

WELCOME REMARKS (Opening Speech)

Thank you Director of Ceremonies, for that introduction.

As introduced my name is Peter Hikhwa and I am the Chairman of the Botswana Pensions Society (BPS).

Let me start by acknowledging the presence of:

- 1. Deputy Director - Retirement Funds
Department at NBFIRA – Mr Phineas Sesinyi,
and his colleagues.**
- 2. CEOs of various organizations here present
or their representatives,**
- 3. Principal Officers, Chairmen of the boards of
trustees, and Trustees of the various Pension
Funds here present,**
- 4. Members of the Botswana Pensions Society
(BPS) and the BPS Management Committee,**
- 5. Our Other Stakeholders here present,**
- 6. Ladies and Gentlemen, A good morning to
you all.**

It delights me this morning, in my capacity as the Chairman of the Botswana Pensions Society (BPS), to welcome you to the first Virtual Trustee Seminar of the year (2021).

We normally host two Trustee Seminars per year but we must both admit, and apologize for the fact that due to challenges emanating from Covid-19 crisis, the BPS has not been able to maintain all its activities at their optimal levels. We are however, hopeful that the business environment will improve and become more favourable for the Society.

Ladies and gentlemen, this morning, we are going to discuss **two (2) topics** that are key to the successful management and prosperity of retirement funds in our Country.

The first topic, “**Retirement Funds Management ethics, standards and Good Governance**” will be dealt with by Mr Stephan Pretorius, Associate Director, FIST Audit of Deloitte, South Africa.

This topic is broad enough to be a whole conference theme, but today, we will endeavour to capture only the salient features thereof.

On the aspect of “ethics in fund management”, we all know that there is more to good behaviour than rules.

Fund professionals should embrace an ethical approach to their work as they can't just rely on Regulators wielding big sticks by policing them.

The general principle to always put our Members' interests first; the requirements to act honestly, fairly and professionally, are indeed legislated. But is this enough? Many think not.

There is a sense that the industry needs to do more to convince all stakeholders and the wider public that it can be trusted with the assets entrusted with them.

Turning to “good governance”, some research has shown that pension funds with strong governance policies tend to have better financial performance and improved cost efficiency. This means that without good governance, a fund is unlikely to achieve good outcomes for members. Therefore, pension funds and their boards are increasingly focusing on good governance. But what characterizes good governance? Good governance is not the same as a lot of governance. Adding extra governance measures

may provide diminishing marginal returns as the resulting structure becomes too complicated and costly to be effective.

Good governance is basically about two things; clear separation of duties and proper checks and balances. Pension funds, in particular have many layers of delegated decision-making and multiple entities/agents and unless clear roles and responsibilities are assigned to each level of decision -making, the fiduciary responsibility to the fund can be compromised.

Further, although good governance is an important element of successful pension fund management, committing to the idea is not enough. The pension board needs to clear a number of practical hurdles, such as, the evolving governance standards, the rising cost of good governance, effect of relationships, and so on.

The second topic, “**Developing pension fund strategies which factor in the impact of natural of natural disasters**” will be handled through a joint presentation from Mr Adam Bennot, Head of Responsible Investment, RisCura, South Africa and Ms Thembi Matabiswana, Senior Consultant, RisCura Botswana.

This topic has gained interest due to the rising disasters globally, the Covid-19 crisis, being the case in point, among many other examples.

Looking at this topic from a fund member's point of view, one may ask, what options do fund members have when a natural disaster affects them? What steps can fund sponsors take to reduce the impact on their retirement savings?

The Fund needs to be in touch with its members to show them what protection measures are in place to insulate their retirement benefits from the harsh impacts of these disasters.

These assurances can only be given when the board has robust Investment Strategy, thus the importance of this topic today

The retirement funds Act , provides ways of accessing the pension benefit to help members in distress due to some these disasters. Members decry this matter as they demand money from their funds. While the Regulators will in the future ask themselves the question “how can we be of help in such times while we preserve fund credits of the members”, it also says financial literacy needs to be promoted at

each of organisation, the retirement fund included.

This is a topic for another day. The trustees have faced these demands and they had no answers.

Ladies and gentlemen,
with those few remarks, **“We welcome you”** to today’s trustee seminar. Your support is always valuable and appreciated.

Please engage the presenters. We are aware of the short time each presenter is given, this means you should go and continue to inform yourselves further.

I wish boards could introduce a “Governance Moment” at the start of meetings, like they have a “Safety Moment” at the mines, where a short presentation is made on one or two aspects of good governance from the policies.

Have a productive or fruitful day. Please continue to observe all COVID 19 protocols, as the pandemic is still amongst us.

I thank you.