	• Drive good corporate governance in all companies that PIC invests in • Drive good behaviour at management level • Drive transformation and job creation • Youth training through internships
Asset Managers	• Allocation of funds from PIC • Fees	• Large AuM base • Multi–asset classes • Average to low fees • Good performance	• Drive transformation in the sector • Create new enterprises (new emerging asset managers) • Job creation • Youth training and development • Women advancement
Investee companies	• Funding from PIC for new projects or expansion • Access to capital • PIC driving transformation and governance • PIC being a shareholder	• Drive good governance in all companies that we invest in • Drive good behavior at management and board level • As an investor, provide business expansion capital • Lender of reference	• Drive transformation • Assisting sectors in distress to save jobs • Assist investee companies to expand through provision of funding • Driving good corporate governance in investee companies' operations
Sponsors	• Funding from PIC • BBBEE transactions	• Drive transformation	• BEE funding framework • Insisting on "skin-in-the-game" contribution • Active BEE sponsors
Wider public	• Impact Investments (Social and Economic) • Job creation • Sustainability (Clean environment, water, electricity, etc)	• Contribute to economic growth • Contribute to job creation • Crowd in effect to create new industry or sector • Drive social and transformation agenda	• Contribute to economic growth • Contribute to job creation • Crowd in effect to create new industry or sector • Drive social and transformation agenda

Counterparty	What they require from PIC	PIC Strategic Positioning	Driving Inclusive Growth
Strategic Partners	• Co-investments • Co-development • Partnership to crowd-in funding	• PIC AuM attracts good strategic partners • PIC leverage on its links with Government • Strategic partnership with government departments • Regional and global partners	• Crowding-in funding • Competitive advantage when investing in the rest of the continent • Tapping into global expertise from strategic partners
Employees	• Employee Value Proposition (EVP)	• Employee Value Proposition (EVP)	• Retain and attract

1.23. In order to effectively implement the clients' mandates, the PIC operating model is designed in a way that promotes efficiency and effectiveness.

1.24. PIC's Investment Teams are broadly categorised in two: Listed Investments and Unlisted Investments. The Investment Teams are supported by Risk, Human Resources, Finance, Information Technology, Corporate Services and Investment Management. The diagram below shows the high level operating model of the PIC.



1.25. The PIC has a relatively lean team of highly-skilled employees who are responsible for directly managing the investments for clients and providing corporate support to the business. Whereas historically a large percentage of PIC funds were managed externally, currently and going forward, a smaller percentage of client funds are and will be managed through external fund managers.

1.26. The PIC regards its highly skilled and experienced staff, robust Information and Communication Technology (ICT) platforms, risk management practices, as well as good corporate governance and compliance, as its business enablers. The corporation is highly reliant on and leverages ICT to achieve its objectives. As a key operating principle, the PIC has to maintain an optimum level of employees with the relevant skills to support its investment products as well as ICT operations that are reliable, consistent and up to date.

Source of Income

1.27. The PIC's main source of income is management fees, charged on the market value of AuM. PIC charges fees below market rates, at an average of approximately 3 to 5 basis points.

1.28. Although the discount reflects the captive client base, PIC continues to deliver investment performance which compares well with that of active asset managers in the private sector.

1.29. Other sources of income include board fees, where employees are nominated as directors on investee companies, and investment income, which PIC receives from surplus corporate operations funds that has been invested.

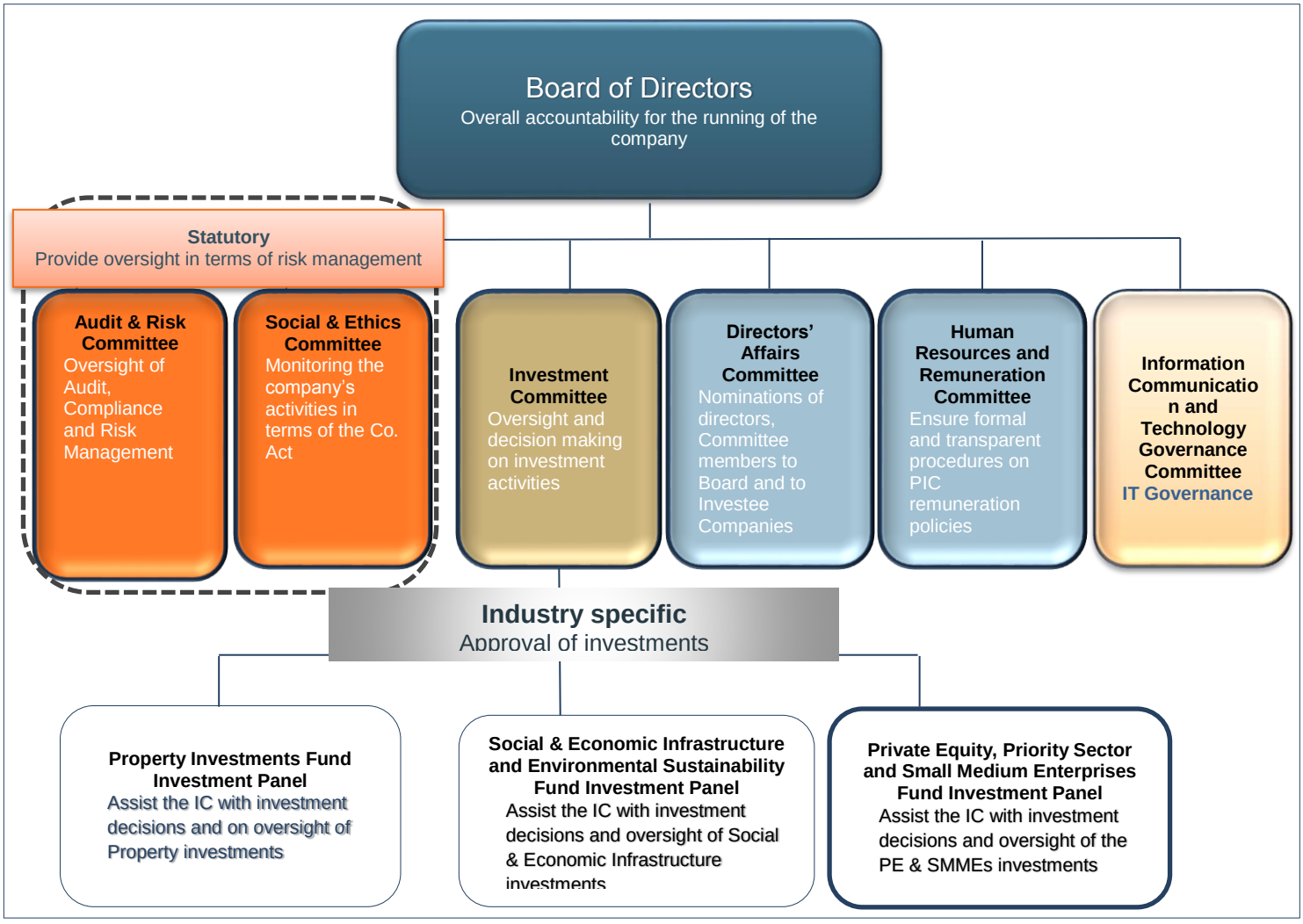
PIC Board Governance Structure

1.30. The PIC has a Board that governs and has overall accountability for the well-functioning of the company.

1.31. The PIC reports to the Minister of Finance who is the shareholder representative on behalf of the South African Government. In terms of section 6(1) of the PIC Act, the Minister, in consultation with Cabinet, appoints the Board members of the PIC,

and in terms of section 7 of the PIC Act, the Board may establish such Committees as it considers necessary.

1.32. The PIC Board provides leadership to the PIC, as well as an independent review on all issues of strategy, performance, resources and standards of conduct, either directly or through its Committees. Good corporate governance is an integral part of the business of the PIC. The diagram below shows the governance structure of PIC's Board Committees.



1.33. The PIC Board promotes and supports high standards of corporate governance, business integrity and ethical values that contribute towards the on-going sustainability of the PIC. The PIC Board further facilitates long-term shareholder value and enhances the benefits that all stakeholders derive from PIC's continued success.

1.34. The PIC Board operates according to a detailed Board Charter, the King Report on Corporate Governance for South Africa, 2016 (King IV), and the Companies Act, 2008 (Act No 71 of 2008). The Board Charter sets out the framework for accountability, responsibility, duties and powers of the Board. The PIC also complies with the regulations set by the FSB as required by the FAIS Act, various Codes on Socially Responsible Investments and the Principles of Responsible Investing (PRI) and ESG as outlined in the UN Global Compact and the UNPRI, that the PIC is a signatory to.

1.35. The Board has adopted a Code of Ethics to promote proper standards of conduct, sound and prudent practices for PIC employees and Directors, and to guide them when dealing with stakeholders, including clients, suppliers and customers. The PIC's employees and Directors are committed to managing its affairs in an ethical and disciplined manner.

1.36. Ultimate responsibility for ensuring that governance standards are met rests with the PIC Board. In this regard, the PIC Board has embraced the King IV as the key governance framework. The aim is to instil a culture of compliance and good governance and to ensure Board members and PIC employees conduct the PIC's affairs with accountability, transparency, fairness and prudence.

1.37. The PIC Board has six Board Committees, of which the Audit and Risk Committee and the Social and Ethics Committee are Statutory Committees as required by the Companies Act, 2008 (Act 71 of 2008).

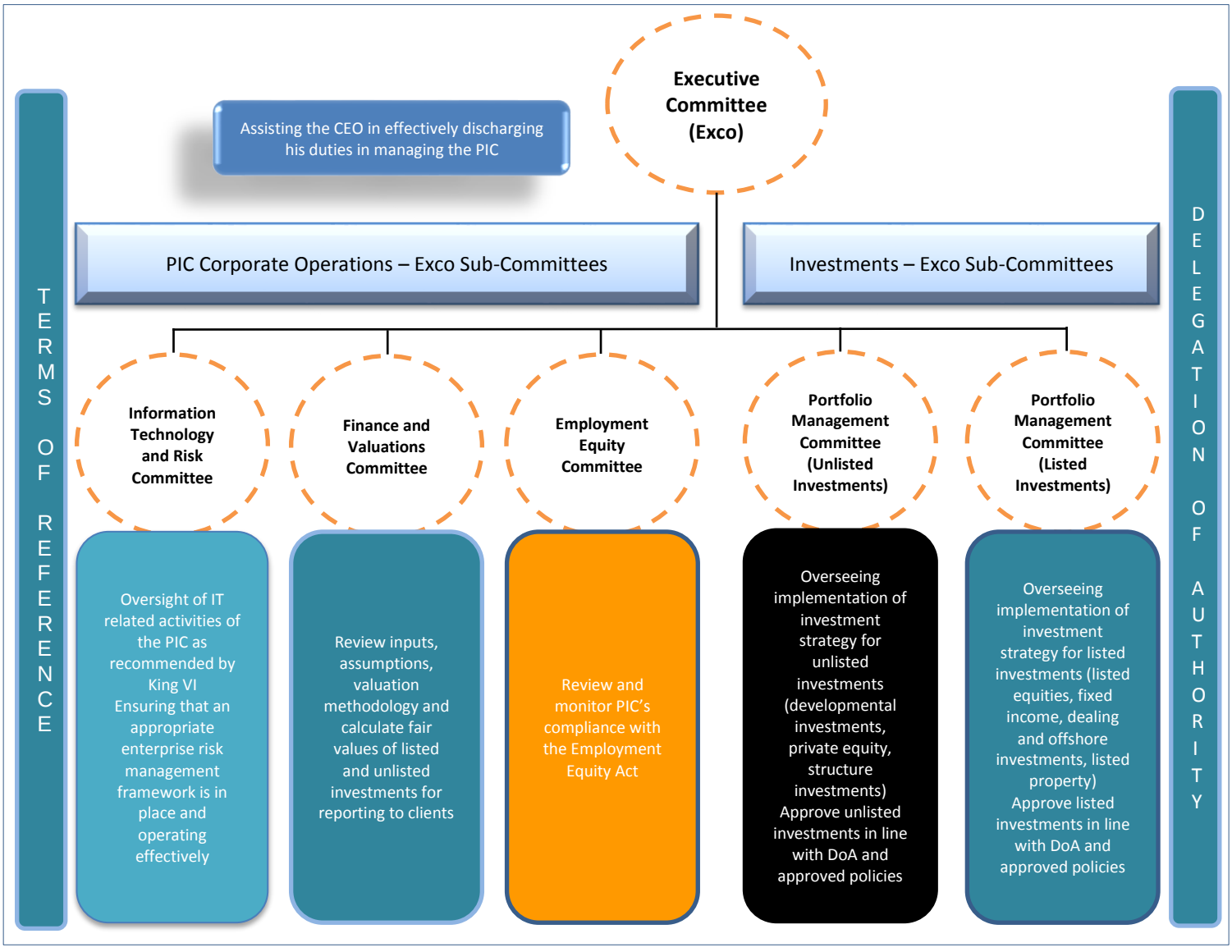
1.38. The Directors' Affairs Committee, the Human Resources and Remuneration Committee and the Information Communication and Technology Governance Committee are Operational Committees.

1.39. The Investment Committee and its Sub-Committees: the Property Investments Fund Investment Panel, the Social & Economic Infrastructure and Environmental Sustainability Fund Investment Panel and the Private Equity, Priority Sector and Small Medium Enterprises Fund Investment Panel, which are industry specific Committees, are responsible for overseeing the implementation of investment

decisions, monitoring the performance of investments and reporting on the investment activities.

PIC Exco Governance Structure

1.40. The diagram below shows the Exco governance structure and Exco Sub-Committees.



1.41. The Chief Executive Officer (CEO), who is also an Executive Director, is responsible for the day-to-day management of the PIC in line with the Board-approved Delegation of Authority Framework (DoA) and the strategic direction set by the Board. The CEO is assisted by an Executive Committee (Exco). The objective of the Exco is to assist

the CEO to effectively discharge his statutory duties in managing the PIC. The Exco is governed by all applicable laws, as well as approved Terms of Reference (ToR). Exco has established Sub-Committees in line with PIC's investment strategy in order to instil a culture of compliance and good governance and to ensure that the PIC's governance processes and affairs are conducted with accountability, transparency, fairness and prudence. This ensures effective implementation of PIC's mandate, collective, robust decision-making and proper management of the affairs of the PIC. The Committees which support the investment strategy of the PIC are PMC Unlisted (for all unlisted investments including properties) and PMC listed (for all listed investments).

1.42. Each Exco Sub-Committee operates in line with the Exco-approved ToR, Board-approved DoA Framework and approved policies. The ToR and DoA are reviewed on an annual basis.

SECTION II

PIC INVESTMENT STRATEGY

Introduction

2.1. As discussed earlier, the PIC is an asset manager and its business model revolves around confidence from clients. In order to achieve the strategic objectives of the PIC, a strong and compelling investment strategy, philosophy and culture within the PIC, supported by the right skills (people), systems and risk management are important. The PIC is a long-term investor and its investment strategy is designed to take into consideration a long-term view of the macro environment. The PIC's main investment objectives are to achieve strong long-term capital returns above clients' benchmarks. This is supported by robust risk management, while contributing to the broader social and economic development of South Africa and the rest of Africa. PIC's strategy includes building a portfolio around clients' requirements, diversified by sector, geography, duration and size.

PIC Clients and Strategic Asset Allocation process

2.2. The PIC's clients are the cornerstone of its business. The PIC continues to strengthen existing client relations through structured interactions. The major clients include the Government Employees Pension Fund, the Unemployment Insurance Fund, the Compensation Commissioner Fund, the Compensation Commissioner Pension Fund and the Associated Institutions Pension Fund. Various other smaller clients constitute 1.6% of the total Assets under Management (AuM).

2.3. The diagram on the next page shows the PIC's Top 5 of clients and other small clients' Assets under Management (AuM), ten (10) year AuM growth and their current funding levels.

PUBLIC INVESTMENT CORPORATION
Est. 1911

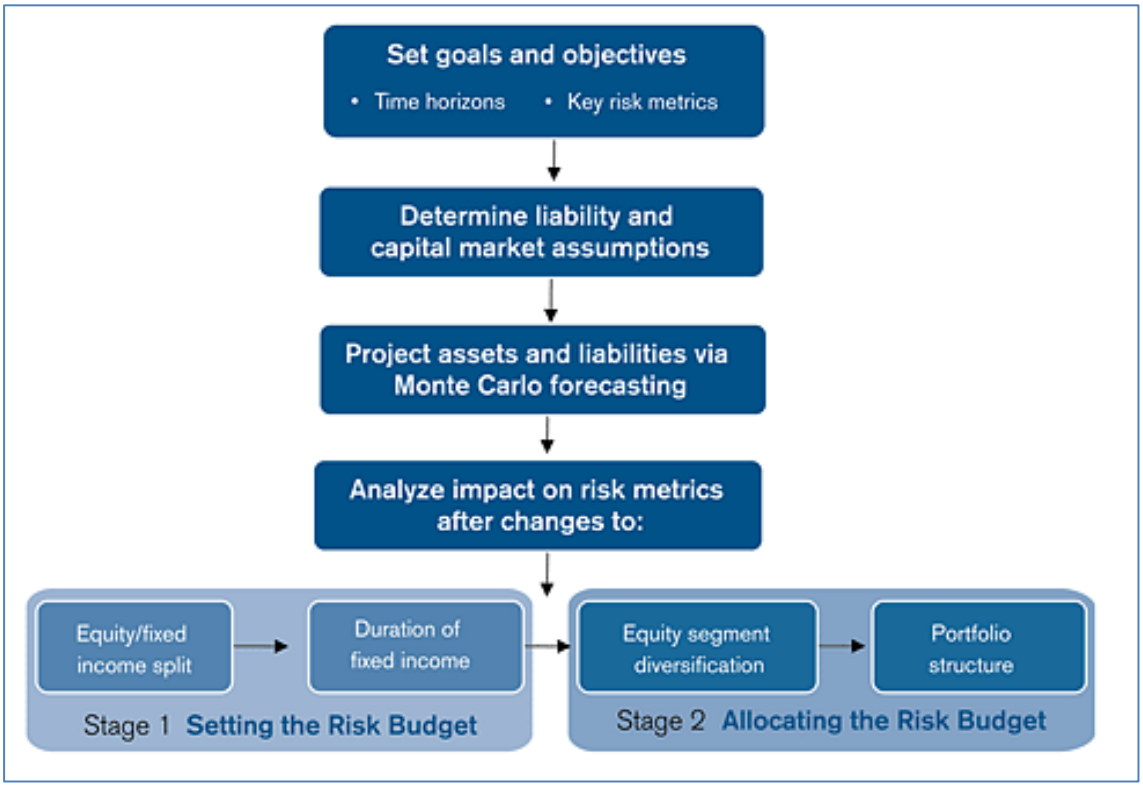
Total Assets under Management: – R1.928 Trillion*

Client	% of Assets under Management	10 Year Assets Growth	Type of Fund	Funding Levels
Government Employees Pension Fund	87.72%	CPI + 5%	DB Pension Fund. Guaranteed by government	1.02x
Unemployment Insurance Fund	7.03%	CPI + 16%	Short term Unemployment Insurance. Guaranteed by government	5.2X
Compensation Commissioners Fund	1.93%	CPI + 13%	Short term insurance to injured workers	N/A
Compensation Commissioner Pension Fund	0.96%	CPI + 4%	Pension fund guaranteed by government	N/A
Associated Institutions Pension Fund	0.77%	3.2% (winding)	Pension Fund	N/A
Various other Clients with smaller portfolios	1.59%	Cash Returns	Various small clients	N/A
Total	**100.0%**			

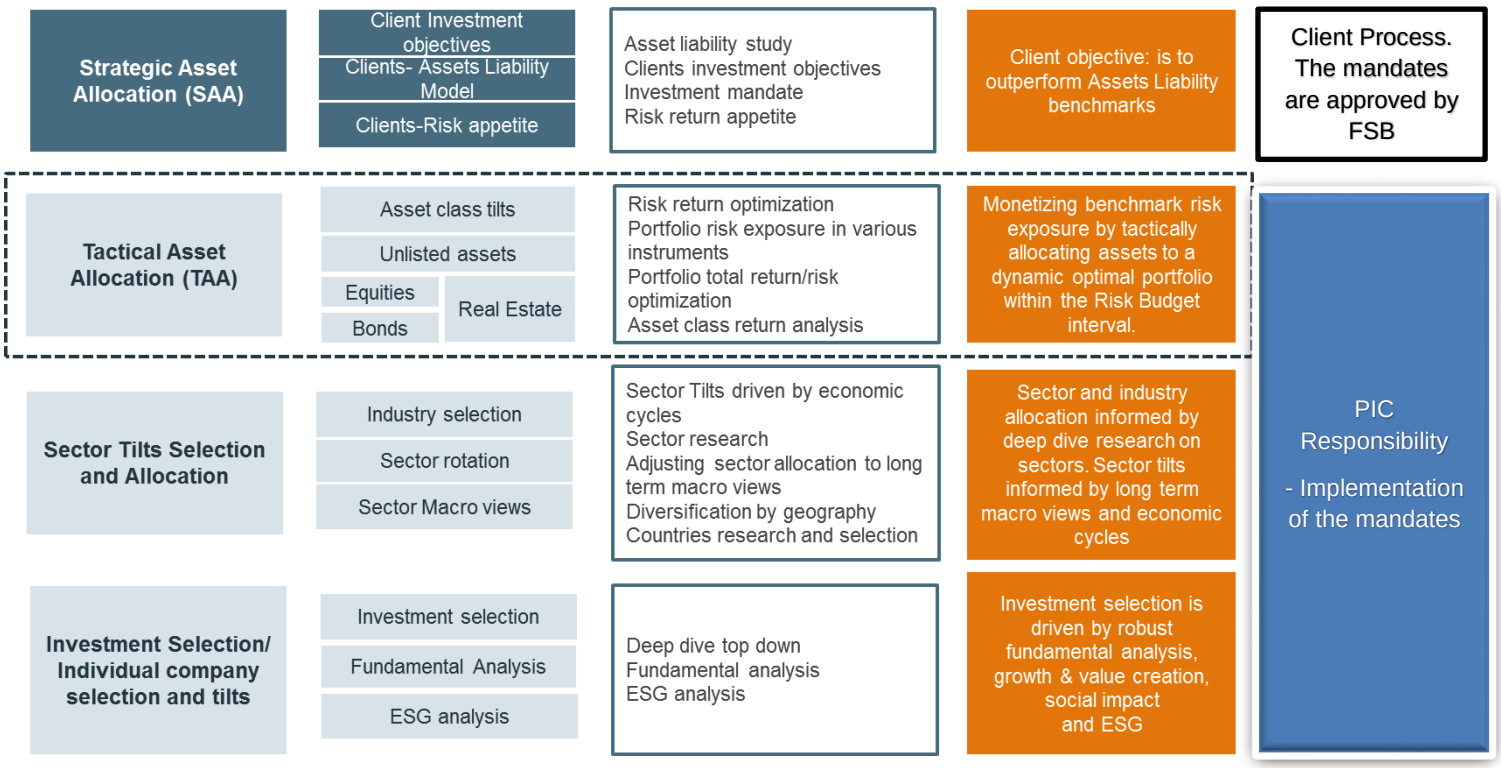
*As at 31 March 2017 (last audited figure)

2.4. The clients undergo a comprehensive Asset and Liability Modelling (ALM) process to determine the Strategic Asset Allocation (SAA). The process that is undergone by the clients is described below:

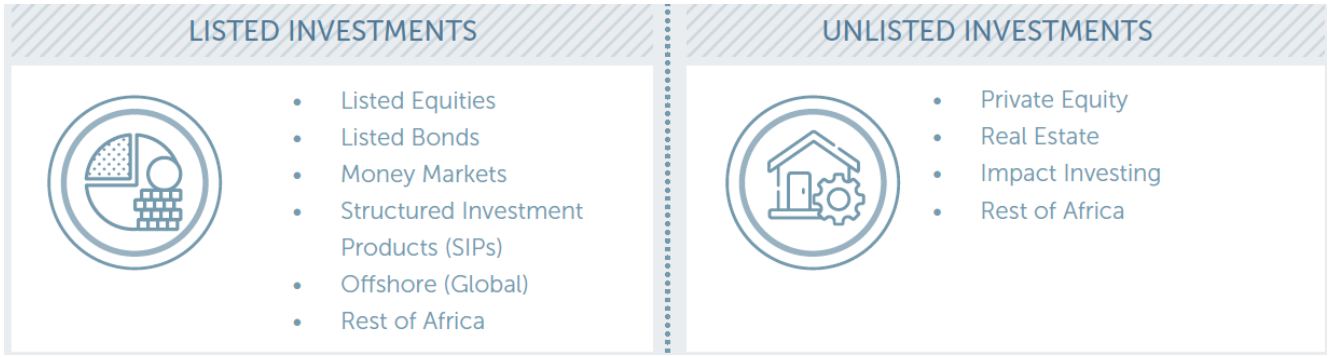
Clients' Strategic Asset Allocation Process through ALM process



2.5. After the ALM study is has been conducted, the clients develop comprehensive mandates that prescribe the SAA, investment styles, benchmarks, targeted external manager styles, risk parameters, credit ratings limits, exposure limits, time horizon and geographical exposures. The client mandates are then approved by the Financial Services Board (FSB) before implementation by the PIC. The PIC will have full discretion to implement the mandates in accordance with prescribed mandate parameters. The clients' SAA methods are different and the PIC manages all these mandates independently of each other. It is the responsibility of the PIC to develop an appropriate investment strategy for each mandate and a Tactical Asset Allocation (TAA). The process from strategic asset allocation by clients to implementation of the mandates by the PIC is shown in the diagram below.



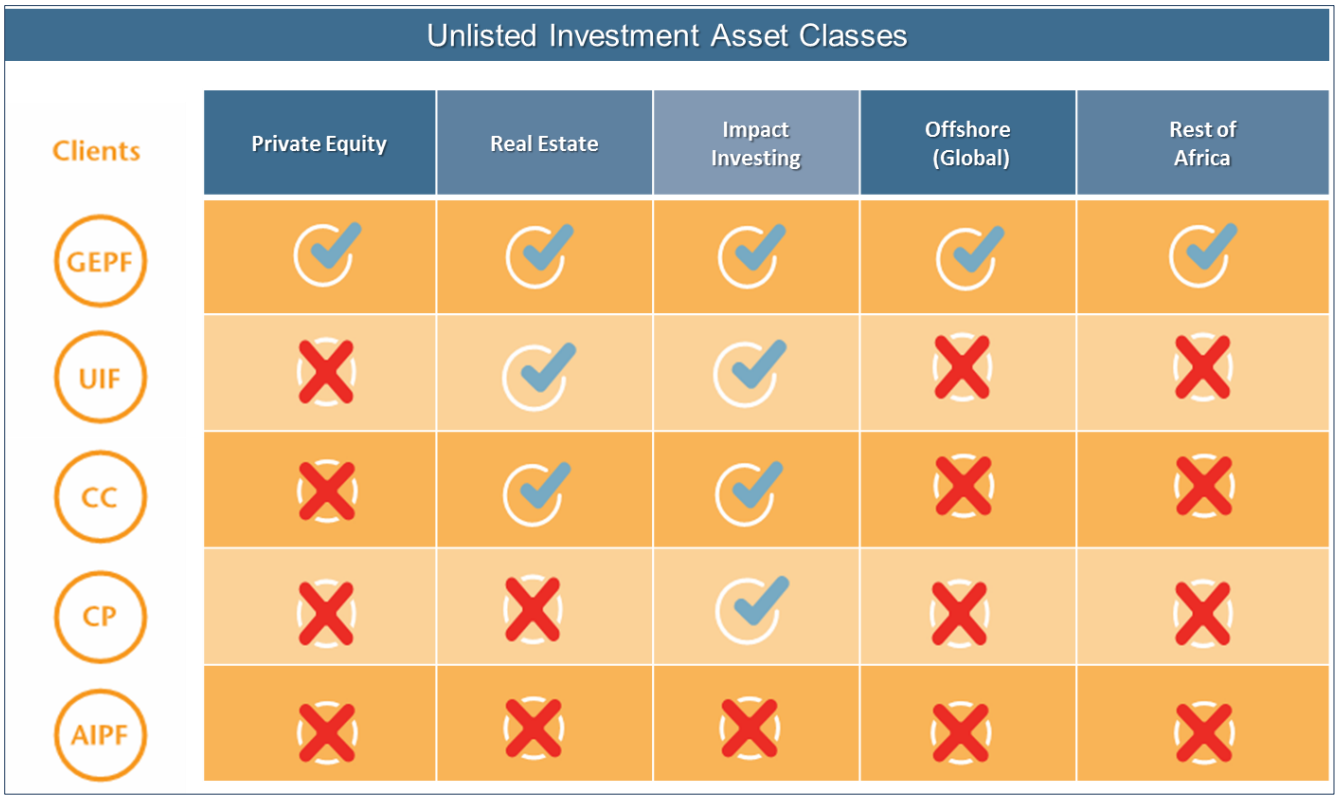
2.6. The PIC manages all these mandates independently of each other. The PIC broadly invests in all asset classes, both listed and unlisted investments. The broad categories of the investment classes are shown on the next page.



2.7. The tables below shows top 5 PIC clients' exposures to various asset classes.

Listed Investment Asset Classes

Clients	Listed Equities	Listed Bonds	Money Markets	SIPs	Offshore (Global)	Africa
GEPF	✓	✓	✓	✓	✓	✓
UIF	✓	✓	✓	✗	✓	✓
CC	✓	✓	✓	✗	✗	✗
CP	✓	✓	✓	✗	✗	✗
AIPF	✗	✓	✓	✗	✗	✗

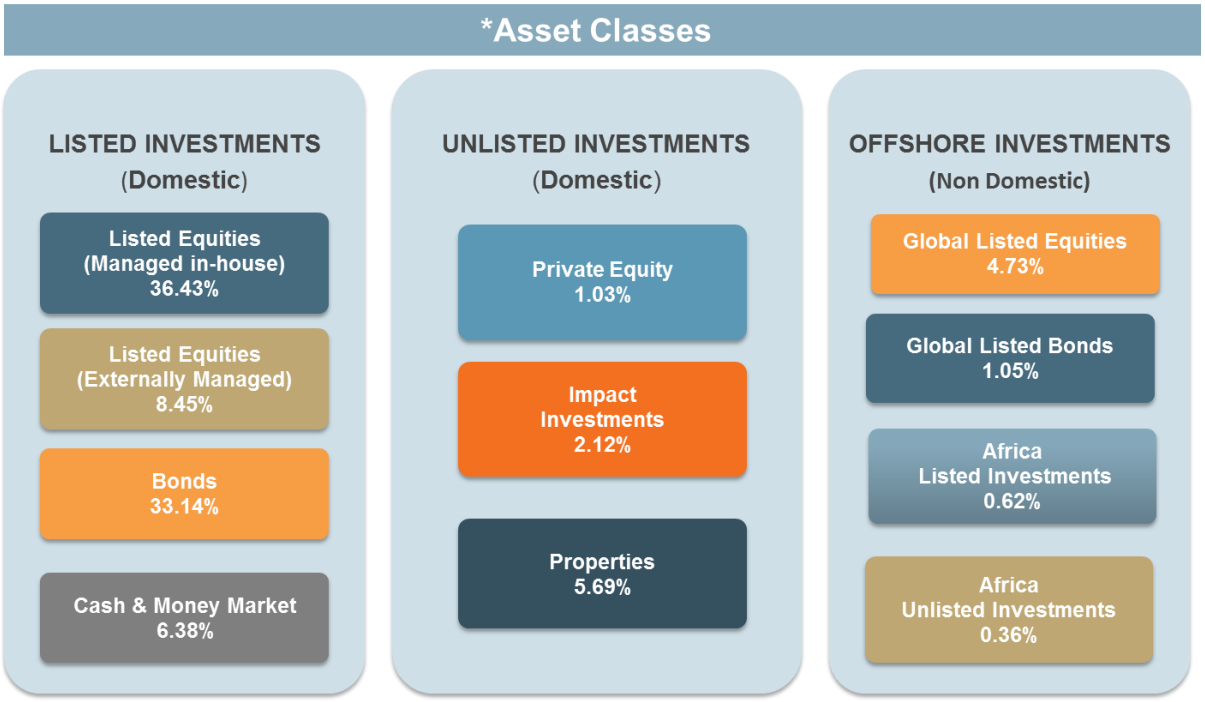


Asset Allocation

2.8. The PIC invests both in the domestic markets and offshore markets. The relationship between the PIC AuM and domestic economic growth is a good building block for the PIC Investment Strategy. In formulating its Investment Strategy, the PIC believes that it should invest in sectors that catalyse inclusive economic growth with a view of long-term sustainable returns.

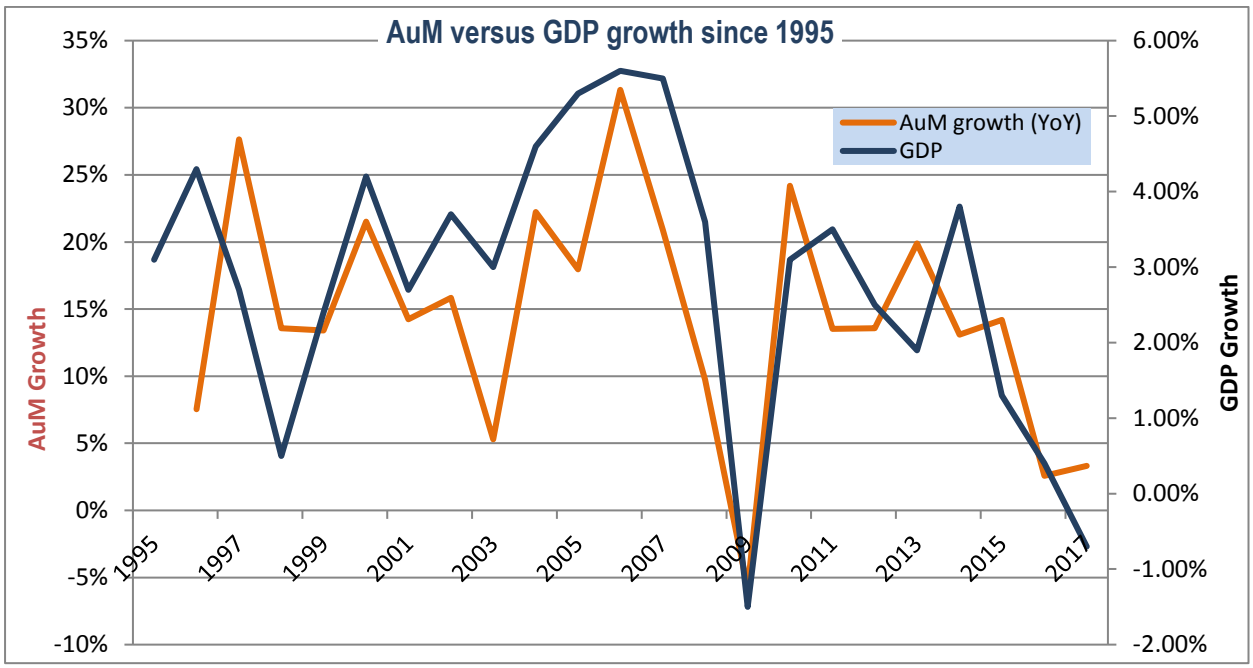
2.9. The current spread of PIC's investments in the different asset classes is depicted on the next page:

Asset Allocation as at 31 March 2017



Growth in Assets under Management

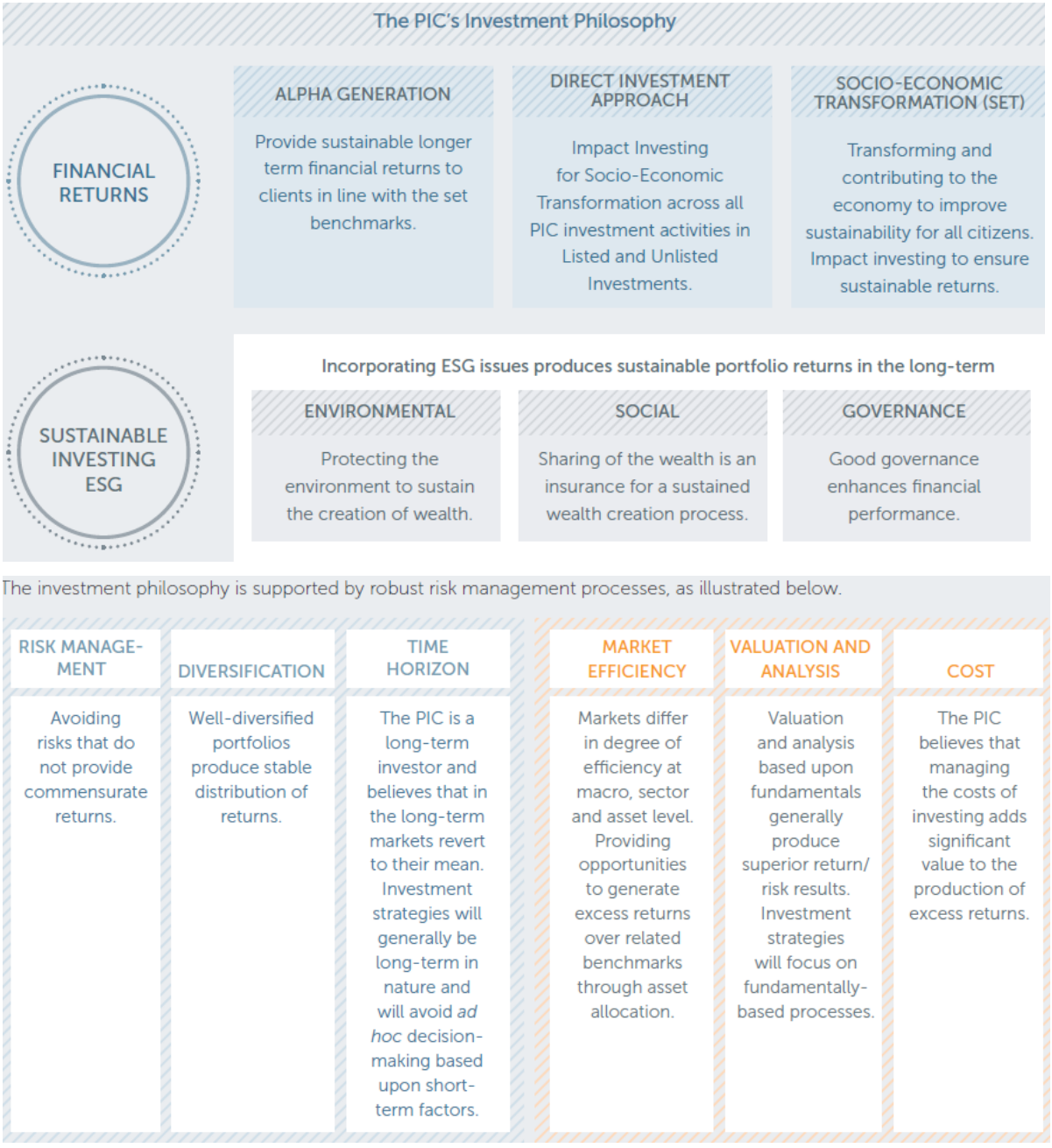
2.10. The PIC Assets under Management (AuM) have been growing at an average compounded annual growth rate of 12.5% over 10 years. This growth in AuM has a direct correlation to growth in the domestic economy. This explains why the growth in the domestic economy matters to the PIC Investment Strategy. The correlation between Gross Domestic Product (GDP) and the growth in AuM is depicted in the diagram on the next page.



2.11. The PIC AuM has hit the 2 trillion Rand mark during the second quarter of 2017/18 FY. The growth in AuM has been slowing since the beginning of the 2017/18FY due to slow growth in the economy and poor performance of the local stock markets.

Investment Philosophy

2.12. The Investment Philosophy is the PIC's Investment belief about investments, it is the DNA of PIC's investment culture. The PIC's Investment Philosophy can be categorised in two principles: one, the "Financial Returns", and two, Sustainable Investing which is mainly called "ESG" (Environmental, Social and Governance). This philosophy is trademarked and coined as the "FRESG" Investment Philosophy. The diagram below shows the PIC's Investment Philosophy.



2.13. PIC invests to generate alpha for its clients in line with the benchmarks set out in client mandates. These financial returns must be sustainable, long-term returns and therefore there is a focus on Environmental, Social and Governance matters (ESG), in an effort to ensure that investee companies incorporate ESG best practice within the company, thereby contributing to the long-term sustainability of companies. Further to the focus on sustainable returns and best corporate governance practices, the PIC also follows a "DIRECT" investment approach – Developmental Investing for Radical Economic Transformation.

"ESG" Responsible Investment Approach

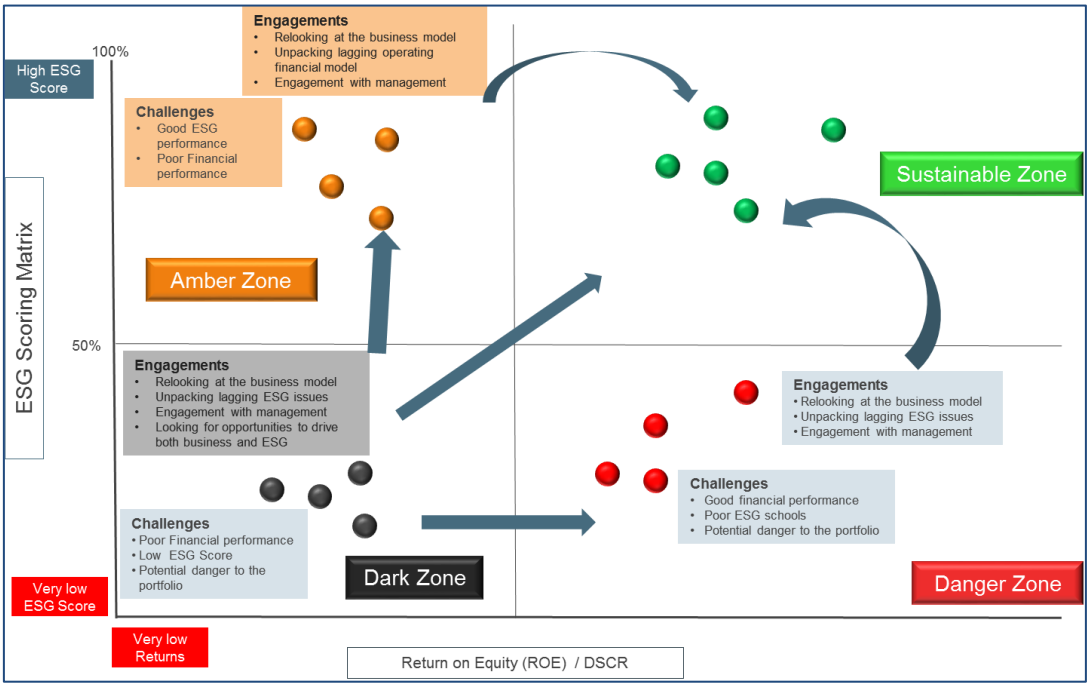
2.14. The PIC is a long-term investor who understands that long-term value creation is not achievable through short-term solutions or at the expense of future generations or through moral decay. Therefore the PIC remains committed to the implementation of sustainable practices from both an operational and an investment perspective.

2.15. The PIC developed a unique matrix to rate the triple bottom line performance of all investee companies. This matrix is used to support the investment decisions and shareholder activism by the PIC. The PIC has to lead by example and live by the very principles it wants to instil in other companies. In this context, the PIC has continued to evaluate itself against the matrix. Furthermore, the PIC has played a significant role in the development of the Code for Responsible Investment in South Africa (CRISA).

2.16. The PIC investment strategy is therefore driven by rigorous ESG analysis. This involves analysis of companies' performance in terms of the ESG Scoring matrix. The ESG score for each investment is plotted against potential financial returns. Companies (investment opportunities) with low financial returns and very low ESG scores may pose significant risk to the portfolio, while those with very good financial returns but with a poor ESG score will potentially be a ticking danger to the portfolio. Research has shown that companies with low ESG scores are not sustainable in the long run. As part of the PIC Investment Strategy, ESG soring and screening plays a huge factor in arriving at investment decisions.

2.17. The diagram below shows the PIC ESG analysis of portfolio companies.

ESG Investment approach



2.18. The PIC uses a combination of measures to drive responsible (ESG) investing:

- ESG Integration
- Engagements with Partner Companies
- Proxy Voting

2.19. Furthermore, the PIC is a proud signatory to both the United Nations Global Compact and the United Principles for Responsible Investing (PRI). It conducts its business in such a way that it lives up to the principles of the Global Compact and PRI and will continue on its sustainability journey with conviction and commitment, believing that its continued success depends on its ability to share its successes with other stakeholders, enhancing their lives and their own ability to be successful.

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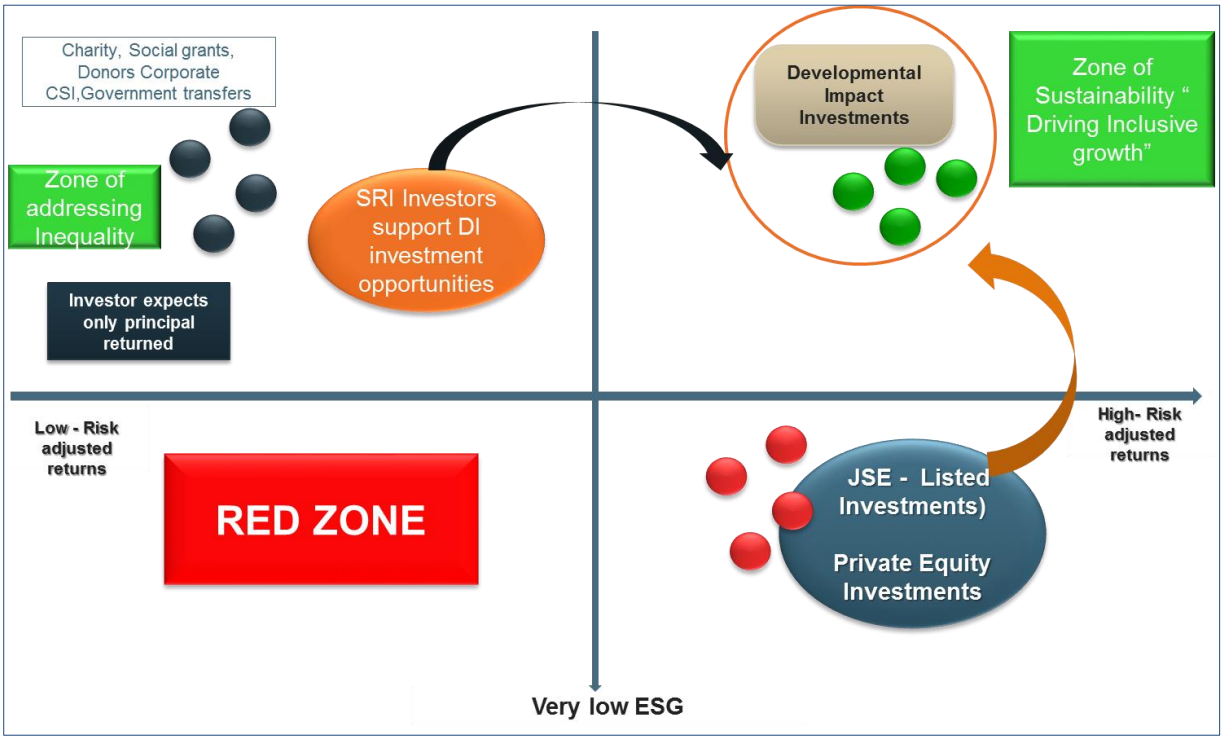
Impact Investment Approach



Inclusive Growth Investments Focus Sectors

Social Infrastructure Investments	Priority Sector Investments (high job creation sectors)	Economic Infrastructure Investments	Renewable Energy and CleanTech	Real Estate Investments	Driving financial Inclusion
• Affordable Housing and end user financing • Student Accommodation and financing • Healthcare Academic Hospitals, Healthcare Fund and SPAC	• Agriculture and Agro processing • Manufacturing and industrialisation • Mining and mining beneficiation • SMMEs and Enterprise development • Tourism • Downstream industries • Construction	• Energy (coal, gas, hydro) • Transport and logistics (roads, rail, air) • Water • Broadband and Telecoms • Port (airports Harbours etc)	• Alternative Energy Investment • Clean technology • Recycling • Green economy sectors • Fuel cells	• Offices (government departments, partnership with DPW) • Retail (Rural Development) • Industrial Parks (advancing SMME development)	• Creation of Black Bank (A black ABSA) • Creation of SPACs to allow the GEPF members and public to participate on JSE • SMMEs to access funding • Transforming the Asset Management sector
INITIATIVES					
• End user finance • Investments in Housing development • Scaling investment in student accommodation • Health SPAC/Fund (advancing NHI) • Academic Hospitals	• Direct investments in agri and agro processing projects • Partnerships with Landbank • Emerging farmers funding • Focus on manufacturing and upstream technologies • SMMes funding – direct or wholesale	• Direct investments in energy projects (different mixes) • Investments in airports, sea ports, • Investments in roads, rail • Telecoms and ICT	• Green energy (solar, biomass, gas hydro etc) • Participation in renewable programs • Rural electrification using the solar technology; • Renewables SPAC	• Government offices, partnership with DPW; • Rural mall development to foster rural development • Industrial parks to support SMMEs • Transformation of the JSE property sector	• Support SMMEs by creating a bank where SMMes can access funding • Creation of a "Black Bank" • SMME funding technology platforms

Listed Investments Strategy

2.20. The Listed Investment Portfolio is composed of the Listed Equities and Fixed Income portfolios. The high-level investment strategies applied by listed investments can be categorised in two:

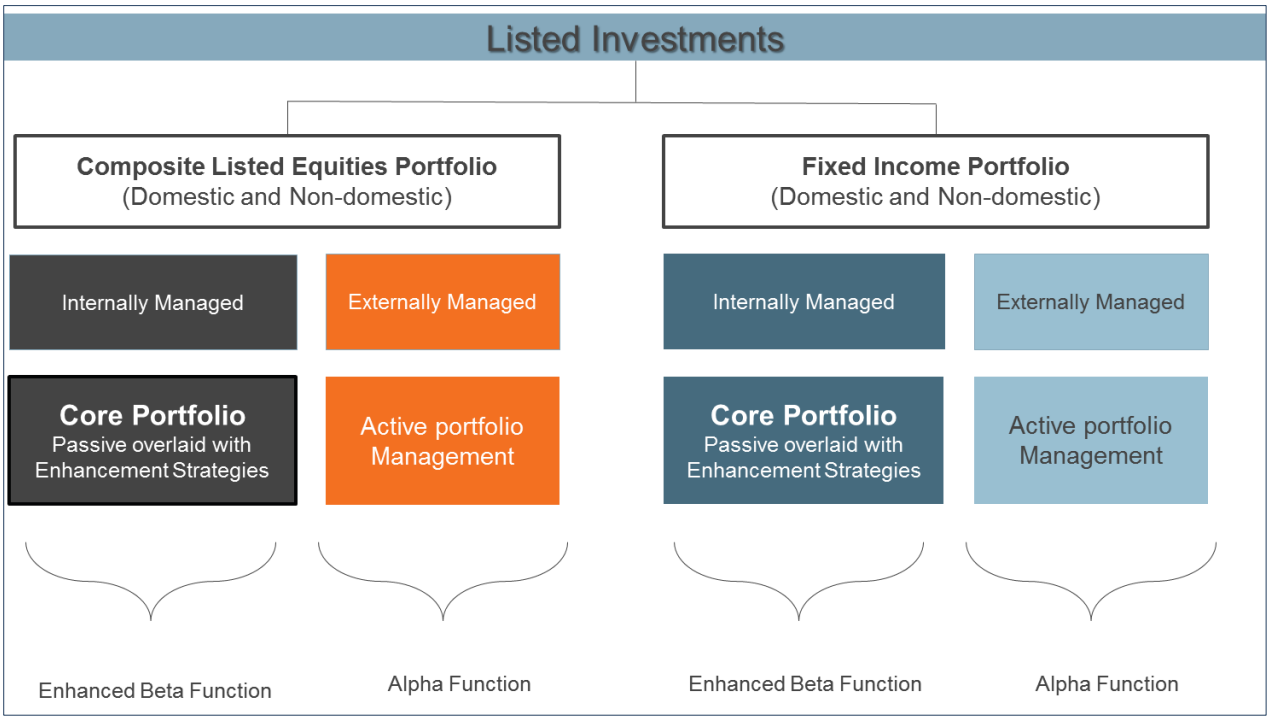
- **Enhanced Beta Strategy**

  This strategy is mainly a passive strategy, executed at very low tracking error. The strategy is overlaid with an enhancement strategy to achieve a smart beta portfolio outcome. This strategy is applied both to Listed Equities and Fixed Income. The enhanced passive strategies are managed in-house.

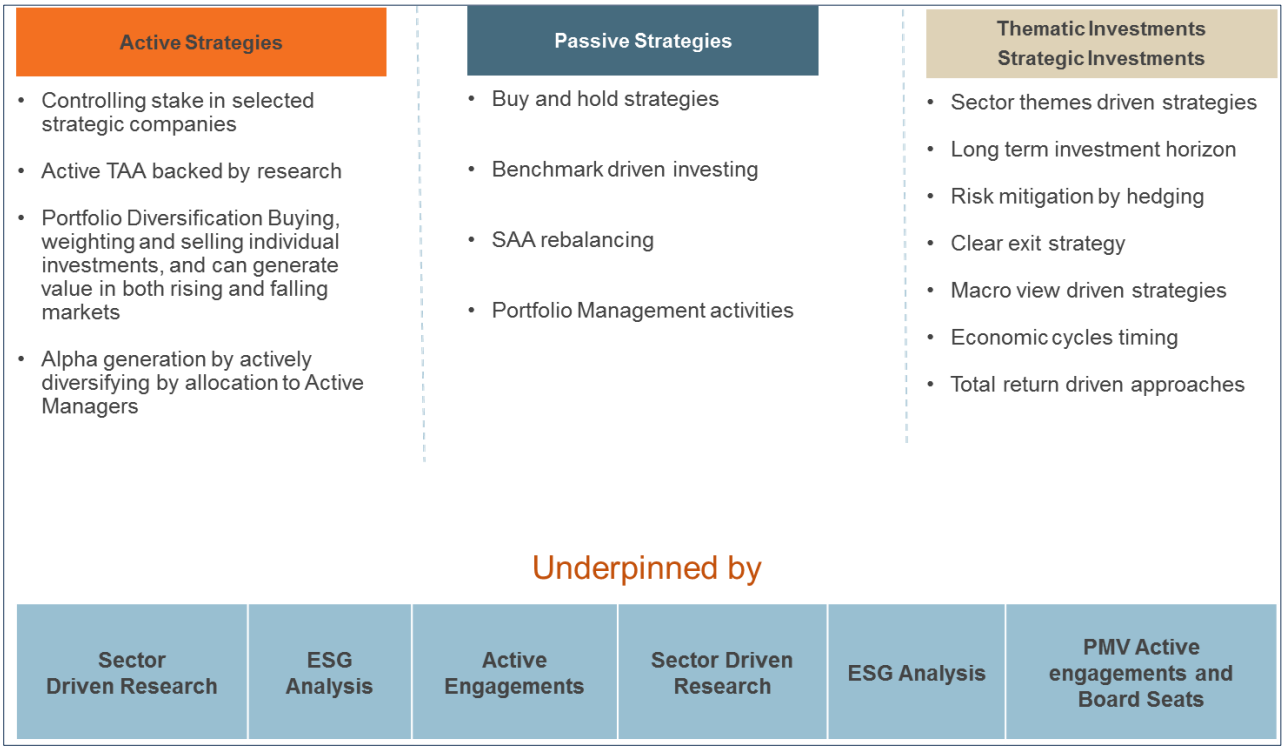
- **Alpha (Active Strategies)**

  This investment approach entails beating the benchmark with a slightly relaxed tracking error. In this case, the manager attempts to beat the passive benchmark, by using skill to identify investment opportunities with better future prospects which will result in higher returns than those of passive managers. The alpha strategies for Listed Investments are outsourced to external managers.

2.21. The diagram on the next page shows the high-level Listed Investments strategies.



2.22. Below are investment channels which are used to deliver the Listed Investment Strategies.



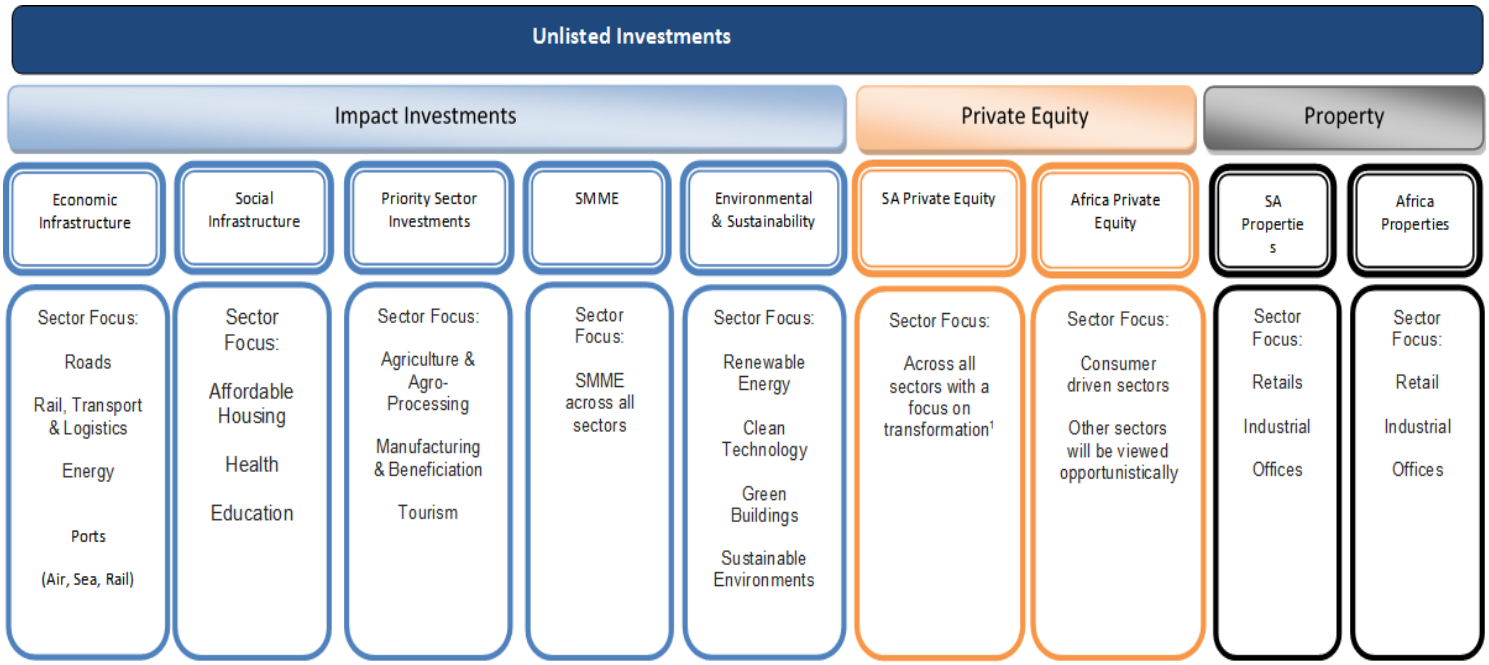
Driving Inclusive Growth through Listed Investments

2.23. The Listed Investment strategy also includes driving transformation and impact investing, by investing in sectors that drive inclusive growth and socio-economic development. This will be achieved by:

- Alignment with the NDP, focusing specifically on SOE infrastructure projects;
- ESG integration across investment processes (direct engagement and active proxy voting);
- External Manager Programme for growing sustainable black-owned asset management businesses; and
- Adoption of B-BBEE in all aspects of PIC`s investment activities.

Unlisted Investments Strategy

2.24. Unlisted Investments, are investments which are not listed on any exchange. They are not available to the general public and do not trade on a daily basis. The diagram below shows the breakdown of the PIC Unlisted Investments.



Driving Inclusive Growth through Impact Investments

2.25. In terms of the Impact Investing mandate concluded with the GEPF, UIF, CC and the CP, the PIC may invest in projects which yield satisfactory financial returns and have a positive socio-economic impact. In order to meet these twin objectives, investments need to be made in new enterprises or in existing enterprises seeking to increase its productive capacity. These mandates allow for the PIC to make investments in economic and social infrastructure, SMEs and projects in labour-intensive sectors such as manufacturing, agriculture, agro-processing and beneficiation.

2.26. Impact investments target investment opportunities in both greenfield and brownfield life stages. The investments may be structured in the form of project financing, expansion financing, debt, quasi-debt, pure equity and quasi-equity financing.

2.27. There are certain core principles embedded in executing the Impact Investing mandate concluded with clients. These principles are summarised below:

- Investments should generate commercial returns, whilst having positive social outcomes;
- ESG principles are embedded in the investment decision-making process;
- The PIC should act as a catalyst in stimulating investment from other institutions (public and private) in the targeted sectors, whilst embracing a similar investment philosophy;
- The investment portfolio should be diversified across the various pillars mentioned above, and
- Impact must be measured and reported to promote transparency and accountability.

Driving Inclusive Growth through Private Equity Investments

2.28. The Private Equity (PE) and Structured Investment Products (SIPs) seek to optimise returns, while achieving transformation and advancing economic participation.

2.29. It remains an important source of Foreign Direct Investment (FDI), indirectly through the raising of offshore funds by local fund managers and directly through co-investments by foreign investors.

2.30. The PIC's participation in the unlisted market has a catalytic effect on foreign investors who look for significant local backing before considering an investment into PE funds in South Africa and the Rest of Africa.

2.31. The PIC continues to advocate the importance for pension funds to include an allocation to unlisted equity opportunities in their asset allocation. Not only do pension funds stand to benefit from outperforming an active investment management strategy, but it also allows for the creation of a more diversified portfolio by providing clients access to non-traditional sectors, unique business opportunities and differentiated economic cycles, versus the traditional listed equity market.

2.32. Private Equity targets investment opportunities across all sectors. The investments may be structured in the form of project financing, expansion financing, debt, quasi-debt, pure equity and quasi-equity financing.

Driving Inclusive Growth through Unlisted Property Investments

2.33. The Unlisted Property Investments portfolio includes both Directly Held and Indirectly Held properties. The total value of the properties held within the portfolio is R43 billion, representing assets of approximately 1,260,000 m² in size for both the UIF and the GEPF.

2.34. With regards to the directly held property portfolio, the target asset allocation for the GEPF is 3.5% of AuM and 5% of AuM for the UIF. As at the end of the 2016/17 financial year, the actual asset allocation under the GEPF mandate was 2.6% and 1.2% for the UIF mandate. Both the actual asset allocations for the GEPF and UIF are within their mandate prescripts, that is 0% - 7% of the strategic allocation for the GEPF, and 0% - 5% for the unlisted property target asset allocation under the UIF mandate.

2.35. At least 30% of the approved unlisted property transactions approved for new developments/acquisitions must be BEE transactions. Between 10% and 50% of the approved BEE transactions must be allocated to women participants. The BEE shall have at least 40% Black Ownership.

2.36. The Unemployment Insurance Fund as well as the Compensation Commissioner Fund increased the allocations towards Socially Responsible Investments as well as Property Investments and Property Management in their investment mandates with the PIC.

Non-Domestic Investments

2.37. The PIC is investing outside South Africa, in line with the GEPF's and UIF`s strategy to diversify its investments offshore. In terms of the geographical diversification, the approval is for 10% of the GEPF AuM to be invested in non-domestic markets as follows:

- 3% in Foreign Equity
- 2% in Foreign Bonds
- 5% in Africa (Excluding South Africa)

Investment Process Governance

Policies and Frameworks

2.38. All transactions are subject to various (Board-approved) PIC investment, compliance, risk and legal policies as well as ESG frameworks, all of which are based on international best practice and are aligned with applicable legislation and regulations. The PIC also has a Board-approved Delegation of Authority Framework (DoA) in place, delegating responsibilities for different transactions to a variety of role-players in the investment divisions (i.e. Listed, Unlisted and Property Investments) as well as to employees in Risk Management, Legal, Compliance, Corporate Services and Investment Management. The DoA sets out the powers of the Board as well as the Committees of the Board and those of the Executive Directors.

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Transaction Approval Process

2.39. Once a transaction is presented to the PIC, it goes through an initial screening process to establish whether it fits a mandate and is commercially viable.

2.40. Should the proposal be accepted, it is submitted to internal divisional discussions for approval to be further processed. The process then involves presentations by an investment professional to the relevant Portfolio Management Committee (PMC), which are chaired by an Executive Director, to seek approval to proceed to the due diligence phase.

2.41. The PMCs have been structured in line with the PIC Strategy as Committees of the Executive Committee (Exco) to optimise governance processes. The PMCs comprise of PMC Unlisted Investments (for all transactions not listed on the stock exchange, including Property Investments); and PMC Listed Investments (for all transactions listed on the stock exchange). Once the initial due diligence process has been concluded, the outcomes thereof are presented and discussed at a subsequent meeting of the respective PMC.

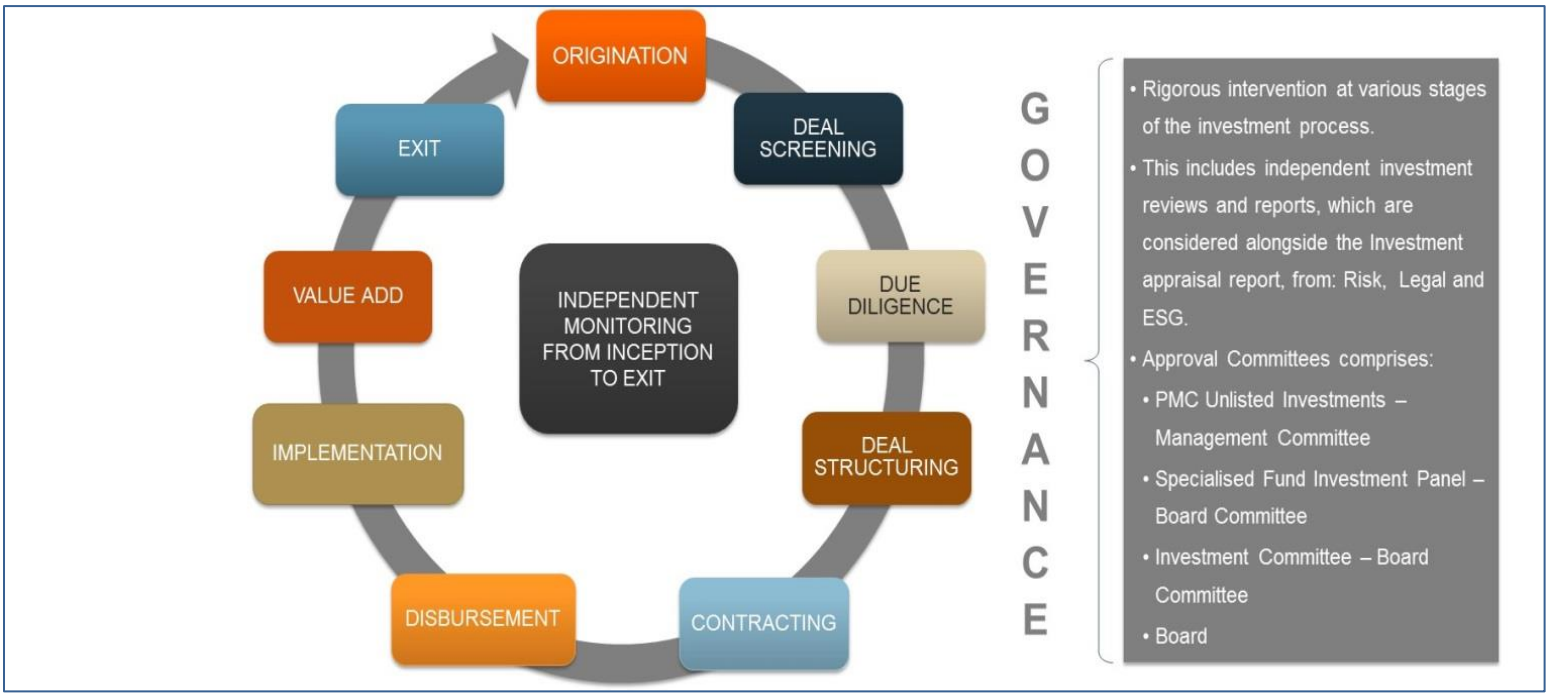
2.42. Should a PMC resolve that a transaction is worth pursuing further, based on the initial due diligence process, then the Committee approves another round of due diligence. This process then involves, amongst others, the following: financial risk, legal risk, valuations, technical due diligence as well as the investee company's position on ESG matters. In some instances external service providers are also used. Recently a reputational risk due diligence was also added to the list of due diligences to be conducted.

2.43. Based on the outcomes of the due diligence, the PMC may either approve the transaction if it is within its approval limits in terms of the PIC's DoA or reject the transaction. Where the value of the transaction is beyond the PMC's approval authority, the PMC recommends to the next level of approval. Depending on the type of investment (listed, unlisted or properties), the next level of approval could be any of the following committees: Fund Investment Panels (FIP) (Sub-Committees of the Investment Committee), the Investment Committee and the Board.

2.44. Transactions which present any risks of social, governance, environmental or reputational nature are also scrutinised by the Social and Ethics Committee, a Statutory Committee of the Board, focusing on the ethical aspects thereof as well as sustainability matters and reputational risks.

2.45. These Board Committees comprised of a majority of Independent Non-Executive Directors and are also chaired by Independent Non-Executive Directors.

The Investment Process



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Transaction Approval Governance Process

SECTION III

PIC CORPORATE OPERATIONS STRATEGIES

Financial Sustainability

3.1. The PIC's business strategy is supported by its financial strategy. The long-term goal of the PIC is to continue to strike a suitable balance between high-grade profitability and excellent service delivery to its clients.

3.2. Budgetary resources are allocated to grow the organisation over a period of time and budget allocations, to each business unit, is directly linked to strategic business objectives.

3.3. The PIC is self-sustainable and has achieved its targeted financial ratios. The selection of these ratios was based on the objective of ensuring that the Corporation remains a sustainable entity that performs on par with, if not better than the best in the asset management industry.

3.4. The Financial Strategy/Plan is attached as **Annexure D** to this Corporate Plan.

Human Resources

3.5. Vision 2030 is supported by the PIC's most treasured asset – its people.

3.6. The PIC completed its restructuring exercise during 2017/18, strengthening its capacity to implement the corporate vision, mission, strategy and the enhanced client mandates.

3.7. The PIC understands that to meet and exceed its strategic objectives, its people are pivotal. Key changes during the year included a restructuring of the organisation to align the structure to PIC's Developmental Investment objectives. The PIC senior management team was reconstituted to reflect the complexities of the PIC as an asset manager. In essence, PIC's new structure combines about five different asset management organisations in one. Each investment function has an investment head focused on specialised segments.

3.8. During the restructuring exercise, the PIC had to strike a balance between cost-consciousness and competitive remuneration commensurate with the risk and responsibilities associated with each role and function. The restructuring also involved leveraging expertise from the market by partnering with Mowana Properties for the Property Management Portfolio.

3.9. The Human Resources Strategy is attached as **Annexure C** to this Corporate Plan.

Information and Communication Technology (ICT)

3.10. Information and Communication Technology (ICT) remains a key business enabler and integral component of running the day to day operations of the organisation. ICT plays a key role in facilitating the sustainable growth that is targeted by the business strategy. The ICT Strategic Plan aligns to the business strategy and incorporates the utilisation of the best technologies in order to deliver business results.

3.11. The Board is responsible for IT governance and ensuring that it is aligned to the performance objectives of the PIC. The Board established the Information Communication and Technology Governance Committee (ICTGC) in October 2015, after identifying the need to deal with IT governance issues in more detail as recommended by King Code of Corporate Governance for South Africa.

3.12. The ICT Strategy is attached as **Annexure E** to this Corporate Plan.

Risk Management Framework

3.13. An Enterprise Risk Management (ERM) methodology is applied by the PIC in identifying and responding to the spectrum of risks that the organisation is confronted with, in its drive to meet its strategic objectives. The PIC recognises that, in a complex financial services environment, risk management processes and strategies are evolutionary and subject to ongoing review and modifications, taking into account the risk appetite and risk tolerance of the business, as defined by an Enterprise Risk Management Framework (ERMF). The ERM methodology is encapsulated in the ERMF and Risk Management Policy that is based on aspects

of the Committee of Sponsoring Organisations of the Treadway Commission ERM standard, as well as ISO 31000 Risk Management - Principles and Guidelines.

3.14. To ensure a more integrated approach to managing risks, the PIC follows a combined assurance methodology in line with the requirements of King IV, a collaboration of management, risk, compliance and internal audit functions to ensure optimal use of resources. The ERMF is instrumental in supporting the PIC's combined assurance model and therefore embraces the principles of the King Code on Corporate Governance for South Africa as well.

3.15. The PIC further subscribes to the "Three Lines of Defence" approach to Risk Management.

3.16. The ERM Framework and Risk Management Policy further define the risk appetite of the PIC. The Audit and Risk Committee and the Board review and approve these policies on an annual basis.

3.17. The Risk Management Plan is attached as **Annexure F** to this Corporate Plan.

SECTION IV

STRATEGIC OBJECTIVES FOR 2018/19FY - 2020/21FY

PIC Strategies and Priorities

4.1. The PIC has identified the following strategic drivers underlying the Corporate Plan and Shareholders' Compact:

- Investment performance;
- Impact investments through:
  - Responsible Investment initiatives which contribute to the development and transformation of the South African economy;
  - Expansion of investment in infrastructure in key sectors of the South African Economy; and
  - Driving inclusive growth and transformation through PIC investment activities across all sectors;
- Enterprise Wide Risk Management;
- Corporate Governance; and
- Financial Sustainability and adherence to procurement policies.

4.2. All these drivers are mutually reinforcing and support investment performance. This in turn is driven particularly by clarity of the investment strategy, a business model that adequately supports that strategy, clarity and efficacy of the investment process, a human resources capacity that embodies the right skills to understand and execute the investment process and unlock value in investments in the portfolio, and an effective risk management process. The above strategic drivers of success form the basis of the strategic goals and objectives of the PIC for the medium term. The PIC has also reviewed Government documents such as the New Growth Path (NGP) and the NDP, and incorporated elements applicable to the PIC into the Corporate Plan.

4.3. The PIC, as part of its organisational restructuring, created a dedicated Research and Project Development Division that will conduct fundamental research, both internally and in partnership with various institutions, to identify investment

opportunities for PIC across various sectors, either singularly or in co-investment partnerships, to ensure the long-term sustainability of its clients' returns.

Key Performance Indicators

4.4. The PIC's Key Performance Indicators (KPIs) are depicted in the table below. These key performance indicators concentrate around the following strategic objectives and represent a minimum rating of 3 out of 5:

- Financial Sustainability;
- Internal Business operations (Risk Management);
- Investment Performance (Clients);
- Socio-economic transformation through investments;
- Socio-economic transformation through procurement; and
- Employment Equity and Human Capital Management.

4.5. The PIC's key performance targets were prepared under various forecast and assumptions and some of the assumptions inputs used were:

- The economic environment, domestically, continentally (Africa) and globally will continue to perform moderately e.g moderate GDP, Inflation, interest rates and exchange rates among others;
- The PIC operations will not be affected by changes of the Board and Board Committees which might delay execution of various transactions;
- There are no changes to client mandates, benchmarks and asset allocations during the Financial Year;
- The clients have approved additional allocations to various asset classes, such as Unlisted Investments;
- No changes in regulatory environment which may have an adverse effect on the PIC operations, and investment activities; and
- Any unforeseen catastrophic events that may impact PIC's operations and its investment activities.

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PIC KEY STRATEGIC OBJECTIVES PERFORMANCE TARGETS – 2018/19-2020/21 FY

	Strategic Intent Objective	Measure	Target 2018/19	Target 2019/20	Target 2020/21
Financial Sustainability - (20%)					
1	Grow revenue and control costs to run a financially sustainable investment management operation	Staff costs ratio (CTC excl PICeeds/Management fees)	x ≤ 40%	x ≤ 40%	x ≤ 40%
		Net Income[1] percentage	x > 10%	x > 10%	x > 10%
Financial - Procurement (National Treasury directive) – 20%					
2	Irregular, fruitless and wasteful expenditure	No irregular, fruitless and wasteful expenditure	0% of total expenditure disclosed as irregular, fruitless and wasteful with medium risk findings on procurement	0% of total expenditure disclosed as irregular, fruitless and wasteful with medium risk findings on procurement	0% of total expenditure disclosed as irregular, fruitless and wasteful with medium risk findings on procurement
	Clean Audit Report	Maintain an unqualified audit opinion for Financial Year 2018/19 with no material findings on performance information and compliance	Unqualified audit opinion with no findings affecting the auditor's report	Unqualified audit opinion with no findings affecting the auditor's report	Unqualified audit opinion with no findings affecting the auditor's report
	Unauthorised expenditure	No unauthorised expenditure	0% of total expenditure disclosed as unauthorised expenditure with medium risk findings on procurement	0% of total expenditure disclosed as unauthorised expenditure with medium risk findings on procurement	0% of total expenditure disclosed as unauthorised expenditure with medium risk findings on procurement
Internal Business Processes / Operational Efficiency (20%)					
3a	Robust Enterprise Risk Management practices	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion
3b	PIC maintains a rating of Good on the Corporate Governance Matrix as at 31 March 2019	Assessment against PIC's Corporate Governance Matrix	Achieve an overall rating of 75%	Achieve an overall rating of 75%	Achieve an overall rating of 75%

[1] The profit for the year as reflected in the Annual Financial Statements, after taxation

	Strategic Intent Objective	Measure	Target 2018/19	Target 2019/20	Target 2020/21
Customers / Stakeholders – (35%)					
4a	Meet Client Benchmark Portfolio Returns and compliance with Client Risk Parameters (36 months rolling)	**Listed Investments** α = Total Individual Fund Return for the Top 5 Funds – Individual Fund Benchmark Return α = Total Fund Return for Other Funds – Other Funds Benchmark Return	• Individual Top 5 Funds α ≥ 0 bps	• Individual Top 5 Funds • α ≥ 0 bps	• Individual Top 5 Funds α ≥ 0 bps
			• Other Individual Funds α ≥ 0 bps	• Other Individual Funds α ≥ 0 bps	• Other Individual Funds α ≥ 0 bps
4b	Meet Client Benchmark Portfolio Returns	**Impact Investments** Legacy Portfolio Hurdle Rate (IRR) = 8% (X)	X + (0 to 50 bps)	X + (51 bps to 100 bps)	X + (101 bps to 150 bps)
		Fund I (including UIF and CC SRI portfolio and Unlisted Debt) Hurdle Rate (IRR) = 8% (X)	X + (0 to 50 bps)	X + (51 bps to 100 bps)	X + (101 bps to 150 bps)
		Fund II (including UIF and CC SRI portfolio and Unlisted Debt) Hurdle Rate (IRR) = 8% (X)	X -300 bps	X -150 bps	X
4c	Meet Client Benchmark Portfolio Returns	**Private Equity and SIPs** Legacy Portfolio (Excluding an anomaly – Afrisam) Hurdle Rate (IRR) = 8% (X)	X + (0 to 50 bps)	X + (51 bps to 100 bps)	X + (101 bps to 150 bps)
		Fund I (Including Unlisted Debt) Hurdle Rate (IRR) = 10% (X)	X + (0 to 50 bps)	X + (51 bps to 100 bps)	X + (101 bps to 150 bps)
		Fund II (Including Unlisted Debt) Hurdle Rate (IRR) = 10% (X)	X -300 bps	X -150 bps	X

	Strategic Intent Objective	Measure	Target 2018/19	Target 2019/20	Target 2020/21
4d	Meet Client Benchmark Portfolio Returns *(as per IPD returns calculation, customised for the PIC unlisted properties portfolio structure) and Subject to approval of client mandates)*	**Property Investments** Total Return (Capital and Income) = Meet IPD adjusted by weighting the portfolio returns as customised[2] for the PIC's clients' portfolio structure	Total return higher or equal to the PIC customised IPD	Total return higher or equal to the PIC customised IPD	Total return higher or equal to the PIC customised IPD
5a	Contribute towards the growth and transformation of the economy through Impact Investments	**Impact Investments** In various sectors, such as: • Economic infrastructure • Social infrastructure • Priority sectors • Renewable energy and green technology • Enterprise development and SMMEs	Annual approved transactions = R3 billion	Annual approved transactions = R4 billion	Annual approved transactions = R5 billion
5b	Contribute towards the growth and transformation of the economy through Private Equity Investments and Structured Investment Products (SIPs)	**Private Equity and SIPs** Contribute to transforming the economy through private equity investments Structured Investment Products (SIPs) in various sectors	Annual approved transactions = R4 billion	Annual approved transactions = R5 billion	Annual approved transactions = R6 billion
5c	Contribute towards the growth and transformation of the economy through Unlisted Property Investments	**Property Investments** Contribute to transforming the economy through private equity investments in various sectors	Annual approved transactions = R3 billion	Annual approved transactions = R4 billion	Annual approved transactions = R5 billion

[2] The weighted Investment Property Databank (IPD) benchmark returns are measured according to the PIC Clients' Directly Held Portfolio specific exposure

	Strategic Intent Objective	Measure	Target 2018/19	Target 2019/20	Target 2020/21
		Properties investments includes – Redevelopments / New acquisitions / New developments / Funding			
6	Facilitate African regional integration through investments in the rest of the African continent	**All asset classes** (Listed Equities, Impact Investments, Properties and Private Equity) Increase investments in Africa (Non-domestic)	Annual approved transactions = between 0 – USD250 million	Annual approved transactions = between 0 – USD250 million	Annual approved transaction = between 0 – USD250 million

	Strategic Intent Objective	Measure	Target 2018/19	Target 2019/20	Target 2020/21
7a	Drive and facilitate transformation through investments activities both in Listed and Unlisted Investments *Subject to any allocation to External Managers made during the financial year*	**Listed Investments** Allocation to Broad-Based Black Economic Empowerment service providers • **Listed Equities** (Multi Management) – Allocation of funds to enterprise development managers,	• At least 60% of all new funds awarded to Listed Equity External Managers, must be awarded to Developmental and Established BEE Managers; • Between 10% – 50% of the new funds must be allocated to Developmental and Established BEE Managers owned by female asset managers or people living with physical disabilities; or Developmental and Established BEE Managers with a 20% female representation or people living with physical disabilities at the Management level	• At least 65% of all new funds awarded to Listed Equity External Managers, must be awarded to Developmental and Established BEE Managers; • Between 10% – 50% of the new funds must be allocated to Developmental and Established BEE Managers owned by female asset managers or people living with physical disabilities; or Developmental and Established BEE Managers with a 20% female representation or people living with physical disabilities at the Management level	• At least 70% of all new funds awarded to Listed Equity External Managers, must be awarded to Developmental and Established BEE Managers; • Between 10% – 50% of the new funds must be allocated to Developmental and Established BEE Managers owned by female asset managers or people living with physical disabilities; or Developmental and Established BEE Managers with a 20% female representation or people living with physical disabilities at the Management level

	Strategic Intent Objective	Measure	Target 2018/19	Target 2019/20	Target 2020/21
		• **Dealing** (Listed Equity) – Percentage of brokerage paid to designated BEE broker firms used as a percentage of total brokerage paid • In terms of the PIC definition for BEE Level 1 – 4, the following criteria must be met as a minimum: ✓ BEE Level 1 – 4 Certification by an independent rating agency; ✓ At least 51% Black Ownership; and ✓ At least 30% Management Control by previously disadvantaged individuals • Focus to also be placed on: ✓ Skills Development ✓ Enterprise and supplier development ✓ Socio-economic development	• 90% of brokerage spend shall be to brokers on level 1-4 BEE rating; • 60% of total brokerage shall be paid to brokers with 51% Ownership by HDIs and 30% Management Control by HDIs	• 90% of brokerage spend shall be to brokers on level 1-4 BEE rating; • 65% of total brokerage shall be paid to brokers with 51% Ownership by HDIs and 30% Management Control by HDIs	• 90% of brokerage spend shall be to brokers on level 1-4 BEE rating; • 70% of total brokerage shall be paid to brokers with 51% Ownership by HDIs and 30% Management Control by HDIs
7b	Drive and facilitate transformation through investments activities both in Listed and Unlisted Investments	**Impact Investments and Private Equity** (Fund of Funds) – Funds approved through BEE firms as a percentage of total Social Responsible	• At least 60% of all new funds approved for PE and SRI External Managers, must be awarded to Developmental and/or Established BEE Managers	• At least 65% of all new funds approved to PE and SRI External Managers, must be awarded to Developmental and/or Established BEE Managers	• At least 70% of all new funds approved to PE and SRI External Managers, must be awarded to Developmental and/or Established BEE Managers

	Strategic Intent Objective	Measure	Target 2018/19	Target 2019/20	Target 2020/21
		Investments and Private Equity Fund of Funds investment approvals	*(To qualify as a BEE Asset Manager, the service provider must at least have 51% Black ownership and 30% Management control by HDIs)*	*(To qualify as a BEE Asset Manager, the service provider must at least have 51% Black ownership and 30% Management control by HDIs)*	*(To qualify as a BEE Asset Manager, the service provider must at least have 51% Black ownership and 30% Management control by HDIs)*
7c	Drive and facilitate transformation through investments activities both in Listed and Unlisted Investments *Subject to approval of client mandates*	**Unlisted Property Investments** Approved transaction of new developments/acquisitions of property investments	At least 30% of the approved unlisted property transactions approval for new developments / acquisitions must be BEE Between 10% – 50% of the approved BEE transactions must be allocated to women participants *The BEE shall have at least 40% Black Ownership*	At least 30% of the approved unlisted property transactions approval for new developments / acquisitions must be BEE Between 10% – 50% of the approved BEE transactions must be allocated to women participants *The BEE shall have at least 40% Black Ownership*	At least 30% of the approved unlisted property transactions approval for new developments / acquisitions must be BEE Between 10% – 50% of the approved BEE transactions must be allocated to women participants *The BEE shall have at least 40% Black Ownership*
Learning and Development (Human Resources) – (5%)					
8	The PIC staff demographics are reflective of the Skilled segment of South Africa's economic active population	Percentage of staff defined as black, according to the Employment Equity Act, aligned with the Skilled segment of the economic active population	Staff demographics to be reflective of the Skilled segment of the economic active population At least 30% of vacancies of senior management, based on the Paterson grading scales, will be filled with female employees and 1.8 % people living with physical disabilities	Staff demographics to be reflective of the Skilled segment of the economic active population At least 35% of vacancies of senior management, based on the Paterson grading scales, will be filled with female employees and 2% people living with physical disabilities	Staff demographics to be reflective of the Skilled segment of the economic active population At least 40% of vacancies of senior management, based on the Paterson grading scales, will be filled with female employees and 2% people living with physical disabilities

Monitoring the Corporate Plan

4.6. To ensure that this Corporate Plan is achieved, the achievement of Key Performance Indicators and Strategic Goals are being monitored by the PIC Board and management on a regular basis.

4.7. This Corporate Plan is the core of the PIC Corporate Balanced Scorecard and the performance management system of the PIC, which applies to every member of staff. The performance management system and incentive schemes of the PIC have been designed to ensure that employees of the PIC will be motivated towards the realisation of the approved targets and outcomes.

SECTION V

ANNEXURES TO THE CORPORATE PLAN

ANNEXURE A	:	Information on the Board of Directors
ANNEXURE B	:	High Level Organisational Structure
ANNEXURE C	:	Human Resources Strategy
ANNEXURE D	:	Financial Plan
ANNEXURE E	:	Information Technology Strategy
ANNEXURE F	:	Enterprise Risk Management Plan
ANNEXURE G	:	Fraud Prevention Plan
ANNEXURE H	:	Materiality and Significance Framework

HUMAN RESOURCES STRATEGY

5.1 The PIC attracts scare skills in terms of investment professionals and investment support staff from private sector asset managers and operational staff from corporate financing institutions and banks, and need to be in a position to compete with these institutions with a competitive Employee Value Proposition.

5.2 The Human Resources Strategy enables the PIC to attract and retain the required resources, offer an attractive employee value proposition, focus on skills development and training, drive a performance based culture and enable an efficient performance management process. The Human Resources Strategy is outlined in **Annexure C** to this Corporate Plan.

FINANCIAL MANAGEMENT PLAN

5.3 As a Schedule 3B entity, the PIC has to be self-sustaining. In that regard, the PIC sources most of its income from management fees and to a limited extent from consulting fees, board fees, as well as investment income.

5.4 The Financial Plan of the PIC for the medium term is attached as **Annexure D** to this Corporate Plan.

5.5 The Dividend policy is also included as part of the Financial Plan.

INFORMATION AND COMMUNICATIONS TECHNOLOGY MANAGEMENT PLAN

5.6 The summary of the Information and Communications Technology (ICT) Management Plan is outlined in **Annexure E** to this Corporate Plan.

RISK MANAGEMENT PLAN

5.7 The Risk Management Plan of the PIC, consisting of the Enterprise Risk Management Framework and Policy, as well as the list of priority risks and their mitigations, are attached as **Annexure F** to this Corporate Plan.

FRAUD PREVENTION PLAN

5.8 The Fraud Prevention Plan and Policy of the PIC, together with the Fraud Risk Register, are attached as **Annexure G** to this Corporate Plan.

MATERIALITY AND SIGNIFICANT FRAMEWORK

5.9 The PIC Materiality and Significant Framework is attached as **Annexure H** to this Corporate Plan.