

MEDIA RELEASE

PIC Board welcomes Report of Commission of Inquiry into its affairs, disciplinary action to be taken against those implicated

20 March 2020

PRETORIA: The Board of the PIC met in Pretoria Yesterday morning to discuss the Mpati Commission Report which was released by President Cyril Ramaphosa last week.

At the meeting, the Board welcomed and accepted both the findings and recommendations of the Commission without any reservations. The Board is in the process of developing and finalizing a plan to implement the recommendations of the Mpati Commission, which will include instituting disciplinary action against all those implicated in the report. The Board will also liaise with the law enforcement authorities, including the National Prosecuting Authority and the Hawks to ensure that all implicated parties are prosecuted, and lost monies are recovered.

The Board noted that the report has found that a number of transactions were funded without following due processes in line with accepted due diligence and corporate governance. I am pleased to announce that the Interim Board had already instituted processes to address the corporate governance lapses that were exposed before and during the duration of the Mpati Commission proceedings. The measures already under way include internal disciplinary action that has led to the dismissal of implicated staff and the legal action that is already under way pertaining to transactions such as the Ayo, Steinhoff, VBS and others. These proceedings are aimed at recovering monies that have been lost by the PIC and civil proceedings will also be instituted against the directors of affected companies.

The Board will also be securing the services of highly skilled external legal and forensic experts to ensure that no stone is left unturned in holding implicated parties accountable. In the interest of transparency, the details of the teams to be established will be published in due course to keep our staff, clients and the public informed.

We are particularly concerned about the impact that the findings and recommendations of the Mpati Commission on the morale of the staff at the PIC and in this regard, we will be implementing a variety of measures to ensure that our staff remain focused and committed to providing a world class service to the organization and to our clients. These measures will include regular staff meetings to keep staff informed and a change management process will be implemented within the next few weeks to give staff an opportunity to help build a culture of transparency and ethical behavior within the organization.

The Board has also introduced measures to strengthen corporate governance processes to strengthen accountability including separating the posts of Chief Executive Officer and the Chief Investment Officer. The new posts of Chief Risk Officer, Chief Technology Officer and Chief Operating Officer have been created. The Fund Investment Panels have been done away with and all investment decisions will be made by the Investment Committee. The Risk and Audit Committees have been separated and will be chaired by different Board members.

The process of filling these and other vacant positions will be expedited to stabilize the leadership of the organisation. An announcement will be made shortly regarding the appointment of the new CEO.

Over the next few weeks, the Board will embark on a roadshow to meet key stakeholders, including staff, Clients, key asset managers in the industry to discuss and listen to the feedback on the measures the PIC is taking to implement the Mpati Commission report.

We share the country's concerns that things went off track in the PIC over the past few years but we want to give the assurance that the Board is doing everything in its power to address the systemic causes of the problems that have been uncovered, whilst being fully conscious of the fact that this will not be an overnight project. The Board will need the time and space to do its work diligently to ensure that all the actions taken are legally compliant and we will ensure that the implementation process is transparent.

The PIC remains one of the best public assets in the country and manages the hard-earned pensions of public servants and our responsibility to ensure that these assets are managed ethically, professionally and in the best interests of the beneficiaries. We will give regular progress reports to ensure that everyone is informed about the progress we are making in strengthening corporate governance procedures, systems and in implementing the recommendations of the Mpati Commission.

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Issued by
Dr R. Khoza – Chairperson of the Board.

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