

FINANCIAL SERVICES BOARD

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DATE: 30 October 2017 E-MAIL: john.mackay@fsb.co.za

THE PRINCIPAL OFFICER
KWAZULU NATAL CLOTHING INDUSTRY PROVIDENT FUND
c/o OWN ADMINISTRATOR

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CASE NUMBER: 445886

Dear Sir/Madam

**PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 1
(Effective 11 July 2017) - KWAZULU NATAL CLOTHING INDUSTRY PROVIDENT FUND**

Your application of 04 July 2017 refers. I have enclosed a copy of the Amendment duly approved and registered in terms of section 12(4) of the Pension Funds Act.

The fund continues to be recognized as a Provident Fund in terms of the Income Tax Act.

Yours faithfully

for REGISTRAR OF PENSION FUNDS

Enclosure

**KWAZULU NATAL CLOTHING INDUSTRY
PROVIDENT FUND**

RULE AMENDMENT 1

Resolution passed at a meeting of the board of trustees held on 9 MAY 2017.

RESOLVED THAT the rules of the Fund shall be amended as follows:

A. With effect from the date of the resolution, the definition of "BEREAVEMENT BENEFIT" in Rule 5 shall be amended as follows:

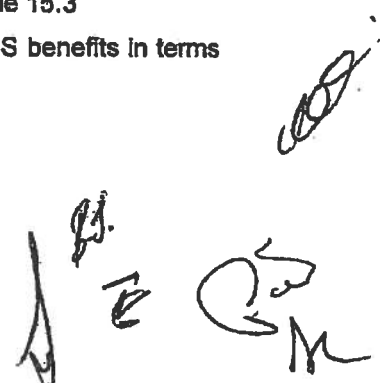
"BEREAVEMENT BENEFIT" is a benefit payable in respect of a deceased MEMBER as provided for in the RULES of the FUND.

B. With effect from the date of the resolution, the definition of "MEMBER'S ACCOUNT" shall be amended by the insertion of subsection (d) as follows:

"MEMBER'S ACCOUNT" means an account established in respect of each MEMBER, which forms part of the MEMBER'S FUND CREDIT, in which is accumulated:

- a.) The MEMBER'S share of contributions in terms of Rule 15.1; and
- b.) The transferred MEMBER'S account; and
- c.) Any amount transferred into the FUND from another APPROVED PENSION FUND or APPROVED PROVIDENT FUND on behalf of the MEMBER; and
- d.) Any additional contributions made by the MEMBER in terms of Rule 15.3

which amounts shall be taken into account in determining the MEMBER'S benefits in terms of these RULES.



C. With effect from the 1 September 2016, Rule 15 shall be amended as follows:

CONTRIBUTIONS

15. MEMBER'S CONTRIBUTIONS

15.1 Each EMPLOYER shall deduct from the wages of each of his EMPLOYEES who have worked nine (9) ordinary hours or more during any pay week or part thereof, the percentage of the EMPLOYEE's BASIC WEEKLY WAGE, which shall be allocated to the MEMBER ACCOUNT of the MEMBER's FUND CREDIT, as shown in Table 1 below.

Table 1 (effective 1 September 2016)

Membership Category	EMPLOYEE Contribution Rate
Metro Members	6.5%
Category B Members	4%
RISK-ONLY MEMBERs	0%
Non-metro Members	4%(*)
EXEMPT MEMBERs	0%

(*) The percentage reflected in Table 1 above in respect of Non-Metro Members shall be increased by an additional 0.5% with effect from 1 September 2017 and annually on 1 September each year thereafter until such time as the total percentage is equal to 6.5%.

15.2 No deduction shall be made from the wages of any EMPLOYEE after NORMAL RETIREMENT AGE, unless he has elected to defer his retirement.

15.3 A MEMBER may at any time make additional contributions to the FUND. The level of the MEMBER'S additional contributions shall be such amounts as are approved by the TRUSTEES and shall be allocated to the MEMBER ACCOUNT of the MEMBER's FUND CREDIT.

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D. With effect from the 1 September 2016, Rule 16 shall be amended as follows:

16. EMPLOYERS' CONTRIBUTIONS

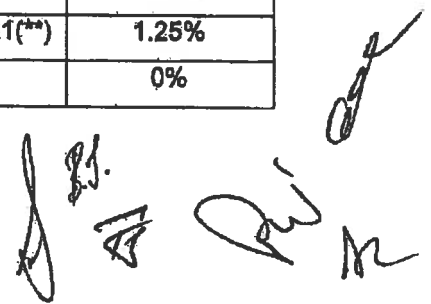
16.1 Each EMPLOYER shall contribute to the FUND in respect of each of his EMPLOYEES:

16.1.1. a retirement funding component of the EMPLOYER contribution rate per category of membership as per Table 2 which shall be the specified percentage of an EMPLOYEE'S BASIC WEEKLY WAGE, if applicable, provided that the EMPLOYEE worked nine (9) ordinary hours or more during any pay week or part thereof, which shall be allocated to the EMPLOYER ACCOUNT of the FUND CREDIT;

16.1.2. a risk and expense funding component of the EMPLOYER contribution rate per category of membership as per Table 2 which shall be the specified percentage of an EMPLOYEE'S BASIC WEEKLY WAGE, if applicable irrespective of whether or not the EMPLOYEE actually worked during the week and irrespective of whether or not the EMPLOYEE is on maternity leave, sick leave or short time, which contribution shall be allocated to the Risk Reserve Account and the Administration Expense Reserve Account in terms of Rule 25.1.2 (ii) and 25.3.3 (i) in such proportion as may be decided by the TRUSTEES, and applied in accordance with Rule 25.1.4 and 25.3.4.

Table 2 (effective 1 September 2016)

Membership Category	EMPLOYER Retirement Funding	Risk and Expense Funding component
Metro Members	5.25% ^(*)	2.25%
Category B Members	2.75%	2.25%
RISK-ONLY MEMBERS	0%	2.25%
Non-metro Members	4% less R1.21 ^(**)	1.25%
EXEMPT MEMBERS	0%	0%



(*) The EMPLOYER Retirement Funding percentage reflected in Table 2 above in respect of Metro Members shall be increased by an additional 0.5% with effect from 1 September 2017.

(**) The EMPLOYER Retirement Funding percentage reflected in Table 2 above in respect of Non-metro Members shall be increased by an additional 0.5% with effect from 1 September 2017 and annually on 1 September each year thereafter until such time as the total percentage (including the Risk Funding component) is equal to 7.5% less R1.21.

16.2 The TRUSTEES may allocate a portion of the contribution referred to in Rule 16.1.1 to the Administration Expense Reserve Account.

E. With effect from the date of the resolution, Rule 23 shall be amended as follows:

23. ACCOUNTS OF THE FUND

23.1 A Fund Account and seven RESERVE ACCOUNTS, to be known as the "Risk Reserve Account", "Investment Reserve Account", "Administration Expense Reserve Account", "Previously Unclaimed Benefits Account", "Unclaimed Benefits Account," "Contingency Reserve Account" and "Surplus Apportionment Expense Reserve Account" shall be maintained under the FUND and shall operate in accordance with Rule 24 and Rule 25.

F. With effect from the date of the resolution, Rule 25.2.4.3 shall be amended as follows:



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25.2.4.3 be further debited with the amount to be added to the MEMBERS' benefits calculated as at the date that the benefit is paid to the MEMBER, in accordance with section 15G of the Act which represents the proportional payment of the Investment Reserve Account to exits where the TRUSTEES deem appropriate provided that the FUND and the TRUSTEES reserve the right to reduce MEMBERS' benefits in the event that the Investment Reserve Account is in a deficit position.

G. With effect from the date of the resolution, Rule 25.6 shall be amended by the insertion of sub-rule 25.6.7 as follows:

25.6.7 The amount standing to the credit of the Contingency Reserve Account shall be further debited with any amount transferred from the Contingency Reserve Account to any of the other RESERVE ACCOUNTS, as directed by the TRUSTEES in consultation with the actuary.

H. With effect from 31 December 2009, Rule 25 shall be amended by the insertion of the Rule 25.7:

25.7 Surplus Apportionment Expense Reserve Account

25.7.1 A Surplus Apportionment Expense Reserve Account shall be maintained under the FUND to provide for expenses associated with the FUND's surplus apportionment scheme in terms of section 15B of the Act.

25.7.2 To the Surplus Apportionment Expense Reserve Account shall be credited an amount with effect from 31 December 2009, as decided by the TRUSTEES, upon the advice of the actuary, and subject to the approval of the REGISTRAR.

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25.7.3 The amount standing to the credit of the Surplus Apportionment Expense Reserve Account, as directed by the TRUSTEES in consultation with the actuary shall be debited with the expenses of the Fund's surplus apportionment scheme in terms of section 15B of the Act.

I. With effect from the date of the resolution, Rule 25.7 shall be amended by the insertion of sub-rule 25.7.4 as follows:

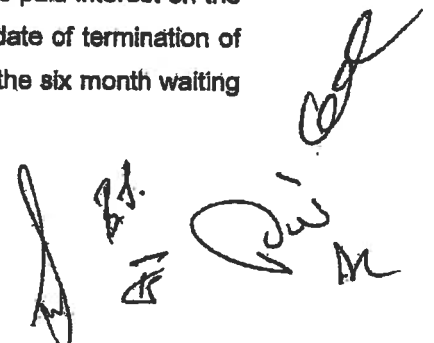
25.7.4 The amount standing to the credit of the Surplus Apportionment Expense Reserve Account shall be further debited with any amount transferred from the Surplus Apportionment Expense Reserve Account to any of the other RESERVE ACCOUNTS, as directed by the TRUSTEES in consultation with the actuary.

J. With effect from 1 January 2017, Rule 31.4, Rule 31.6 and Rule 31.7 shall be amended as follows:

31.4 In the case of retrenchment, the MEMBER shall be entitled to interest on the amount due as at the date of retrenchment, calculated from the date of retrenchment to the date of payment following the expiry of the three month waiting period referred to in Rule 33.1, equal to the FUND RETURN earned on the benefit over this period.

31.6 In addition to the benefits as specified in Rule 32 to 39, MEMBER's shall be entitled to such portion of Investment Reserve Accounts as is provided for in Rule 25, as per the requirements of section 15G of the Act, calculated and payable as at the date that the benefit is paid to the MEMBER.

31.7 In the case of withdrawal, the member shall be entitled to be paid interest on the amount due as at the date of withdrawal, calculated from date of termination of employment to the date of payment following the expiry of the six month waiting



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period referred to in Rule 32.1, equal to the FUND RETURN earned on the benefit over this period.

K. With effect from 1 September 2016, Rule 37.1.2 shall be amended as follows:

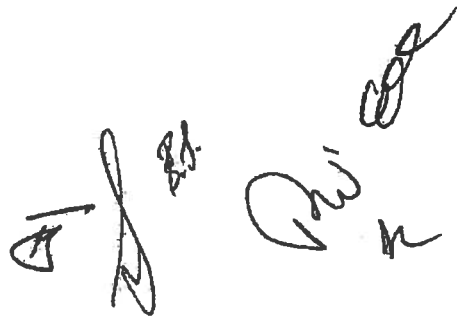
37.1.2 In the event of the death of a Non-Metro MEMBER the benefits shall be determined in the following manner.

- (a) an amount of a certain multiple of weekly wages which shall be determined by the TRUSTEES from time to time and which may be funded in part or in full by the proceeds of any claim admitted by the underwriter under a GROUP LIFE ASSURANCE POLICY effected by the FUND; plus
- (b) an amount determined in terms of Rule 34 as if he had retired the day before his death.

L. With effect from 1 September 2016, Rule 38.2.4 shall be amended as follows:

38.2.4 In the event of the disability of a Non-Metro MEMBER the benefits shall be determined in the following manner.


- (a) an amount of a certain multiple of weekly wages which shall be determined by the TRUSTEES from time to time and which may be funded in part or in full by the proceeds of any claim admitted by the underwriter under a disability reinsurance policy effected by the FUND and subject to any conditions which the underwriter may impose; plus
- (b) an amount determined in terms of Rule 34 as if he had retired the day before his disability

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Amendment J - To provide that FUND RETURN will be payable on a retrenchment or withdrawal benefit payable to a former MEMBER after the expiry of the relevant waiting period;

Amendments K and L - To remove the reference to a contributory class of Non-Metro MEMBER in the risk benefit rules on account of this distinction no longer being relevant since all Non-Metro MEMBERS are now required to contribute to the FUND.

CERTIFIED THAT THE RESOLUTION IN TERMS OF WHICH THESE REVISED RULES HAVE BEEN ACCEPTED HAS BEEN ADOPTED IN ACCORDANCE WITH THE RULES OF THE FUND.




EMPLOYER TRUSTEE

13/06/2017
Date

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EMPLOYER TRUSTEE

13/6/2017.
Date



MEMBER TRUSTEE

13/6/2017
Date



MEMBER TRUSTEE

13/06/2017
Date



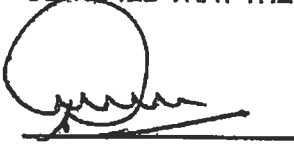
PRINCIPAL OFFICER

13/06/2017
Date

REGISTERED BY ME ON THIS THE
<u>27th</u>
DATE <u>October 2017</u>
<u>2017</u> 5.5
Registrar Of Pension Funds



CERTIFIED THAT THE ABOVE RULES ARE FINANCIALLY SOUND



Actuary to the FUND

22/6/2017

Date

R Sc, FASSA
QUALIFICATIONS

