THE SIX CAPITALS

Our financial, human, manufactured, intellectual, social and relationship, and natural capitals facilitate every aspect of our business and our ability to optimise our investments to deliver benefits for our members.

We have accordingly defined our structure, activities and performance against our strategic objectives in this report in terms of these six capitals, as described within the International Integrated Reporting Council (IRC) framework as follows, and they can be identified in the narrative by these accompanying icons:

Financial capital – This comprises both the contributions from our members and investment returns which enable us to sustainably grow our assets and our organisation.

Human capital – This resides in our employees, who are also members of the Fund and have a strong alignment with the rest of the EPF members. In addition, the attraction and retention of talent is a core value in our Formula for Success, and is demonstrated not only by the calibre of our staff but by our commitment to their development.

Manufactured capital – This comprises our governance, business processes, leading systems as well as our physical and Information Technology (IT) infrastructure that together enable us to manage the organisation in a prudent and professional manner.

Intellectual capital – This lies in the Fund’s reputation. Institutional knowledge and experience are intangible assets that have been built over time and have instilled confidence in us among our stakeholders.

Social and relationship capital – This comprises the relationships that we have with our key stakeholders – our members, employees, the Board, the Pension Fund Adjudicator, the Financial Sector Conduct Authority (FSCA), participating employers, Eskom Holdings SOC Ltd (Eskom) and its subsidiaries, our service providers and the retirement fund industry.

Natural capital – This is the effect of our operations on the environment.
ABOUT THIS REPORT

The integrated report on our sustainability is driven by the principles outlined in the Integrated Reporting Framework (the IIRC Framework). It addresses the issues and activities that are specifically related to our overall business strategy and the particular aspects of sustainability that are most material to our stakeholders.

The aims of our strategy is to achieve member-centricity—through technological improvements, responsible investing, improved governance and consistent investments returns—to become the most admired pension fund in South Africa.

STANDARDISED ANNUAL FINANCIAL STATEMENTS

2019 HIGHLIGHTS

- R3 807 MILLION contributions for the year (2018: R3 793 million)
- R144.7 BILLION assets under management (2018: R140.7 billion)
- R5 141 MILLION contributions for the year (2018: R5 135 million)
- R141 MILLION benefits paid for the year (2018: R135 million)
- 43 570 active members (2018: 43 299)
- 33 299 deferred pensioners (2018: 33 075)
- 3 276 active members (2018: 3 235)
- 115% funding ratio (2018: 113%)
- 2.99% annual fund return for period ended 30 June 2019 (2018: 1.3%)
- 109 permanent employees (2018: 108)
- 109 temporary employees (2018: 108)
- 3 100 other beneficiaries (2018: 3 087)
- 2.3 million members (2018: 2.3 million)
- 306 950 previous members (2018: 306 850)
- 4 400 beneficiaries (2018: 4 300)
- 512 790 active members (2018: 512 750)
- 1 584 290 additional members (2018: 1 584 290)
- 26 370 deferred pensioners (2018: 26 370)
- 6 339 770 active members (2018: 6 339 770)
- 89 770 deferred pensioners (2018: 89 770)
- 67 110 deferred pensioners (2018: 67 110)
- 11 100 retirement savings (2018: 11 100)
- 1 100 retirement savings (2018: 1 100)
- 67 110 retirement savings (2018: 67 110)
- 11 100 retirement savings (2018: 11 100)
- 115% funding ratio (2018: 113%)
- 2.99% annual fund return for period ended 30 June 2019 (2018: 1.3%)
- 109 permanent employees (2018: 108)
- 109 temporary employees (2018: 108)
- 3 100 other beneficiaries (2018: 3 087)
- 2.3 million members (2018: 2.3 million)
- 306 950 previous members (2018: 306 850)
- 4 400 beneficiaries (2018: 4 300)
- 512 790 active members (2018: 512 750)
- 1 584 290 additional members (2018: 1 584 290)
- 26 370 deferred pensioners (2018: 26 370)
- 6 339 770 active members (2018: 6 339 770)
- 89 770 deferred pensioners (2018: 89 770)
- 67 110 deferred pensioners (2018: 67 110)
- 11 100 retirement savings (2018: 11 100)
- 1 100 retirement savings (2018: 1 100)
- 67 110 retirement savings (2018: 67 110)
- 11 100 retirement savings (2018: 11 100)
- 115% funding ratio (2018: 113%)
- 2.99% annual fund return for period ended 30 June 2019 (2018: 1.3%)
- 109 permanent employees (2018: 108)
- 109 temporary employees (2018: 108)
- 3 100 other beneficiaries (2018: 3 087)
- 2.3 million members (2018: 2.3 million)
- 306 950 previous members (2018: 306 850)
- 4 400 beneficiaries (2018: 4 300)
- 512 790 active members (2018: 512 750)
- 1 584 290 additional members (2018: 1 584 290)
- 26 370 deferred pensioners (2018: 26 370)
- 6 339 770 active members (2018: 6 339 770)
- 89 770 deferred pensioners (2018: 89 770)
- 67 110 deferred pensioners (2018: 67 110)
- 11 100 retirement savings (2018: 11 100)
- 1 100 retirement savings (2018: 1 100)
- 67 110 retirement savings (2018: 67 110)
- 11 100 retirement savings (2018: 11 100)
- 115% funding ratio (2018: 113%)
- 2.99% annual fund return for period ended 30 June 2019 (2018: 1.3%)
- 109 permanent employees (2018: 108)
- 109 temporary employees (2018: 108)
- 3 100 other beneficiaries (2018: 3 087)
- 2.3 million members (2018: 2.3 million)
- 306 950 previous members (2018: 306 850)
- 4 400 beneficiaries (2018: 4 300)
- 512 790 active members (2018: 512 750)
- 1 584 290 additional members (2018: 1 584 290)
- 26 370 deferred pensioners (2018: 26 370)
- 6 339 770 active members (2018: 6 339 770)
- 89 770 deferred pensioners (2018: 89 770)
- 67 110 deferred pensioners (2018: 67 110)
- 11 100 retirement savings (2018: 11 100)
- 1 100 retirement savings (2018: 1 100)
- 67 110 retirement savings (2018: 67 110)
- 11 100 retirement savings (2018: 11 100)
- 115% funding ratio (2018: 113%)
- 2.99% annual fund return for period ended 30 June 2019 (2018: 1.3%)
- 109 permanent employees (2018: 108)
- 109 temporary employees (2018: 108)
- 3 100 other beneficiaries (2018: 3 087)
- 2.3 million members (2018: 2.3 million)
- 306 950 previous members (2018: 306 850)
- 4 400 beneficiaries (2018: 4 300)
- 512 790 active members (2018: 512 750)
- 1 584 290 additional members (2018: 1 584 290)
- 26 370 deferred pensioners (2018: 26 370)
- 6 339 770 active members (2018: 6 339 770)
- 89 770 deferred pensioners (2018: 89 770)
- 67 110 deferred pensioners (2018: 67 110)
- 11 100 retirement savings (2018: 11 100)
- 1 100 retirement savings (2018: 1 100)
- 67 110 retirement savings (2018: 67 110)
- 11 100 retirement savings (2018: 11 100)
- 115% funding ratio (2018: 113%)
- 2.99% annual fund return for period ended 30 June 2019 (2018: 1.3%)
- 109 permanent employees (2018: 108)
- 109 temporary employees (2018: 108)
- 3 100 other beneficiaries (2018: 3 087)
- 2.3 million members (2018: 2.3 million)
- 306 950 previous members (2018: 306 850)
- 4 400 beneficiaries (2018: 4 300)

* Figures are unaudited amounts. Final view will be subject to the auditor’s report on the finalisation of the Integrated Annual Report.
We are the largest self-administered retirement fund in South Africa, and the second largest retirement fund in asset size in South Africa, with R144.7 billion in assets under management as at 30 June 2019, and an actuarial funding level (also known as the funding ratio) of 115%.

Our core purpose is to serve as an independent provider of administrative services, providing administrative and asset management services to the Fund, its beneficiaries, and its members, from which our members are exclusively drawn.

Our purpose is to provide exemplary administrative and member service on terms and conditions established by our members. We manage investments through external and internal asset managers and deliver a quality and cost-effective administrative service to our members.

Our vision is to be the most admired pension fund, as rated by our members and industry peers.

Our mission is to become a member-centric pension fund that is able to enter new markets in 2024.

WHAT WE DO

As one of the largest FSCA-regulated retirement funds in South Africa, we have a dedicated team that offers a range of services:

- Retirement benefits
- Ill-health or disability benefits
- Death benefits
- Withdrawal benefits

MEMBERSHIP


The Fund has an employee contribution rate of 7.5% and an employer contribution rate of 13.5%. While the head office is in Bryanston, Johannesburg, South Africa, we maintain walk-in centres and satellite offices in:

- Emalahleni in Mpumalanga
- Bellville in the Western Cape
- East London in the Eastern Cape
- Durban in KwaZulu-Natal

The environment in which we operate, invest fund assets and make payments to our beneficiaries can be categorised into five main areas.

1. **The South African investment industry** - The global investment industry continued to be affected during the year under review by geopolitical issues characterised by:
   - 2019 being a year with one of the lowest returns from domestic equities since the global financial crisis of 2008
   - A weakened global trade order, particularly between the US and China, with the latter remaining by far the largest emerging market risk

2. **The global investment industry** - The global investment industry continued to be affected during the year under review by geopolitical issues characterised by:
   - The weakening of the rand
   - Most currencies weakened against the US dollar

3. **Eskom** - We are subject to regulations prescribed by:
   - The Pension Funds Act No 24 of 1956
   - The Financial Markets Act No 19 of 2012 (FMA), as amended
   - The Investments Act No 62 of 1998 (Amended Act)
   - The Protection of Personal Information Act, No 4 of 2013 (POPIA) scheduled for full compliance by the end of 2019

4. **The South African regulatory environment** - We are subject to regulations prescribed by:
   - The Pension Funds Act No 24 of 1956
   - The Protection of Personal Information Act, No 4 of 2013 (POPIA) scheduled for full compliance by the end of 2019

5. **The South African socio-economic environment** - We are subject to regulations prescribed by:
   - The Pension Funds Act No 24 of 1956
   - The Protection of Personal Information Act, No 4 of 2013 (POPIA) scheduled for full compliance by the end of 2019

Impact on strategic objectives:

1. Requires maintaining the sustainability of external funding
2. Requires maintaining the sustainability of external funding
3. Requires maintaining the sustainability of external funding
4. Requires maintaining the sustainability of external funding
5. Requires maintaining the sustainability of external funding
INVESTMENT RETURNS
THE IMPACT OF THE GLOBAL LOW-RETURN ENVIRONMENT

A key feature of the operating environment for the year under review is the persistent low investment returns within domestic markets and those markets in the rest of Africa. The following table illustrates the investment performances of the asset classes in which we invest over various periods:

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Benchmark</th>
<th>1 Year %</th>
<th>3 Years %</th>
<th>5 Years %</th>
<th>10 Years %</th>
<th>15 Years %</th>
<th>17 Years %</th>
<th>18 Years %</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA cash</td>
<td>SteFi</td>
<td>7.3</td>
<td>7.4</td>
<td>7.1</td>
<td>6.9</td>
<td>7.1</td>
<td>7.8</td>
<td>7.9</td>
</tr>
<tr>
<td>Nominal bonds</td>
<td>ALBI</td>
<td>11.5</td>
<td>9.6</td>
<td>8.6</td>
<td>9.0</td>
<td>9.1</td>
<td>9.8</td>
<td>9.9</td>
</tr>
<tr>
<td>Inflation-linked bonds</td>
<td>CILI</td>
<td>6.2</td>
<td>3.6</td>
<td>3.9</td>
<td>7.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SA equity</td>
<td>SWIX</td>
<td>1.2</td>
<td>4.3</td>
<td>5.4</td>
<td>14.5</td>
<td>15.9</td>
<td>16.7</td>
<td></td>
</tr>
<tr>
<td>Capped SWIX</td>
<td>SWIX</td>
<td>1.2</td>
<td>2.8</td>
<td>4.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SA listed property</td>
<td>SAPY</td>
<td>0.8</td>
<td>(2.3)</td>
<td>5.6</td>
<td>13.0</td>
<td>17.1</td>
<td>18.5</td>
<td></td>
</tr>
<tr>
<td>All property</td>
<td>ALPI</td>
<td>(5.1)</td>
<td>(4.7)</td>
<td>3.3</td>
<td>11.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPPF equity benchmark</td>
<td>SWIX – SAPY</td>
<td>1.6</td>
<td>6.1</td>
<td>5.1</td>
<td>12.6</td>
<td>13.7</td>
<td>14.1</td>
<td>15.9</td>
</tr>
<tr>
<td>Global equity</td>
<td>MSCI ACWI</td>
<td>9.5</td>
<td>10.7</td>
<td>13.9</td>
<td>17.6</td>
<td>16.6</td>
<td>19.0</td>
<td>18.2</td>
</tr>
<tr>
<td>Emerging equity</td>
<td>MSCI EM</td>
<td>4.3</td>
<td>9.9</td>
<td>8.8</td>
<td>13.8</td>
<td>15.3</td>
<td>15.5</td>
<td>15.7</td>
</tr>
<tr>
<td>Africa equity</td>
<td>MSCI EFM Africa Ex ZA</td>
<td>(3.7)</td>
<td>2.2</td>
<td>5.7</td>
<td>5.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major currencies</td>
<td>USD</td>
<td>8.9</td>
<td>9.2</td>
<td>9.0</td>
<td>8.4</td>
<td>14.8</td>
<td>9.4</td>
<td>18.4</td>
</tr>
</tbody>
</table>

WHO WE ARE CONTINUED

MESSAGE FROM THE CHAIRMAN
INTEGRATED REPORT
2019
REGULATION AND COMPLIANCE

The Fund continues to strive to improve its Governance Framework so that the Board and its management have appropriate oversight and decision-making authority on matters of the nature. In addition, the retirement administration processes have improved to ensure that the employment contracts of all members are scrutinised for accuracy. In addition, the retirement administration processes have improved to ensure that the employment contracts of all new members admitted into the Fund are scrutinised for accuracy. The legal frameworks are at an advanced stage and we anticipate the finalisation of these matters during the course of the next financial year.

The current Board term concludes at the end of May 2020, and the Fund is therefore currently embarking on an election process for its replacement. This has been cascaded through the Fund’s website of the NAPF (National Association of Pension Funds) in order to ensure proper alignment of the Fund’s Governance Framework. The Board has commissioned its new communications framework to support the Fund’s reputation management efforts.

The work that the EPPF performs is done for the ultimate benefit of all its members. Therefore, it behooves the Board to ensure that the Fund’s brand and reputation continues to grow. As the Board drove its strategic planning agenda, with an emphasis on laying the foundations for a competitive and diverse fund that is capable of taking place in the open market by 2020, we have continued to focus on ensuring that the Fund operates in a prudent and transparent manner.

Indeed, our member-centric strategy involves full acknowledgment of our commitment to you, the member. The Board of Directors has taken the lead in setting the tone for the manner in which the Fund will operate, taking into consideration the interests of all stakeholders. This includes fulfilling the need for our members to be informed and engaged in the Fund’s operations. The Communication Committee has commenced its work and we are confident that it will continue to grow its engagement in the most positive aspect of the Fund’s activities.

NEW EXECUTIVE LEADERSHIP
While searching for a Chief Executive and Principal Officer, the Board decided to operate in the capacity of appointing Mr. Shafeeq Abrahams as Acting Chief Executive for six months. The Board joins me in thanking Shafeeq for the leadership he has provided during that time.

New Executive Leadership
This year saw a focus on the enhancement of the skills and knowledge of Trustees through their attendance at both local and international industry-specific conferences. These events proved to be most productive and informative. Board breakaways and the ongoing dialogue with pensioners and stakeholders has been key to the development of the Board and the advancement of the Fund’s ability to respond to the challenges facing it and the industry in general.

Rosemary Mabula
Chairman
22 November 2019

NEW EXECUTIVE LEADERSHIP
While searching for a Chief Executive and Principal Officer, the Board decided to operate in the capacity of appointing Mr. Shafeeq Abrahams as Acting Chief Executive for six months. The Board joins me in thanking Shafeeq for the leadership he has provided during that time.

NEW EXECUTIVE LEADERSHIP
While searching for a Chief Executive and Principal Officer, the Board decided to operate in the capacity of appointing Mr. Shafeeq Abrahams as Acting Chief Executive for six months. The Board joins me in thanking Shafeeq for the leadership he has provided during that time.

NEW EXECUTIVE LEADERSHIP
While searching for a Chief Executive and Principal Officer, the Board decided to operate in the capacity of appointing Mr. Shafeeq Abrahams as Acting Chief Executive for six months. The Board joins me in thanking Shafeeq for the leadership he has provided during that time.
INPUTS

- Financial capital
  - R6.0 billion
    - Investment returns
    - R3.8 billion
    - Member contributions
      - 13.50% of pensionable salary
        - Employer
      - 7.30% of pensionable salary
        - Employee

- Human capital
  - Our employees and asset managers
    - Permanent employees
    - 37
    - Asset managers
    - 2
    - Actuarial consultants
    - 1
    - Fund Valuator
    - 1

- Intellectual capital
  - Our skills, experience and expertise, policies, processes and systems
  - Support for our provision of products and services
    - Retirement Fund Operations
    - Investment Management Unit
    - Support staff and systems

- Manufactured capital
  - Our head office, regional branches and on-site hardware

- Social and relationship capital
  - The relationships we maintain with our shareholders and stakeholders
    - Members
    - Employees
    - FSCA and other regulators
    - Eskom Holdings SOC Ltd
    - Service providers
    - Retirement fund industry

- Natural capital
  - The effect of our operations on the environment
  - Commitment to introducing and using electronic channels and platforms

KEY ACTIVITY

- Efficient, sustainable payments to our beneficiaries through judicious and skillful investment
  - CPI+4.5%
  - Target long-term strategic returns
  - Employing our revised Target Operating Model
  - To underpin a balanced strategic asset allocation (SAA)
    - in domestic and global markets through selected fund managers in diverse investment types including:
      - Listed
      - Unlisted
      - Treasury
    - While mitigating our top five risks, comprising the failure to:
      - Address the long-term sustainability of the Fund
      - Deploy/implement IT strategy
      - Achieve real investment returns of 4.5% over a three-year rolling period
      - Comply with regulatory requirements
      - Attract, retain and develop appropriate and adequate human resource skills

STAKEHOLDER CAPITAL OUTCOME

- Active members and pensioners
  - R5.1 billion
    - paid in benefits
  - 10 251 member attendance at sessions
  - 4 032 pensioner attendance at functions
  - 51 687 calls received
  - 64 964 emails received
  - 95% average quality assurance

- Employees
  - R2.9 million
    - total learning and development spend
    - Employment equity
    - Fostering leadership
    - Attracting, retaining and developing talent
    - LinkedIn platform introduced
    - SAICA Trainee Programme
    - Interns Programme

- Service providers
  - R26.8 million
    - assets managed by black asset managers
  - R142 million
    - disbursements to suppliers
    - Transformation breakfast
    - B-BBEE spend

- Community
  - R3 billion
    - Developmental Impact Investment Portfolio
    - Career fairs
    - Partnerships with universities
    - Support for a school
    - Tutoring programmes

- Regulators
  - R105.05
    - Cost per member
  - 134% benefits/contributions ratio
  - R261 million
    - Fund administration costs
    - 56%
    - Employee and benefits
    - 17%
    - IT
    - 10%
    - Professional fees
    - 12%
    - Office expenses
    - 3%
    - Trustee expenses
    - 2%
    - CSI/transformation spend

OUR VALUE-CREATING BUSINESS MODEL

For more on strategy, see page 14.
For more on risk, see page 24.
For more on HR, see page 30.
WE CREATE VALUE THROUGH STRATEGIC AND FORWARD-LOOKING THINKING, WHICH IS THE FOUNDATION FOR OUR BUSINESS MODEL. THE BUSINESS MODEL ACCORDINGLY CONVERTS THE INPUTS OF OUR SIX CAPITALS IN TERMS OF OUR FIVE DEFINED STRATEGIC OBJECTIVES INTO THE OUTPUTS OF FUND GROWTH AND LONG-TERM SUSTAINABILITY.

THESE OUTPUTS, OFFSET BY CERTAIN TRADE-OFFS, ARE ACHIEVED THROUGH JUDICIOUS AND SKILLFUL INVESTMENTS, TARGETING LONG-TERM ROLLING RETURNS OF CPI+4.5%, IN ORDER TO DELIVER BENEFICIAL OUTCOMES FOR KEY STAKEHOLDERS.
By considering our external and internal issues together with the context of the Fund’s ecosystem, we posed the strategic question of where the Fund should be at the end of the next five years. Based on our fundamental strategic commitment to member-centricity, we produced a horizon-based project view of our strategic journey.

In this scheme, our project view provides us with:

- A distinctive value proposition in **MEMBER-CENTRICITY**
- A reputable, cost-effective, efficient producer of services under a reputable **BRAND**
- Readiness to compete in open markets by 2024
- A combination of **TECHNOLOGY, LEADERSHIP, SKILL AND CULTURE, REPUTATION AND STRATEGIC EXECUTION CAPABILITIES**

This capacity will provide us with the ability to deliver a newly driven, agile, competitive and value-creating EPPF, based on our reason for existence, vision and mission.

**BUILDING A MEMBER-CENTRIC ORGANISATION**

With these external and internal strategic issues thus identified and defined, we examined the EPPF in terms of its stakeholder relationships.

For more on our stakeholders, please see page 18.

**OUR ECO SYSTEM**

- National government
- National Treasury
- Department of Public Enterprises
- Trade unions
- Political organisations
- Civil society organisations
- International industry associations
- National government
- National Treasury
- Department of Public Enterprises
- Trade unions
- Political organisations
- Civil society organisations
- International industry associations

**EPPF**

- Active members
- Pensioners
- Beneficiaries
- Employees
- Trade unions
- Trustees
- Eskom

**Service providers and investee companies**

- Employer, members, employees

**Industry associations**

- Regulators

**Asset managers**

- Banks
- Actuaries
- Technology partners
- Investee companies
- Service providers
- Local and International Institutional Investors

**Pension fund associations**

- Local and International pension funds
- Industry associations
- Professional bodies

**Delivering Value Continued**

- Pension Fund Adjudicator (PFA)
- Financial Services Conduct Authority (FSCA)
- South African Revenue Services (SARS)
- South African Reserve Bank (SARB)
Our relationship with our stakeholders forms part of our social and relationship capital, an important element of our integrated communications strategy. We believe that effective two-way communication is key to our success and we continuously review our processes to ensure that we are meeting our stakeholders’ expectations.

Engaging with our stakeholders

The EPPF acknowledges, records and acts upon issues raised by our stakeholders – from operational requests such as opening new regional offices to expanding member education to include new channels of communication such as multimedia.

The Fund commits to making sure that our engagement with stakeholders on specific matters is adequate for achieving our shared goals and objectives. We are committed to enhancing and nurturing our stakeholder relationships and ensuring that our level of engagement is robust and consistent.

Our stakeholders include:
- Members
- Pensioners
- Beneficiaries
- Participating employers
- Employees
- Board of Fund
- Regulators (particularly PFA and FSCA)
- Media
- Trade unions
- Communities
- Government
- Asset managers
- Internal auditors
- External auditors
- Industry bodies e.g. Batseta, Pension Lawyers’ Association (PLA) and Institute of Retirement Funds (IRF)
- Fund actuary
- Suppliers
- Service providers
- Industry peers

Keep informed

Keep satisfied
### Our Key Stakeholder Engagements

<table>
<thead>
<tr>
<th>Material Issues</th>
<th>Our Response</th>
<th>Strategic Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensioners (including deceased members)</td>
<td>Regular communication including presentations at special pensioner engagements.</td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>Transparent and timely communication on key matters.</td>
<td></td>
</tr>
<tr>
<td>Relationship Status</td>
<td>3/5</td>
<td></td>
</tr>
<tr>
<td>Fund sustainability and stability</td>
<td>Regular communication including presentations at special pensioner engagements.</td>
<td></td>
</tr>
<tr>
<td>Fund investment performance</td>
<td>Increased communication and expansion on range of topics covered in face-to-face presentations, emails and publications.</td>
<td></td>
</tr>
<tr>
<td>Safety of Fund assets and prescribed assets mandate</td>
<td>Communication via email and publishing of the Fund's official position on prescribed assets via the EPPF website.</td>
<td></td>
</tr>
<tr>
<td>Overall Fund governance</td>
<td>Training and development of Trustees and EPPF executives.</td>
<td></td>
</tr>
<tr>
<td>Overall Fund governance</td>
<td>4/5</td>
<td></td>
</tr>
<tr>
<td>Participating employers</td>
<td>Regular communication and expansion on range of topics covered in face-to-face presentations, emails and publications.</td>
<td></td>
</tr>
<tr>
<td>Relationship Status</td>
<td>3/5</td>
<td></td>
</tr>
<tr>
<td>Fund sustainability and stability</td>
<td>Regular communication and expansion on range of topics covered in face-to-face presentations, emails and publications.</td>
<td></td>
</tr>
<tr>
<td>Overall Fund governance</td>
<td>Well-defined governance framework enabled by clear terms of reference and delegation of authority amongst others.</td>
<td></td>
</tr>
<tr>
<td>Evaluation of Fund Rules amendment</td>
<td>Finalisation of Fund Rules amendment.</td>
<td></td>
</tr>
<tr>
<td>Member education and empowerment</td>
<td>Increased communication and expansion on range of topics covered in face-to-face presentations, emails and publications.</td>
<td></td>
</tr>
<tr>
<td>Member education and empowerment</td>
<td>3/5</td>
<td></td>
</tr>
</tbody>
</table>

### EPPF Members

<table>
<thead>
<tr>
<th>Material Issues</th>
<th>Our Response</th>
<th>Strategic Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund sustainability and stability</td>
<td>Regular communication including opportunity analysis with leadership.</td>
<td></td>
</tr>
<tr>
<td>Relationship Status</td>
<td>4/5</td>
<td></td>
</tr>
<tr>
<td>Fund investment performance</td>
<td>Increased communication distributed every two weeks.</td>
<td></td>
</tr>
<tr>
<td>Safety of Fund assets and prescribed assets mandate</td>
<td>Communication via email and publishing of the Fund's official position on prescribed assets.</td>
<td></td>
</tr>
<tr>
<td>Overall Fund governance</td>
<td>5/5</td>
<td></td>
</tr>
<tr>
<td>Benefit (including deceased members for pensioners)</td>
<td>Member education around benefits in presentations, publications, and face-to-face interactions.</td>
<td></td>
</tr>
<tr>
<td>Fair treatment of members relating to member benefits</td>
<td>Complainant management processes defined and documented aligned with treating customers fairly (TCF).</td>
<td></td>
</tr>
<tr>
<td>Operational risk management</td>
<td>Informing each key stakeholders on service providers, and reporting reduced risks.</td>
<td></td>
</tr>
</tbody>
</table>

### Participating Employers

<table>
<thead>
<tr>
<th>Material Issues</th>
<th>Our Response</th>
<th>Strategic Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund sustainability and stability</td>
<td>Regular communication and expansion on range of topics covered in face-to-face presentations, emails and publications.</td>
<td></td>
</tr>
<tr>
<td>Fund investment performance</td>
<td>Transparent and timely communication on key matters.</td>
<td></td>
</tr>
<tr>
<td>Overall Fund governance</td>
<td>Well-defined governance framework enabled by clear terms of reference and delegation of authority amongst others.</td>
<td></td>
</tr>
<tr>
<td>Board of Fund</td>
<td>Fund Rules amended and workshopped with employer.</td>
<td></td>
</tr>
<tr>
<td>Relationship Status</td>
<td>5/5</td>
<td></td>
</tr>
<tr>
<td>Board of Fund</td>
<td>Finalisation of Fund Rules amendment.</td>
<td></td>
</tr>
<tr>
<td>Overall Fund governance</td>
<td>5/5</td>
<td></td>
</tr>
<tr>
<td>billig/EPPF service level agreement</td>
<td>Transparent communication and inclusion of external asset managers’ and domestic performance in Integrated Report.</td>
<td></td>
</tr>
<tr>
<td>Learning and development needs</td>
<td>E-learning platforms launched and Phase 1 rollout completed (tablet, Leadership Charter and leadership conversations currently in progress.</td>
<td></td>
</tr>
<tr>
<td>Overall Fund governance</td>
<td>Well-defined governance framework enabled by clear terms of reference and delegation of authority amongst others.</td>
<td></td>
</tr>
<tr>
<td>Regulatory bodies</td>
<td>Finalisation of Fund Rules amendment.</td>
<td></td>
</tr>
<tr>
<td>Relationship Status</td>
<td>5/5</td>
<td></td>
</tr>
<tr>
<td>Board of Fund</td>
<td>Compliance with legislation.</td>
<td></td>
</tr>
</tbody>
</table>

### Key

- Investment returns
- Target Operating Model
- Channel strategy and information technology
- Compliance - confidentiality
- People development

---

**INTEGRATED REPORT 2019**

**DELIVERING VALUE CONTINUED**
DELIVERING VALUE CONTINUED

KEY OPERATING PRIORITIES FOR 2019
The Board approved the Fund’s key priorities for the year under review with the weightings as indicated in the graphics below:

Investment return: 45%
People development: 10%
B-BBEE: 5%
Information technology: 10%
Channel strategy: 5%
Communication: 5%
Operational efficiency: 15%
Fund restructuring: 5%

MATERIAL MATTERS
WE DEFINE OUR MATERIAL MATTERS AS THOSE ISSUES THAT HAVE THE CAPACITY TO AFFECT THE ULTIMATE SUSTAINABILITY OF THE FUND, AS WELL AS ITS ABILITY TO CREATE VALUE OVER THE SHORT, MEDIUM AND LONG TERM.

Material matter and underlying strategic objective Rank Nature Impact Related risk
Fund sustainability 1 The question of whether the Fund can remain a sustainable defined benefit (DB) pension fund into the future The ability of the Fund to continue to exist in the medium to long term Failure to address the long-term sustainability of the Fund
Employer restructuring or unbundling 2 The mooted restructuring and/or unbundling of Eskom Decrease in Fund membership resulting in a decrease in contributions received Failure to address the long-term sustainability of the Fund
Volatility of the economic environment and investment markets 3 Low investment returns Lower investment returns than required, leading to assets not meeting liabilities over the long term • Maintaining minimum investment performance • Failure to address the long-term sustainability of the Fund
Rapid technological changes 4 A palpable change in the needs of members to be serviced interactively and self-sufficiently The ability for the Fund to remain relevant and deliver on its strategic imperatives • Failure to adequately implement the IT strategy
Fund membership eligibility 5 The threat of ineligible employees being members of the Fund Reputational, legal and regulatory damage • Negative impact on reputation and stakeholders

Responsible body Frequency of meeting
Risk Management Committee Monthly
ARC Quarterly
Board Quarterly, Board Breakaways (annually or more often) as required

During the year under review, the following material matters, their nature, potential impacts and the risks to which they are related, were identified and prioritised:

For more on strategy see page 14.
For more on stakeholders, see page 18.
For more on IT, see page 34.
For more on investment, see page 48.
This process depends on risk champions who have been identified and installed at each functional area of the Fund, such as the Board, Audit and Risk Committee, and Investment Management Committee, to be the first line of defense in our risk management process.

- Unfavourable market conditions and update capital market assumptions; and formulate a liability-driven investment strategy and related SAA framework.
- Inappropriate investment strategy research, due diligences and manager selection.
- Failure to attract and retain relevant investment skills.
- Failure to achieve real investment return objective of 4.5% over a one-year period, and rolling three-year and longer periods.
- Inability to fund pension increases at CPI and meet contractual benefits for members.
- Failure of assets to match liabilities in longer periods.
- Inability to identify and implement a sustainable solution to address the sustainability of the Fund.
- Inability to meet all investment returns. This includes, amongst others, a possible review of contribution rates and/or a change in the investment strategy.
- Non-compliance with regulatory requirements.
- Non-compliance with regulatory and governance requirements.
- Inability to deliver member-centricity through operational efficiency and self-sufficiency.
- Inability to develop a project management capability to oversee the implementation of the strategic plan, which includes the Technology Roadmap and more specifically the PAS, among others.
- Failure to achieve, operational and cost-efficient improvements to the members’ experience and self-sufficiently.
- Inability to draw on the experience of the Technology Roadmap and architecture in the strategic management capability.
- Inability to conduct pension administration activities speedily and cost-efficiently.
- Inability to appropriately position the Fund’s employee value proposition to attract, grow and retain talent on a sustainable basis.
- Inability to implement the technology platform, systems and related tools.
- Inability to proactively position the Fund as an employer of choice through the use of social media platforms.

<table>
<thead>
<tr>
<th>No</th>
<th>Risk</th>
<th>Related risk</th>
<th>Description</th>
<th>Root causes</th>
<th>Mitigation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>2</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>3</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>4</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>5</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>6</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>7</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>8</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>9</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>10</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>11</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>12</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>13</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>14</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>15</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>16</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>17</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>18</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>19</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>20</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>21</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>22</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>23</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>24</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>25</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>26</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>27</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>28</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>29</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>30</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>31</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>32</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>33</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>34</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>35</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>36</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>37</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>38</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>39</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>40</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>41</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>42</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>43</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>44</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>45</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>46</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>47</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>48</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>49</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>50</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>51</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>52</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>53</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>54</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>55</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>56</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>57</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>58</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>59</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>60</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>61</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>62</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>63</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>64</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>65</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>66</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>67</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>68</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>69</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>70</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>71</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>72</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>73</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>74</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>75</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>76</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>77</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>78</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>79</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>80</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>81</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>82</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>83</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>84</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>85</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>86</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>87</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>88</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>89</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>90</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>91</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>92</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>93</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>94</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>95</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>96</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>97</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>98</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>99</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
<tr>
<td>100</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
<td>Initial</td>
</tr>
</tbody>
</table>
OPERATIONAL VALUE CREATION

RETIREMENT FUND OPERATIONS (RFO) FORMS AN IMPORTANT PART OF OUR INTELLECTUAL AND MANUFACTURED CAPITALS. THE ACTIVITIES OF THE DEPARTMENT ARE FOUNDED ON OUR STRATEGIC OBJECTIVES OF BUILDING OUR PLATFORM TO SERVE BETTER, AND PROMOTE TRUST IN OUR BRAND AND REPUTATION.

<table>
<thead>
<tr>
<th>Initiative and related strategic objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclaimed benefits reduction</td>
<td>We have been focusing on reducing the number of unclaimed benefits within the Fund, which extend over a period of 30 years. During the year, significant effort was on cleaning out the relevant data and having these records audited. An in-house dedicated training course was conducted, and documentation of the participating employers has been reviewed. The next steps will be focusing on paying out members identified within the first 10 years of exiting from their respective employers.</td>
</tr>
<tr>
<td>Self-service information updates</td>
<td>With a view to creating efficiencies and ensuring the accuracy of our member information, we have enabled additional functionality via our website that enables members to update their information with ease. This functionality takes into consideration the requirements of both the POPIA and the necessary security measures, which ensures the confidentiality of member information.</td>
</tr>
<tr>
<td>Benefits calculator</td>
<td>The Fund is in the process of introducing a benefits calculator that will assist members with their retirement projections. The calculator will enable members to compare their level of growth they can expect from the Fund versus other external markets. Two phases have been outlined for the introduction of this service: • Phase 1 – Projections  • Phase 2 – AVC and net replacement.</td>
</tr>
<tr>
<td>Complaints management</td>
<td>In line with the FSCA requirements for the fair treatment of customers, outcome six of the framework focuses on complaints management. The objective of our initiative is the effective management and reporting of member complaints during the course of the financial year. The call centre team accordingly focused on aligning our policies and procedures to those of the framework. With the Enterprise Architecture having been completed, the next phase will focus on streamlining the systems to cater for this requirement.*</td>
</tr>
<tr>
<td>Corporate video</td>
<td>A corporate video was commissioned and produced to target the general public with the aim of positioning the Fund as an industry leader and employer of choice.</td>
</tr>
</tbody>
</table>

MEMBERSHIP ELIGIBILITY

A major focus within RFO during the year under review was on membership eligibility, with the department ensuring that there was a seamless process for all the members. A dedicated team was engaged in reviewing the membership criteria of all the participating employers and participating employees who were not found to be eligible, and did not accept the termination of their membership and the consequences. The department was able to provide confidence to both the Board and the FSCA that the necessary steps had been taken, and that contracts were either cancelled or amended in order for members to be permanently eligible for the Fund.

With this assurance in place, declaratory letters defining membership eligibility were successfully pursued for those members who were found to be ineligible and did not accept the termination of their membership and the consequent pay-outs. The department was able to provide confidence to both the Board and the FSCA that the necessary steps had been taken, and that contracts were either cancelled or amended in order for members to be permanently eligible for the Fund.

A capability heat map was developed to capture the transformation of skills, competencies and assignments of our staff in order to identify areas of opportunity to enable the organisation to steer the structure of the business in line with the desired strategic and organisational alignment. The European Parliament Reference Model incorporates the levels of strategy, leadership, delivery and execution, as well as the structure, process and outcomes, which together constitute the activities of the Fund.

With this assurance in place, declaratory letters defining membership eligibility were successfully pursued for those members who were found to be ineligible and did not accept the termination of their membership and the consequent pay-outs. The department was able to provide confidence to both the Board and the FSCA that the necessary steps had been taken, and that contracts were either cancelled or amended in order for members to be permanently eligible for the Fund.

A capability heat map was developed to capture the transformation of skills, competencies and assignments of our staff in order to identify areas of opportunity to enable the organisation to steer the structure of the business in line with the desired strategic and organisational alignment. The European Parliament Reference Model incorporates the levels of strategy, leadership, delivery and execution, as well as the structure, process and outcomes, which together constitute the activities of the Fund.

This heat map depicts the Fund’s top five risks as described on the previous page.
### Initiative and related strategic objective

<table>
<thead>
<tr>
<th>Initiative and related strategic objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social media</strong></td>
<td>LinkedIn was identified as an ideal platform to launch phase 1 of our social media project. On the platform, the Fund shares information concerning vacancies, Fund events, strategic assets, procurement requests and any other content with the aim of building the EPPF brand and reputation.</td>
</tr>
<tr>
<td><strong>Intranet</strong></td>
<td>EPPF Connect, the Fund’s intranet channel, is aimed at simplifying workplace access for internal stakeholders. With the intranet in place, internal stakeholders can now easily locate all the Fund’s documents such as policies, procedures and forms, view images from previous events, and access the Fund’s supplier directory and business applications.</td>
</tr>
<tr>
<td><strong>Member education</strong></td>
<td>Additional voluntary contributions (AVC) and deferred pension one-page leaflets were produced, aimed at ensuring that the schemes are framed in a readily accessible and easy-to-understand manner. The leaflets promote the benefits of members deferring their pensions and making additional contributions.*</td>
</tr>
</tbody>
</table>
| **Communications strategy update** | The Fund’s communications strategy is an integrated communications roadmap and blueprint that guides our communications activities and efforts. The strategy comprises:  
  - Brand and reputation management  
  - Strategic internal communications  
  - Digital marketing and member engagement* |

### Delivering Value Continued

**LinkedIn**  
LinkedIn was identified as an ideal platform to launch phase 1 of our social media project. On the platform, the Fund shares information concerning vacancies, Fund events, strategic assets, procurement requests and any other content with the aim of building the EPPF brand and reputation.

**Intranet**  
EPPF Connect, the Fund’s intranet channel, is aimed at simplifying workplace access for internal stakeholders. With the intranet in place, internal stakeholders can now easily locate all the Fund’s documents such as policies, procedures and forms, view images from previous events, and access the Fund’s supplier directory and business applications.

**Member education**  
Additional voluntary contributions (AVC) and deferred pension one-page leaflets were produced, aimed at ensuring that the schemes are framed in a readily accessible and easy-to-understand manner. The leaflets promote the benefits of members deferring their pensions and making additional contributions.*

**Communications strategy update**  
The Fund’s communications strategy is an integrated communications roadmap and blueprint that guides our communications activities and efforts. The strategy comprises:  
- Brand and reputation management  
- Strategic internal communications  
- Digital marketing and member engagement*  

*For more on stakeholders, see page 18.

### Communications

The objectives of the communications and channel strategy are:  
- Sharing of relevant information with the membership  
- Positioning the Fund as an industry thought leader  
- Increasing the accessibility and transparency of the EPPF to its stakeholders  
- Building the brand  
- Positioning the EPPF as an employer of choice

**LinkedIn**  
The aim of introducing the LinkedIn platform was to:  
- Position the Fund as an employer of choice among prospective employees  
- Share thought-leadership pieces with industry and other players

**Call centre**  
During the year under review, the call centre continued to function well, with the call centre affected by two major issues:  
- The Fund’s actuary determined that the calculation method of the Member Individual Reserve needed to be reviewed. This, however, reduces the benefit, and as a result our call centre experienced a significant increase in calls. The consultants were appropriately trained to address the matter and maintained accordingly.  
- The issuing of consent forms for POPIA purposes as well the need to collate Evidence of Survival forms placed pressure on the Fund’s resources leading to frustrations being experienced by pensioners and negatively impacting the call centre. The Fund has reflected on the matter and has extracted insights to improve its performance in this area.

The call centre was able to achieve 100% of all service level agreements (SLA) for both voice and e-mail and 85% on calls throughout 2019, with two notable successes:  
- The turnaround time on information mail enquiries was reduced to 5 hours and 30 minutes, significantly down from 2018: 48 hours  
- Average quality assurance stands at 95%
DELIVERING VALUE CONTINUED

MAXIMISING OUR HUMAN CAPITAL

Our Human Resources (HR) function is responsible for maximising the potential and strengths of our people, and in doing so it focuses on the Fourth Strategic Pillar – to develop the talent of our human capital.

During the year under review, the priority was on becoming more employee-centric and in turn positioning the EPPF as an employer of choice. This included embedding a number of projects and initiatives to elevate the employee-centric aspiration.

We recognised that current capabilities and the workforce profile need to be updated and aligned to the strategic objectives of the Fund. This includes a focus on organisational effectiveness, skills and capabilities, and building an agile learning organisation. Together with a refreshed workforce plan and adapting to change, in order to facilitate the attraction and retention of talent and contribute to the long-term sustainability of the Fund.

In addition, key HR performance areas were identified during the year under review:

- Organisational effectiveness
- Transformation to future skill sets
- Building an agile learning organisation
- Employee experience – culture, engagement and beyond
- Embedding performance management

**Within the strategic focus areas for the year under review, we were able to achieve the following:**

1. **Promoting positioning of the Fund as an employer of choice**
   - Enhancing the EPPF’s employer brand through leveraging social media platforms
   - Utilising EPPF’s talent attraction platform and profiling Fund employees as ambassadors
   - Enhancing employee benefits

2. **Embedding talent management**
   - Positioning the Talent Management Journey (framework, principles, approach, talent calendar)
   - Embedding talent into the Fund’s FOSS 2020 strategy

3. **Creating an engaged and agile learning organisation**
   - Automating HR processes such as recruitment, performance, e-Learning and termination

4. **Building a positive employee experience**
   - Enhancing the employee experience and approach with employee benefits
   - Enhancing employee engagement platforms (EPPF’s Employee Social Wall)

5. **Cultivating a learning culture**
   - Rolling out learning initiatives in line with the Fund’s core capabilities
   - Strengthening our SAICA and internship programmes

6. **Proactive risk management**
   - Development of HR risk management plans to address compliance with legislation and protect against ethical practices by ensuring personal information gaps

We therefore developed an HR roadmap to define the stages on our journey towards embedding talent management within the Fund.
EMBEDDING TALENT MANAGEMENT
In order to ensure the right people are in the right roles at the right time to enable the business to deliver on its strategy and in the future, talent management becomes a critical priority of the human capital observable. The Fund has already embarked on talent management to ensure the right people are in the right roles and places at the right time.

EMBRACING TECHNOLOGY
During the year under review, the Fund embarked on a journey of adapting existing processes within the HR value chain in order to leverage technology and create a compelling employee experience. The focus is to be continuously ensure business needs in order to identify opportunities to create a digital ecosystem.

BUILDING A POSITIVE EMPLOYEE ENGAGEMENT
In order to ensure the right people are in the right roles at the right time to enable the business to deliver on its strategy and in the future, talent management becomes a critical priority of the human capital observable. The Fund has already embarked on talent management to ensure the right people are in the right roles and places at the right time.

CREATING SEGMENTED EMPLOYEE ENGAGEMENT
With the understanding that our diverse workforces have different engagement requirements, during the year under review, a number of segmented employee engagement initiatives were developed to promote an employee-centric culture.

Leadership engagements:
• Initiating one-on-one engagements with our leadership team to plan strategy and technology aligned skills in the digital economy
• Holding quarterly reviews

Executive guest speakers
Executive guest speakers to share insights from the Fund's onboarding process for all new employees. This included the following:
• The executive guest speakers represented a range of business functions across the Fund, ensuring our new employees to write the journey of a career of what we can be and how we can be.
• The executive guest speakers included a range of business functions across the Fund, ensuring our new employees can write the journey of a career of what we can be and how we can be.

The onboarding videos replaced the conventional two-day orientation and familiarising self with Fund-relevant documentation. Completion of onboarding videos and familiarising self with Fund-relevant documentation.

A holistic training plan was also implemented for the interns during the year under review.

Leadership development
• Female guest speaker to engage women at the Fund on issues such as leadership and personal branding
cultivating a learning culture
Learning goes beyond just training. It underpins capabilities that are key in strategic business delivery initiatives and beyond. The Fund must similarly embrace continuous transformation. We therefore aim to deliver learning and development (L&D) interventions that support the delivery of business priorities, meet individual career development needs and ensure that the right people are in the right roles at the right time, and working in a dynamic learning environment.

PROACTIVE POSITIONING OF FUND AS EMPLOYER OF CHOICE
The Fund believes in continuously monitor and track a growing competitive landscape especially those with scarce and desirable skills, knowledge and experience. Therefore, the effective recruiting, engagement and retention of human capital are strategic priorities for the Fund’s survival and sustainability. Following the debate during the previous year, there was a shift in the Fund’s strategy of focusing on a proactive positioning of the Fund as an employer of choice through enhancing the Fund’s competitiveness within the broader pension fund industry.

Leadership engagements:
• Strategic engagements included:
  • Partnering with business to develop human capital talent
  • Management training were rolled out
  • Development of a leadership program in order to contribute to the Fund’s HR development initiatives
  • Other HR development initiatives

In our CSI focus, HR has also developed a partnership with a disadvantaged school in order to contribute to education and skills development in our country.

PROACTIVE RISK MANAGEMENT
The Fund is proactively developing risk capabilities and a framework to deliver learning and development (L&D) interventions that support the delivery of business priorities, meet individual career development needs and ensure that the right people are in the right roles at the right time, and working in a dynamic learning environment.

• Various employees attended conferences on industry trends and best practice
• A valuable increase in formal and informal knowledge and engagement with the Fund’s competitive environment and engagement with the Fund’s competitive environment and engagement with the Fund’s competitive environment.
• A valuable increase in formal and informal knowledge and engagement with the Fund’s competitive environment and engagement with the Fund’s competitive environment.
• A valuable increase in formal and informal knowledge and engagement with the Fund’s competitive environment and engagement with the Fund’s competitive environment.
• A valuable increase in formal and informal knowledge and engagement with the Fund’s competitive environment and engagement with the Fund’s competitive environment.
• A valuable increase in formal and informal knowledge and engagement with the Fund’s competitive environment and engagement with the Fund’s competitive environment.
DELIVERING VALUE CONTINUED

OPTIMISING TECHNOLOGY

INFORMATION TECHNOLOGY (IT) FORMS AN INTEGRAL PART OF OUR INTELLECTUAL, FINANCIAL AND MANUFACTURED CAPITALS. OUR IT FUNCTION IS DRIVEN BY OUR STRATEGIC OBJECTIVES OF BUILDING OUR PLATFORM TO SERVE BETTER, AND DELIVERING MEMBER-CENTRICITY THROUGH OPERATIONAL EXCELLENCE.

Our IT infrastructure bears critical importance to the efficient and effective functioning of the Fund. The IT operating model is based on the principles of optimisation and continuous improvement, supported by a lean, efficient IT organisation, and driven by a large portion of IT products and services procured by external service providers. Our systems that support business processes are hosted externally by various service providers, with only a few support systems/applications being hosted and maintained internally.

THE CLOUD AND SECURITY

The Fund’s current system infrastructure is underpinned and in need of upgrading. While there is a widespread desire in business to make use of Cloud services, we are methodically engaged of PIPPA privacy requirements, and are writing to employ a hybrid model of data storage, minimal ad-hoc, as well as a careful approach to cloud adoption.

As we move towards the Microsoft 365 system, with much emphasis given to how data is stored, secured and utilized, and define the implementation of an appropriate system in the direct to medium term, we are in a position to engage and assess the impact of our cloud initiatives. The year under review saw an overall increase, as indicated below, in the number of active users during 2019.

MEMBER EDUCATION

Two new initiatives, which contributed to important communications developments, were introduced to enhance our communication strategy and objectives. As a result, we have been able to engage and inform our members on various topics of importance.

The year under review saw a slight increase in the number of active users in the Cloud based services, with a significant number of members using the Cloud-based services for their everyday needs.

FACED-TO-FACE ENGAGEMENT

The year under review saw an overall increase in the number of active users in the Cloud-based services, with a significant number of members using the Cloud-based services for their everyday needs.

BUILDING TRUSTED RELATIONSHIPS

Given our overarching strategic goal of member-centricity, our primary stakeholders are active members, pensioners, and beneficiaries. During the year under review, we increased our efforts in reaching out to them, communicating in different ways possible and important to them.

We aimed to improve our internal processes to enhance our ability to grow the confidence of our members by ensuring the sustainability of the Fund.

<table>
<thead>
<tr>
<th>TOM Layer</th>
<th>Initiatives</th>
<th>Potential benefits</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processes</td>
<td>1</td>
<td>Optimize business processes</td>
<td>• Process automation reduces key person dependencies and improves productivity and efficiency</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Re-engineer closing processes</td>
<td>• Improved closing timelines, accuracy and transparency</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Continuously optimize processes through Lean and Six Sigma methodologies</td>
<td>• Automated facilities and access to fund information for members</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Develop a single source of information through a data warehouse</td>
<td>• Single source of information through a data warehouse</td>
</tr>
<tr>
<td>People</td>
<td>5</td>
<td>Align and integrate operational and HR processes (incl. communications, member service, risk and regulation)</td>
<td>• Improved internal business performance through aligning performance with the organization strategy and objectives</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Develop and implement segmentation model</td>
<td>• Streamline and automate key processes</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Develop a member engagement strategy</td>
<td>• Streamline and automate key processes</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Update information strategies and communication to members</td>
<td>• Streamline and automate key processes</td>
</tr>
<tr>
<td>Functions</td>
<td>9</td>
<td>Align and integrate operational processes (incl. IT) in the value chain</td>
<td>• Streamline and automate key processes</td>
</tr>
<tr>
<td>Services</td>
<td>10</td>
<td>Ensure the organization has been fully aligned, consider outsource DB/HR processes</td>
<td>• Streamline and automate key processes</td>
</tr>
</tbody>
</table>

OUR STAKEHOLDERS FORM A FUNDAMENTAL PART OF OUR SOCIAL AND RELATIONSHIP CAPITAL, AND WE RECOGNISE THE IMPACT THAT THEIR CONCERNS HAVE ON OUR ABILITY TO CREATE VALUE IN THE SHORT, MEDIUM AND LONG TERM, AND THE EFFECT THEIR INTERESTS HAVE ON OUR STRATEGIC OBJECTIVE OF GROWING THE CONFIDENCE OF OUR MEMBERS BY ENSURING THE SUSTAINABILITY OF THE FUND.
With the Board membership due to be changed in 2020, a series of presentations were made in a Trustee Election roadshow to both members and pensioners, with attendance as indicated below.

**TRUSTEE ELECTION ROADSHOW – MEMBER ATTENDANCE**

<table>
<thead>
<tr>
<th>Province</th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Cape</td>
<td>105</td>
<td>38</td>
</tr>
<tr>
<td>North West</td>
<td>93</td>
<td>266</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>186</td>
<td>1</td>
</tr>
<tr>
<td>Western Cape</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Free State</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Limpopo</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>9</td>
<td>2</td>
</tr>
</tbody>
</table>

**TRUSTEE ELECTION ROADSHOW – PENSIONER ATTENDANCE**

<table>
<thead>
<tr>
<th>Province</th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Cape</td>
<td>440</td>
<td>171</td>
</tr>
<tr>
<td>North West</td>
<td>72</td>
<td>74</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>65</td>
<td>2</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Western Cape</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Free State</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Limpopo</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

**MESSAGE FROM THE CHIEF EXECUTIVE**
The third focus area was the need to understand the various scenarios that might arise vis-à-vis the future plans of Eskom. The potential restructuring or unbundling of Eskom and indeed its financial position all have a bearing on the way in which the Fund addresses its own strategy in the short, medium and long term. Our actuaries have modelled various scenarios involving a potential reduction of employees at Eskom into potential contributions received by the Fund. The outcome of this exercise indicates that while contributions received are likely to decline due to a potential reduction in Eskom employees, this will not cause our funding ratio to deteriorate materially. The Fund therefore remains sustainable in the event of a retrenchment scenario.

As a starting point, in navigating this landscape, the Fund reflected on the need to establish the brand and define its message. A strategy was established and communicated that was aligned with the unique requirements of the members. This strategy, while grounded in reality, was also focused on the need to bring the Fund closer to its members, to hear their voices on matters of importance, and, more importantly, to create a space where our members can feel free to engage with the Fund. We recognize that, not only are our members the primary reason why we exist as a fund, but they also serve as brand ambassadors for the Fund.

In doing this, our focus has been to ensure that our members, to hear their voices on matters of importance, are able to participate in the decision-making processes of the Fund. This has been achieved through a variety of platforms, including face-to-face engagements, which we are at an advanced stage of the legal process to recover all funds due to the Fund. Given these strategic objectives, we engaged our members with a focus on strengthening our broader engagement with the Fund through a number of initiatives. We continue to engage with our members to ensure that our work is aligned with their needs and expectations.

INVESTMENT RETURNS AND MARKET PERFORMANCE
The year under review, while remaining a challenging period with regard to the investment environment, nevertheless produced the successful completion of some of the important initiatives which the Fund has undertaken in order to grow the confidence of our members by ensuring its sustainability, in accordance with our first strategic objective.

POSSIBLE ESKOM RESTRUCTURING AND ITS IMPACT ON THE FUND
The potential restructuring of Eskom has implications for the Fund, as the Fund’s investments in Eskom are not directly related. In the event of any restructuring, the Fund’s assets will continue to be invested in a manner that is reflective of the Fund’s mandate, with a focus on investment returns and market performance.

BRAND AND REPUTATION
Given these strategic objectives, we engaged our members with a focus on strengthening our broader engagement with the Fund through a variety of initiatives. We continue to engage with our members to ensure that our work is aligned with their needs and expectations.

We are very aware of the potential impact of the matter on our members, with an ongoing negative impact on our brand and reputation. We have made significant progress during the year in reviewing the Fund Rules, and have removed our governance and operating processes to ensure greater compliance with the Fund Rules and applicable law. We have also made significant progress in the legal processes required to secure the necessary declaratory orders for ineligible members. We recognize that there are still matters that require resolution, and we remain focused on meeting these in the new financial year.

As a result, we are at an advanced stage of the legal process to recover all funds due to the Fund. The Constitutional Court dismissed his challenge in July 2019 and we are at an advanced stage of the legal process to recover all funds due to the Fund.
MESSAGE FROM THE CHIEF EXECUTIVE CONTINUED

FUNDING RATIO

We are pleased to note again that our funding ratio, which measures the extent to which investment assets are able to cover benefit obligations and related contingencies, remains high at 115% (2018: 113%) – one of the highest globally in comparison with some OECD countries, and well above the recommend level of 100%. This provides a strong foundation for our long-term sustainability and related confidence in the Fund.

EPPF funding level after provisioning for contingencies

MEMBER-CENTRICITY

During the year under review, the key focus areas remained a central driver for all our strategic efforts. We formulated different future options for the future of the Fund as a stand-alone customer, with member-centricity being the dominant driver for the EPPF.

This indeed augurs well for our long-term sustainability, and related confidence in the Fund.

In order to enable member-centricity, we designed a new TOM, as well as a technology landscape for the Fund. The next stage will be the implementation of the new technology platform. The new financial year will see the replacement of the Pension Administrator System (PAS) as the first, and key cornerstone, of this journey. The year under review was thus taken up with design rather than implementation.

TRANSFORMATION

We continued to lead transformation in the South African asset management industry during the year under review. Our manager development programme continues to deliver results. Our efforts were recently acknowledged by inclusion in the inaugural Principles for Responsible Investment (PRI) Leaders’ Group for 2019. The Fund is a signatory to the PRI, an international initiative in partnership with the UN Environment Programme Finance Initiative and UN Global Compact. The Fund was also awarded the Obama Mandela Bridge Builder Award for its active involvement in encouraging American and African pension funds to invest in the development of Africa’s infrastructure and real assets.

Looking Ahead

While FY2019 was a year of navigating the last of the turbulence of the prior year, the next year will be focused on building on this foundation and setting the stage for future success in the asset management industry and with the design work having been done, we are looking forward to its successful implementation in the short to medium term.

We see a certain amount of volatility persisting until at least the next round of credit ratings for South Africa. The local socio-political landscape remains uncertain and global uncertainty continues to loom large on the horizon. We continue to remain open to the challenges we face. Our new Enterprise Architecture and our strategic planning for a more competitive future will however stand us in good stead in the long term.

ACKNOWLEDGEMENTS

Sincere thanks are due to our members – both pensioners and those who are active. We acknowledge that they entrusted us with their life savings, and that we have stood by them through the uncertainties that we have experienced over the past two years. We will always strive to demonstrate our confidence and trust in their determination and resolve.

I would like to express my thanks to our Board and Chairman. Without their clearheaded, skilled and diligent leadership, the turbulence that the Fund has faced would certainly have been much more difficult to navigate.

For more on strategy, see page 14.

For more on transformation see page 55.

Finally, I would like to thank my predecessor for her leadership and the outstandingly high example she set as the last chief for over four years as the last chief for the Fund, and wish her well in her future endeavours.

At the same time, I would like to congratulate and welcome Ms Linda Mateza as Chief Executive and Principal Officer of the Fund. We would like to assure Ms Mateza of all our support in making the EPPF the ‘most admired pension fund’ and in serving our members to the best of our abilities.

Shafeeq Abrahams

Acting Chief Executive
OUR FINANCIAL CAPITAL IS MANAGED IN TERMS OF OUR STRATEGIC OBJECTIVE OF GROWING THE CONFIDENCE OF OUR MEMBERS BY ENSURING THE SUSTAINABILITY OF THE FUND. THE INPUTS TO OUR FINANCIAL CAPITAL CONSIST OF THE CONTRIBUTIONS WE RECEIVE AND THE INCOME WE DERIVE FROM OUR INVESTMENTS.

Contributions received and accrued for the year ended 30 June 2019 amounted to R3 807 million (2018: R3 793 million), which represents a year-on-year increase of approximately 0.4% (2018: 3.1% increase).

The lower year-on-year increase, as compared to 2018, can be largely attributed to a decrease of 4.6% (2018: 2.6%) in active members and lower salary increases. At 30 June 2019, the Fund had 43 570 active members, as compared to the prior year of 45 672. The decrease of over 4.6% in active members has offset the reported growth in contributions. The average contribution per active member increased by 5.2% (2018: 5.9%) from R83 045 in 2018 per member to R87 373 in 2019.

The best estimate of the liability to provide benefits, known as the actuarial liabilities, grew by 3.9% (2018: 14.8%) to R104 926 million (2018: R100 951 million). Collectively, contingency reserves decreased by 10.2% (2018: 6.6%) to R20 233 million (2018: R22 524 million).

The average contribution per active member increased by 5.2% (2018: 5.9%) from R83 045 in 2018 per member to R87 373 in 2019.
The year under review was characterised by a persisting climate of low returns exacerbated by macroeconomic issues that included:

• Trade tensions between the US and China and the ongoing uncertainty around Brexit and other geopolitical developments
• The volatility of international exchange rates vis-à-vis the US dollar, as well the general ongoing weakness of the South African rand
• Domestic socio-political uncertainty which continued to affect the wider economy
• More localised uncertainty which continued to surround speculation as to the future structure of Eskom
• A decrease in our active membership as a result of attrition taking place at the employer level.

During the year under review, we saw success in two important financial initiatives:

• A review and optimisation of the financial processes in anticipation of the replacement of the PAS is scheduled to take place in the next financial year
• As benefits paid outgrow contributions received due to the ageing profile of the membership base, the need to accurately forecast and control cash flows becomes increasingly important. We conducted a thorough review of our cash management processes and introduced and completed the targeted implementation of Phase 1 of the cash management system (Treasury 1), with Phase 2 scheduled for implementation during FY2020. This initiative improves the EPPF’s Treasury Management capabilities and targeted it to improve its efficiencies and effectiveness in this space.

BENEFITS PAID AND ACCRUED

For the year ended 30 June 2019 benefits paid and accrued amounted to R5.141 million (2018: R4.661 million), and represent a year-on-year increase of 10.3% (2018: 16.5%). The table below highlights the composition of benefits paid and accrued.

<table>
<thead>
<tr>
<th>Benefits paid out to members</th>
<th>2019</th>
<th>%</th>
<th>2018</th>
<th>%</th>
<th>2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension benefits (death and disability benefits, divorce benefits)</td>
<td>3,166</td>
<td>63</td>
<td>2,947</td>
<td>63</td>
<td>2,610</td>
<td>65</td>
</tr>
<tr>
<td>Other benefits</td>
<td>122</td>
<td>2</td>
<td>134</td>
<td>3</td>
<td>91</td>
<td>2</td>
</tr>
<tr>
<td>Lump-sum on retirement (excluding Lump-sum benefit)</td>
<td>1,309</td>
<td>26</td>
<td>1,391</td>
<td>29</td>
<td>1,140</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>5,141</td>
<td>100</td>
<td>4,661</td>
<td>100</td>
<td>4,002</td>
<td>100</td>
</tr>
</tbody>
</table>

Operating expenses during the year under review amounted to R260 million, broken down as follows:

<table>
<thead>
<tr>
<th>Cost centre</th>
<th>Nature of cost</th>
<th>2019</th>
<th>%</th>
<th>2018</th>
<th>%</th>
<th>2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Employee salaries, benefits and bonuses (including training and staff travel)</td>
<td>1,662</td>
<td>43</td>
<td>1,106</td>
<td>27</td>
<td>828</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>ICT-related Computer implementation, maintenance and software</td>
<td>284</td>
<td>7</td>
<td>344</td>
<td>8</td>
<td>306</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>18</td>
<td>0.5</td>
<td>21</td>
<td>0.5</td>
<td>22</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Office expenses, advertising and other administration expenses</td>
<td>64</td>
<td>2</td>
<td>72</td>
<td>1.5</td>
<td>67</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Membership education</td>
<td>10</td>
<td>0.3</td>
<td>11</td>
<td>0.2</td>
<td>11</td>
<td>0.3</td>
<td></td>
</tr>
</tbody>
</table>

Member contributions:

- Member contributions R1.1 billion
- Member contributions R0.9 billion
- Member contributions R0.8 billion
- Member contributions R0.7 billion
- Member contributions R0.6 billion
- Member contributions R0.5 billion
- Member contributions R0.4 billion
- Member contributions R0.3 billion
- Member contributions R0.2 billion
- Member contributions R0.1 billion
- Member contributions R0 billion
- Member contributions R-1.1 billion
- Member contributions R-0.9 billion
- Member contributions R-0.8 billion
- Member contributions R-0.7 billion
- Member contributions R-0.6 billion
- Member contributions R-0.5 billion
- Member contributions R-0.4 billion
- Member contributions R-0.3 billion
- Member contributions R-0.2 billion
- Member contributions R-0.1 billion
- Member contributions R-0 billion
- Member contributions R0.1 billion
- Member contributions R0.2 billion
- Member contributions R0.3 billion
- Member contributions R0.4 billion
- Member contributions R0.5 billion
- Member contributions R0.6 billion
- Member contributions R0.7 billion
- Member contributions R0.8 billion
- Member contributions R0.9 billion
- Member contributions R1.0 billion
- Member contributions R1.1 billion
- Member contributions R1.2 billion
CHIEF FINANCIAL OFFICER’S REPORT CONTINUED

INVESTMENT: GEOGRAPHIC SPREAD – 2019

<table>
<thead>
<tr>
<th>Region</th>
<th>Domestic</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>69</td>
<td>29</td>
</tr>
<tr>
<td>Fund investment exposure (%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For more on investments, see page 48.

ACTUARIAL VALUATIONS

In order to assess the financial soundness of the Fund, an actuarial valuation is carried out annually. The purpose of the annual valuation is, amongst others, to provide a best estimate of the cost of providing future benefits, to assess the extent to which net assets are able to meet or exceed the actuarial liabilities. The funding ratio is then used as an indicator to assess the financial soundness of the Fund.

The Board of Fund has elected to conduct annual actuarial valuations, as compared to the triennially required financial actuarial valuation. Among the key outcomes of the annual actuarial valuation as at 30 June 2019 were the following:

• The Fund is financially sound with assets able to cover both actuarial liabilities and contingency reserve accounts by 115% (2018: 113%).
• The best estimate of the liability to provide benefits, known as the actuarial liabilities, grew by 3.9% (2018: 14.8%) to R104 926 million (2018: R100 951 million).
• The purpose of establishing a contingency reserve such as a solvency reserve is primarily to protect the Fund against the possibility of poor future investment returns. Similarly, the purpose of a contribution reserve is to provide some additional security for the continuation of the present benefit structure. Collectively, contingency reserves decreased by 10.2% (2018: 6.6%) to R20 233 million (2018: R22 524 million).
• Net assets available to fund actuarial liabilities and contingency reserves amounted to R143 395 million (2018: R139 638 million).

THE EPPF FUNDING RATIO

The ratio of assets to all liabilities, including contingency reserves known as the solvency ratio, is one of the healthiest in South Africa and worldwide.

LOOKING AHEAD

While the uncertainty and volatility in the global and domestic environments are not investors and the resultant low-returns environment in the short to medium term and is probable. Nonetheless, it is important to note that in comparison with competitive benchmarks, the Fund has been performing well, and will continue to do so.

Stephen Varndell
Acting Chief Financial Officer

CREATING VALUE
EPPF creates value through the judicious investment of its financial capital, converting income derived from contributions and ongoing investments into assets. This activity is founded on our strategic objective of growing the confidence of our members by ensuring the sustainability of the fund.

Investing in value creation

The investment activities of the fund are conducted through the Investment Management Unit (IMU), and fall under three main investment niches:

• In-house portfolio management
• Private markets
• Multi-management of external asset managers

During the year under review, notwithstanding the volatility in global and local markets, the fund continued to grow its assets under management.

Assets under management (R billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June</td>
<td>128.9</td>
<td>112.5</td>
<td>100.8</td>
<td>89.0</td>
</tr>
</tbody>
</table>

STRATEGIC ASSET ALLOCATION (SAA)

As the EPPF is a DB fund, the Asset Liability Management process tends to allocate a significant amount of our money in inflation-linked bonds (ILBs) in order to provide a better match of assets to liabilities. In addition, the Fund’s SAA is required to comply with Regulation 28 of the Pensions Funds Act, which stipulates an allocation minimum of 60% in South African assets.

With the allocation to China A shares, a recent addition to the SAA, management is in the process of finalising the appointment of asset managers in this category.

Approved August 2012
Approved March 2013
Approved November 2017
Approved November 2018
Approved February 2019

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Market Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic equities (listed and private)</td>
<td>52.7</td>
<td>36.4</td>
</tr>
<tr>
<td>Domestic equities (excludes listed property held by equity managers)</td>
<td>52.7</td>
<td>36.4</td>
</tr>
<tr>
<td>Local cash</td>
<td>19.7</td>
<td>13.6</td>
</tr>
<tr>
<td>Local inflation-linked bonds</td>
<td>19.7</td>
<td>13.6</td>
</tr>
<tr>
<td>Local property</td>
<td>10.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Local private equity</td>
<td>1.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Emerging market equities</td>
<td>6.6</td>
<td>4.6</td>
</tr>
<tr>
<td>Private equity Africa</td>
<td>1.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Real assets Africa</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Domestic property (excludes listed property held by equity managers)</td>
<td>10.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Total international</td>
<td>46.3</td>
<td>32.0</td>
</tr>
<tr>
<td>Total fund</td>
<td>144.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Strategic Asset Allocation (%)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic equities (listed and private)</td>
<td>36.4</td>
</tr>
<tr>
<td>Domestic equities (excludes listed property held by equity managers)</td>
<td>36.4</td>
</tr>
<tr>
<td>Local cash</td>
<td>13.6</td>
</tr>
<tr>
<td>Local inflation-linked bonds</td>
<td>13.6</td>
</tr>
<tr>
<td>Local property</td>
<td>8.0</td>
</tr>
<tr>
<td>Local private equity</td>
<td>5.0</td>
</tr>
<tr>
<td>Emerging market equities</td>
<td>4.0</td>
</tr>
<tr>
<td>Private equity Africa</td>
<td>3.3</td>
</tr>
<tr>
<td>Real assets Africa</td>
<td>0.7</td>
</tr>
<tr>
<td>Domestic property (excludes listed property held by equity managers)</td>
<td>8.0</td>
</tr>
<tr>
<td>Total international</td>
<td>32.0</td>
</tr>
<tr>
<td>Total fund</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Asset Allocation - 2019

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Market Value</th>
<th>January 2019</th>
<th>February 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic equities (listed and private)</td>
<td>52.7</td>
<td>36.4</td>
<td>36.4</td>
</tr>
<tr>
<td>Domestic equities (excludes listed property held by equity managers)</td>
<td>52.7</td>
<td>36.4</td>
<td>36.4</td>
</tr>
<tr>
<td>Local cash</td>
<td>19.7</td>
<td>13.6</td>
<td>13.6</td>
</tr>
<tr>
<td>Local inflation-linked bonds</td>
<td>19.7</td>
<td>13.6</td>
<td>13.6</td>
</tr>
<tr>
<td>Local property</td>
<td>10.0</td>
<td>6.9</td>
<td>6.9</td>
</tr>
<tr>
<td>Local private equity</td>
<td>1.9</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Emerging market equities</td>
<td>6.6</td>
<td>4.6</td>
<td>4.6</td>
</tr>
<tr>
<td>Private equity Africa</td>
<td>1.9</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Real assets Africa</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Domestic property (excludes listed property held by equity managers)</td>
<td>10.0</td>
<td>6.9</td>
<td>6.9</td>
</tr>
<tr>
<td>Total international</td>
<td>46.3</td>
<td>32.0</td>
<td>32.0</td>
</tr>
<tr>
<td>Total fund</td>
<td>144.6</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Strategic Asset Allocation (%)
CREATING VALUE CONTINUED

STRATEGIC BENCHMARK
Our long-term asset allocation target has been set at CPI+4.5%, a target that is included in our Investment Policy Statement. Thus, in setting our long-term asset allocation (i.e. SAA), we typically look at capital markets’ expectations such as expected real returns.

RISK-BUDGETING FRAMEWORK
Our risk-budgeting framework, implemented in 2014, is robust, and allows the Fund to go beyond asset allocation and enhance the allocation of risks to be in line with the Fund’s risk appetite. Among its outcomes, it provides:

• The Board with the ability to identify and monitor the risks it wants to take
• The Fund with the ability to allocate risks in line with the Fund’s risk appetite

INVESTMENT-RELATED MANAGEMENT ACTIONS
During the year under review, IMU has been managing a shift towards real assets (direct property and infrastructure assets) in order to:

• Earn a positive and inflation-sensitive return that exceeds the net target CPI+4.5%
• Lower downside volatility of the overall portfolio
• Enhance the stability and the predictability of investment returns
• Better match the duration of the Fund’s assets to the liabilities

For more information about IMU, please refer to our website.
The advantages of investing in real assets include:
• A stable and predictable cash yield
• Diversification of risks
• Inflation protection and liability hedging
• Return enhancement as an inflation-linked bond (ILB) replacement strategy

We have also been strengthening our investment teams by recruiting and retaining high-calibre staff across the three IMU segments to include the following:
• Investment multi-management team
• Private markets team
• In-house asset manager

In addition, we have been using appropriate downside protective strategies as the markets recover:
• Hedging (e.g. zero-cost short fences)
• Equity-linked notes
• Diversified exposure to offshore equities – Adding China A equities to DM and EM equities

RETURNS

Against this background, the year under review saw low global returns persisting, as well as continued lacklustre returns. Returns were also not strong in US dollar terms, although this was mitigated to a degree by the weakening of the rand.

Despite this low-return environment, we were able to deliver positive returns relative to the market and the benchmark.

The Fund’s return for the 12 months to 30 June 2019 is slightly below the strategic benchmark return by 0.76%. The strategic benchmark consists of the index returns of the various asset classes in the proportions set out in the fund’s SAA, and assumes no active management.

Fund returns vs strategic benchmark – rolling 3 years

The performance of the Fund against the strategic benchmark has improved over 3% since 2015, when the difference between Fund Return and the Strategic Benchmark was as much as 3% in favour of the strategic benchmark.

This was mainly due to the Fund’s ability to match the superior strategic allocation to EM. Following an approved 25% allocation to EM, the Fund has rebalanced its portfolio, which has resulted in a more favourable performance of the Fund.

Over the longer term, the Fund has also outperformed the strategic benchmark, which is long term in nature and has outperformed the inflation target of CPI+4.5% for most of the periods under review (see graph). However, over shorter periods of time (one year or less), the Fund aims to generate non-negative returns.
CREATING VALUE CONTINUED

SHORT-TERM TO MEDIUM-TERM FACTORS, NOTWITHSTANDING OUR PERFORMANCE IN THE LONG TERM, WHEN EXAMINED OVER APPROPRIATE LONGER INVESTMENT HORIZONS OF 10-YEAR TO 20-YEAR ROLLING PERIODS HAVE BEEN CONSISTENTLY DELIVERING INVESTMENT RESULTS THAT EXCEED THE CPI+4.5% TARGET.

INVESTMENT OUTLOOK

In the short to medium-term the global low-yields environment will likely persist, with political and social uncertainty in the South African economy continuing to exert a strong influence on the domestic market. We do not rely on external programs in global emerging markets and in certain of G30. It, although in the short-term the US-China贸易战 which shows no sign of abating, will continue to be a strong factor in any portfolio decisions.

LOOKING AHEAD

Management actions over this period will include a continued shift towards real assets (property and infrastructure), in order to:

• Earn a positive and inflation-sensitive return that exceeds the target of CPI+4.5% net of fees and taxes
• Lower the downside volatility of the whole portfolio
• Enhance the stability and the predictability of investment returns
• Maintain the duration of the Fund’s assets as to its liabilities.

We will also be strengthening our investment teams by attracting and retaining high-calibre staff across the three segments of the IMU:

• Investment Multi-Management team
• Private Markets team
• In-house Asset Manager

CREATE VALUE SUSTAINABLY


While our transformational initiatives encompass all areas of the Fund, the maximum impact on the investment industry asset management, private markets and stockbrokers, is designed to be achieved through our B-BBEE policy for EPPF investments.

The EPPF has been selected by Principles for Responsible Investment (PRI) among the signatories for its exemplary work in integrating responsible investing in its selection, appointment and monitoring of external managers in its listed and unlisted asset classes.

In recognition of its efforts:

• The Fund was invited to the inaugural PRI Leaders’ Group during the PRI in Person Conference held in Paris in 2019.
• At the 30th NASP Pension and Financial Services conference in Baltimore (USA) on 24 June 2019, the Fund received the inaugural Obama-Mandela Bridge Builder Award.

The PRI Leaders’ Group 2019 showcases PRI signatories that demonstrate both a breadth of responsible investment excellence and that excel specifically in the 2019 theme: The selection, appointment and monitoring of external managers in the asset classes in which the PRI has the most developed work on identifying good industry practice, and is most able to support signatories in doing so.

During the year under review, 47 asset owner signatories were congratulated for being included in the PRI Leaders’ Group 2019, in particular for their responsible investment work in the field of selecting, appointing and monitoring external managers in listed and/or private equity.

TRANSFORMATION BREAKFAST

The Fund has been hosting an annual Transformation Breakfast to discuss the current state of affairs in the transformation of the investment industry and its impact on the participants. The platform seeks to bring together various pension funds and asset allocators as well as asset managers and stakeholders to provide a shared perspective on the key trends and initiatives in the transformation of the investment industry.
Our stockbroking allocation policy approved in March 2017 aims to grow the minimum allocation of brokerage to black stockbrokers from the threshold of 20% in 2017 to 40% in 2019. Accordingly, in respect of the Fund’s activities, during the year under review:

- The manager development programme for asset managers in public markets was successful in supporting a number of black managers from start-up to maturation phases, with about 65% of domestic externally-managed assets being allocated to these managers.
- The Fund is committed to allocating at least half of its Private Market to entities that are 51% black-owned.

**SUCCESS OF THE INCUBATION PROGRAMME**

The success of the Incubation Programme is evident in the:

- Performance of graduated managers
- Number of managers who have grown in size, since EPPF allocated them funds
- Creation of jobs and growing the number of investment professionals and black Chief Investment Officers (CIOs)
- Increased business stability and institutionalisation of governance and investment processes.

**PRIVATE MARKETS INCUBATION PROGRAMME**

In 2018 the EPPF initiated a Private Markets Incubation Programme, approved by the Board, to incubate emerging black asset managers in the private markets asset class. Subsequently, in 2019 the Fund appointed Thuso Investment Partners to manage the programme.

**ASSET BREAKDOWN OF BLACK MANAGERS**

<table>
<thead>
<tr>
<th></th>
<th>30 June 2019</th>
<th>Target</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic external mandates</td>
<td>43 033</td>
<td>34.8</td>
<td></td>
</tr>
<tr>
<td>Non-emerging black managers</td>
<td>14 994</td>
<td>34.8</td>
<td></td>
</tr>
<tr>
<td>Emerging black managers</td>
<td>4 303</td>
<td>34.8</td>
<td></td>
</tr>
<tr>
<td>Total assets of allocated managers</td>
<td>26 817</td>
<td>34.8</td>
<td></td>
</tr>
</tbody>
</table>

**IMPACT INVESTING**

Going forward, the Fund aims to step up its efforts in the area of impact investing through the implementation of an investment policy which will guide its investment decisions. This will enable the Fund to ensure its long-term financial returns to include social impact as an outcome of investment decisions.
PROTECTING VALUE

THE BOARD OF FUND (THE BOARD) COMPRISES 14 TRUSTEES WITH THE NECESSARY SKILLS AND EXPERIENCE TO OVERSEE THE GOVERNANCE OF THE FUND’S BUSINESS. THROUGH DELEGATION TO MANAGEMENT, THE BOARD ENSURES DILIGENT, CONSIDERED ACTIONS ON THE PART OF THE EPF IN PURSUIT OF ALL ITS STRATEGIC OBJECTIVES IN THE SHORT, MEDIUM AND LONG TERM.

OUR BOARD

The Board is constituted as follows:

- A non-executive Chairman appointed by Eskom, subject to the approval of the Board
- Six trustees appointed by Eskom, one of whom is deemed by Eskom to be an expert
- Two pensioner trustees elected by EPF pensioners
- Four member trustees, elected by EPF members, of whom at least one must be a labour member and one the non-labour member on an equal footing with the remaining trustees being elected from and representing their respective organisations
- Five member trustees, elected by EPF members, of whom at least two are non-bargaining unit members, with the remaining three being elected from the labour organisations represented on the Board

During the year under review, two new employer members were appointed to the Board:

- Ngoako Huma – appointed 12 November 2018
- Elias Masilela (Expert) – appointed 12 November 2018

During the year under review, two new employee members were appointed to the Board:

- Pauline Ndlela – appointed 1 December 2016
- Allen John Morgan – appointed 1 December 2016

During the year under review, two new employer members were appointed to the Board:

- Helen Elsasser – appointed 1 June 2016

The Board is constituted as follows:

- A non-executive Chairman appointed by Eskom, subject to the approval of the Board
- Six trustees appointed by Eskom, one of whom is deemed by Eskom to be an expert
- Two pensioner trustees elected by EPF pensioners
- Four member trustees, elected by EPF members, of whom at least one must be a labour member and one the non-labour member on an equal footing with the remaining trustees being elected from and representing their respective organisations
- Five member trustees, elected by EPF members, of whom at least two are non-bargaining unit members, with the remaining three being elected from the labour organisations represented on the Board

During the year under review, two new employer members were appointed to the Board:

- Ngoako Huma – appointed 12 November 2018
- Elias Masilela (Expert) – appointed 12 November 2018

During the year under review, two new employee members were appointed to the Board:

- Pauline Ndlela – appointed 1 December 2016
- Allen John Morgan – appointed 1 December 2016

During the year under review, two new employer members were appointed to the Board:

- Helen Elsasser – appointed 1 June 2016

The Board is constituted as follows:

- A non-executive Chairman appointed by Eskom, subject to the approval of the Board
- Six trustees appointed by Eskom, one of whom is deemed by Eskom to be an expert
- Two pensioner trustees elected by EPF pensioners
- Four member trustees, elected by EPF members, of whom at least one must be a labour member and one the non-labour member on an equal footing with the remaining trustees being elected from and representing their respective organisations
- Five member trustees, elected by EPF members, of whom at least two are non-bargaining unit members, with the remaining three being elected from the labour organisations represented on the Board

During the year under review, two new employer members were appointed to the Board:

- Ngoako Huma – appointed 12 November 2018
- Elias Masilela (Expert) – appointed 12 November 2018

During the year under review, two new employee members were appointed to the Board:

- Pauline Ndlela – appointed 1 December 2016
- Allen John Morgan – appointed 1 December 2016

During the year under review, two new employer members were appointed to the Board:

- Helen Elsasser – appointed 1 June 2016

The Board is constituted as follows:

- A non-executive Chairman appointed by Eskom, subject to the approval of the Board
- Six trustees appointed by Eskom, one of whom is deemed by Eskom to be an expert
- Two pensioner trustees elected by EPF pensioners
- Four member trustees, elected by EPF members, of whom at least one must be a labour member and one the non-labour member on an equal footing with the remaining trustees being elected from and representing their respective organisations
- Five member trustees, elected by EPF members, of whom at least two are non-bargaining unit members, with the remaining three being elected from the labour organisations represented on the Board

During the year under review, two new employer members were appointed to the Board:

- Ngoako Huma – appointed 12 November 2018
- Elias Masilela (Expert) – appointed 12 November 2018

During the year under review, two new employee members were appointed to the Board:

- Pauline Ndlela – appointed 1 December 2016
- Allen John Morgan – appointed 1 December 2016

During the year under review, two new employer members were appointed to the Board:

- Helen Elsasser – appointed 1 June 2016

The Board is constituted as follows:

- A non-executive Chairman appointed by Eskom, subject to the approval of the Board
- Six trustees appointed by Eskom, one of whom is deemed by Eskom to be an expert
- Two pensioner trustees elected by EPF pensioners
- Four member trustees, elected by EPF members, of whom at least one must be a labour member and one the non-labour member on an equal footing with the remaining trustees being elected from and representing their respective organisations
- Five member trustees, elected by EPF members, of whom at least two are non-bargaining unit members, with the remaining three being elected from the labour organisations represented on the Board

During the year under review, two new employer members were appointed to the Board:

- Ngoako Huma – appointed 12 November 2018
- Elias Masilela (Expert) – appointed 12 November 2018

During the year under review, two new employee members were appointed to the Board:

- Pauline Ndlela – appointed 1 December 2016
- Allen John Morgan – appointed 1 December 2016

During the year under review, two new employer members were appointed to the Board:

- Helen Elsasser – appointed 1 June 2016

The Board is constituted as follows:

- A non-executive Chairman appointed by Eskom, subject to the approval of the Board
- Six trustees appointed by Eskom, one of whom is deemed by Eskom to be an expert
- Two pensioner trustees elected by EPF pensioners
- Four member trustees, elected by EPF members, of whom at least one must be a labour member and one the non-labour member on an equal footing with the remaining trustees being elected from and representing their respective organisations
- Five member trustees, elected by EPF members, of whom at least two are non-bargaining unit members, with the remaining three being elected from the labour organisations represented on the Board

During the year under review, two new employer members were appointed to the Board:

- Ngoako Huma – appointed 12 November 2018
- Elias Masilela (Expert) – appointed 12 November 2018

During the year under review, two new employee members were appointed to the Board:

- Pauline Ndlela – appointed 1 December 2016
- Allen John Morgan – appointed 1 December 2016

During the year under review, two new employer members were appointed to the Board:

- Helen Elsasser – appointed 1 June 2016

The Board is constituted as follows:

- A non-executive Chairman appointed by Eskom, subject to the approval of the Board
- Six trustees appointed by Eskom, one of whom is deemed by Eskom to be an expert
- Two pensioner trustees elected by EPF pensioners
- Four member trustees, elected by EPF members, of whom at least one must be a labour member and one the non-labour member on an equal footing with the remaining trustees being elected from and representing their respective organisations
- Five member trustees, elected by EPF members, of whom at least two are non-bargaining unit members, with the remaining three being elected from the labour organisations represented on the Board

During the year under review, two new employer members were appointed to the Board:

- Ngoako Huma – appointed 12 November 2018
- Elias Masilela (Expert) – appointed 12 November 2018

During the year under review, two new employee members were appointed to the Board:

- Pauline Ndlela – appointed 1 December 2016
- Allen John Morgan – appointed 1 December 2016

During the year under review, two new employer members were appointed to the Board:

- Helen Elsasser – appointed 1 June 2016

The Board is constituted as follows:

- A non-executive Chairman appointed by Eskom, subject to the approval of the Board
- Six trustees appointed by Eskom, one of whom is deemed by Eskom to be an expert
- Two pensioner trustees elected by EPF pensioners
- Four member trustees, elected by EPF members, of whom at least one must be a labour member and one the non-labour member on an equal footing with the remaining trustees being elected from and representing their respective organisations
- Five member trustees, elected by EPF members, of whom at least two are non-bargaining unit members, with the remaining three being elected from the labour organisations represented on the Board

During the year under review, two new employer members were appointed to the Board:

- Ngoako Huma – appointed 12 November 2018
- Elias Masilela (Expert) – appointed 12 November 2018

During the year under review, two new employee members were appointed to the Board:

- Pauline Ndlela – appointed 1 December 2016
- Allen John Morgan – appointed 1 December 2016

During the year under review, two new employer members were appointed to the Board:

- Helen Elsasser – appointed 1 June 2016

The Board is constituted as follows:

- A non-executive Chairman appointed by Eskom, subject to the approval of the Board
- Six trustees appointed by Eskom, one of whom is deemed by Eskom to be an expert
- Two pensioner trustees elected by EPF pensioners
- Four member trustees, elected by EPF members, of whom at least one must be a labour member and one the non-labour member on an equal footing with the remaining trustees being elected from and representing their respective organisations
- Five member trustees, elected by EPF members, of whom at least two are non-bargaining unit members, with the remaining three being elected from the labour organisations represented on the Board

During the year under review, two new employer members were appointed to the Board:

- Ngoako Huma – appointed 12 November 2018
- Elias Masilela (Expert) – appointed 12 November 2018

During the year under review, two new employee members were appointed to the Board:

- Pauline Ndlela – appointed 1 December 2016
- Allen John Morgan – appointed 1 December 2016

During the year under review, two new employer members were appointed to the Board:

- Helen Elsasser – appointed 1 June 2016

The Board is constituted as follows:

- A non-executive Chairman appointed by Eskom, subject to the approval of the Board
- Six trustees appointed by Eskom, one of whom is deemed by Eskom to be an expert
- Two pensioner trustees elected by EPF pensioners
- Four member trustees, elected by EPF members, of whom at least one must be a labour member and one the non-labour member on an equal footing with the remaining trustees being elected from and representing their respective organisations
- Five member trustees, elected by EPF members, of whom at least two are non-bargaining unit members, with the remaining three being elected from the labour organisations represented on the Board
PROTECTING VALUE CONTINUED

**Equity diversity**
- *Gender diversity*
- *Director classification*

**Director classification**
- *Gender diversity*
- *Equity diversity*
PROTECTING VALUE CONTINUED

BOARD RESPONSIBILITIES AND ELECTION
The Board acts at all times in the best interests of the EPPF and is ultimately responsible for its stewardship. Board members are appointed by the Trustees to direct, control and manage the operations of the Fund in accordance with applicable laws and the Rules. The Board’s role consists of two fundamental elements: strategic decision-making and oversight.

- The decision-making function is exercised through the formulation, in collaboration with the management of the Fund, of fundamental policies and strategic goals and the approval of significant actions.
- The oversight function concerns the review of the functioning of the committees and Fund Management, the adequacy of systems and controls and the implementation of policies.

In performing its role, the Board:

- Makes major policy decisions
- Approves strategy
- Approves the annual business plan
- Approves the annual financial statements
- Oversees the use of Board committees in accordance with their terms of reference, as well as for the Chief Executive/Principal Officer (CEO/PO) the authority and responsibility to run the day-to-day affairs of the Fund and to make further delegations and authorisations
- Reviews the Board committees and CEO/PO’s performance and effectiveness

TRUSTEE TRAINING
A number of initiatives, both local and international, were undertaken during the year under review in order to enhance the skills and experience of Board members.

| TRUSTEE TRAINING 2019: LOCAL WORKSHOPS, SEMINARS, TRAINING AND CONFERENCES |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| IODSA – Governance of Ethics |               |               |               |               |               |               |               |               |
|                            | Ms Tanabe      | Mr Mbuyane    | Mr Sipu       | Mr Ntuli       | Mr Tshabalala  | Mr Mandela     | Mr Mabuza      | Mr Xaba        |
| IODSA – Remuneration       | Me Thinwane    | Ms Xaba       | Mr Ntuli      | Mr Mbuyane    | Mr Tshabalala | Mr Mandela     | Mr Mabuza      | Mr Xaba        |
|                            | Ms Xaba       | Ms Thinwane   | Mr Ntuli      | Mr Mbuyane    | Mr Tshabalala | Mr Mandela     | Mr Mabuza      | Mr Xaba        |
| IODSA – Financial Insights | Mr Xaba       | Ms Thinwane   | Mr Ntuli      | Mr Mbuyane    | Mr Tshabalala | Mr Mandela     | Mr Mabuza      | Mr Xaba        |
|                            | Ms Xaba       | Ms Thinwane   | Mr Ntuli      | Mr Mbuyane    | Mr Tshabalala | Mr Mandela     | Mr Mabuza      | Mr Xaba        |
OUR GOVERNANCE STRUCTURE

The Board has established the committees to assist it in managing the affairs of the Fund in an informed and transparent way. Each committee operates within the ambit of its defined terms of reference and responsibilities as approved by the Board. The Board reviews the performance and effectiveness of these committees on a continuous basis.

- Audit and Risk Committee
- Benefits Committee
- Communications Committee
- Human Resources and Remuneration Committee
- Legal and Governance Committee
- Strategic Investment Committee

These committees are responsive to the nature of the Fund’s business and help advance the Fund’s business efficiently. The Board approves their terms of reference, duration, role, and function.

The duties and responsibilities of the members of the committees are in addition to those duties and responsibilities that they have as Board members. Deliberations of the committees do not reduce the individual and collective responsibilities of the trustees with regard to their fiduciary duties and responsibilities, and they continue to exercise due care and judgement in accordance with their legal obligations.

TRUSTEE TRAINING 2019: INTERNATIONAL CONFERENCES

<table>
<thead>
<tr>
<th>Trustee names and surnames</th>
<th>Current Investment Issues</th>
<th>HR Summit</th>
<th>Human Resources and Remuneration Issues</th>
<th>Alternative Investments Africa Conference</th>
<th>Pension Fund Alternatives</th>
<th>Global Investment Summit</th>
<th>CFA Conference</th>
<th>HRM</th>
<th>Business Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Mantuka Maisela ** *</td>
<td>*</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Lax Mzimela</td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Helen Qwabe</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Fikile Mzimela</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr Grogox Khumalo</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Theokanta Tshabalala</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Tshikala Motie</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Sizwe Mabashe</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Alpino Monga</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Papi Mabola</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr Denis Mpharale</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Molapo Moshale</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Ben Mbuya</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The services of the members of the committees are in addition to their duties and responsibilities that they have as Board members.

Deliberations of the committees do not reduce the individual and collective responsibilities of the trustees with regard to their fiduciary duties and responsibilities, and they continue to exercise due care and judgement in accordance with their legal obligations.

The Board of Fund:

- Oversight Committee
- Board of Fund
- Human Resources and Remuneration Committee
- Legal and Governance Committee
- Strategic Investment Committee
- Audit and Risk Committee
- Benefits Committee
- Communications Committee
- Chief Executive and Principal Officer
- Executive Committee
Our Board Committees

- Audit and Risk Committee (ARC)
  - In 2019, five ARC meetings were held during the year under review.
  - Responsibilities:
    - Oversees the investigation of, and recommending to the Board, transactions in terms of section 37C of the PFA; rules related to the disposition of death benefits; applications for life-long pensions and ill-health retirements as recommended by the medical panel and in terms of the Rules of the Fund; the allocation of disability benefits; applications for Section 14 Transfers or emanating from its own monitoring processes.
    - Ensuring improved compliance with laws, regulations and the Fund Rules.
    - Overseeing the effectiveness of the control environment.
    - Overseeing the development of key actuarial position papers relating to smoothing of interest, deferred balances.
    - Overseeing the development of key actuarial position papers relating to smoothing of interest, deferred balances.
    - Compliance with King IV.
    - Overseeing the effectiveness of the internal control environment.

- Benefits Committee (BC)
  - In 2019, seven BC meetings were held during the year under review.
  - Responsibilities:
    - Overseeing the management of key IT risks.
    - Embedding the Combined Assurance Model.
    - Overseeing the effectiveness of the internal control environment.

- Communications Committee (CC)
  - In 2019, one CC meeting was held during the year under review.
  - Responsibilities:
    - Ensuring that Executive Management’s remuneration policy and practices are in accordance with best corporate practice.
    - Ensuring the Fund is a learning and agile organisation.
    - Embedding the Combined Assurance Model.
    - Overseeing the development of key actuarial position papers relating to smoothing of interest, deferred balances.

- Human Resources and Remuneration Committee (HRRC)
  - In 2019, five HRRC meetings were held during the year under review.
  - Responsibilities:
    - Determining Executive Management’s remuneration and the remuneration policy framework, and making recommendations to the Board in this regard.
    - Ensuring that Executive Management’s remuneration policy and practices are in accordance with best corporate practice.
    - Leadership development.
    - Building a learning and agile organisation.

Focus areas 2019

- Development of an IT blueprint and roadmap
- Embedding talent management
- New ways of work
- Building a learning and agile organisation
- Leadership development

Focus areas FY2020

- Development of an IT blueprint and roadmap
- Embedding talent management
- New ways of work
- Building a learning and agile organisation
- Leadership development

The Committee ensures the Board is provided with clear, relevant, and balanced information and guidance. The Committee’s work is reported to the full Board and to the Governance Committee.

In addition, the ARC evaluates the independence, objectivity and effectiveness of the external and internal auditors, and reviews accounting and auditing concerns identified by the external and internal auditors.

The Committee ensures the Board, transactions in terms of section 37C of the PFA; rules related to the disposition of death benefits; applications for life-long pensions and ill-health retirements as recommended by the medical panel and in terms of the Rules of the Fund; the allocation of disability benefits; applications for Section 14 Transfers or emanating from its own monitoring processes.

The Committee ensures the Board, transactions in terms of section 37C of the PFA; rules related to the disposition of death benefits; applications for life-long pensions and ill-health retirements as recommended by the medical panel and in terms of the Rules of the Fund; the allocation of disability benefits; applications for Section 14 Transfers or emanating from its own monitoring processes.

The Committee ensures the Board, transactions in terms of section 37C of the PFA; rules related to the disposition of death benefits; applications for life-long pensions and ill-health retirements as recommended by the medical panel and in terms of the Rules of the Fund; the allocation of disability benefits; applications for Section 14 Transfers or emanating from its own monitoring processes.

The Committee ensures the Board, transactions in terms of section 37C of the PFA; rules related to the disposition of death benefits; applications for life-long pensions and ill-health retirements as recommended by the medical panel and in terms of the Rules of the Fund; the allocation of disability benefits; applications for Section 14 Transfers or emanating from its own monitoring processes.

The Committee ensures the Board, transactions in terms of section 37C of the PFA; rules related to the disposition of death benefits; applications for life-long pensions and ill-health retirements as recommended by the medical panel and in terms of the Rules of the Fund; the allocation of disability benefits; applications for Section 14 Transfers or emanating from its own monitoring processes.

The Committee ensures the Board, transactions in terms of section 37C of the PFA; rules related to the disposition of death benefits; applications for life-long pensions and ill-health retirements as recommended by the medical panel and in terms of the Rules of the Fund; the allocation of disability benefits; applications for Section 14 Transfers or emanating from its own monitoring processes.
LEGAL AND GOVERNANCE COMMITTEE (LGC)

- The LGC is responsible for ensuring an oversight role over the legal and governance affairs of the Fund in accordance with the Fund Rules and statutory requirements.

Responsibilities:
- ensure compliance with the Fund Rules and statutory requirements
- review and, where necessary, propose amendments to the Fund Rules
- monitor, assess and report on compliance and performance of the Fund
- attend to risk management and governance affairs
- attend to matters relating to the board committee structure

Membership:
- Ms L Brown (Chairperson)
- Mr M R Khomola
- Ms T F Madlala
- Ms P Ndlela
- Mr D Reyneke

Focus areas 2019
- Rules amendments
- Default Regulations
- Membership eligibility and regularisation
- Governance framework
- Protection of Personal Information Act (POPIA) readiness

Focus areas FY2020
- PFA matters
- Key litigation activities

LEGAL AND GOVERNANCE COMMITTEE (LGC) - STRATEGIC INVESTMENT COMMITTEE (SIC)

- The LGC comprises five trustees, including the chairperson.
- Four LGC meetings were held during the year under review.

- The SIC comprises six trustees (including the chairperson) and five external experts.
- Five SIC meetings were held during the year under review.

Our Board Committees (continued)
OUR EXECUTIVE COMMITTEE (EXCO)

The Exco comprises the CE, CFO, CIO, the Head of Legal and Corporate Secretariat, the Head of Risk and Compliance and the Head of HR.

The Exco is chaired by the CE and meetings are held on a monthly basis with ad hoc meetings called as necessary. The Exco assumes the CE’s decision-making executive oversight and is also responsible for ensuring the effective management of the daily operations of the Fund.

Eleven Exco meetings, excluding ad hoc and special meetings, were held during 2019.

Mr Ayanda Gaqa
Head of Risk and Compliance
Btech Internal Audit, Postgraduate Diploma in Financial Planning, Certified Financial Planner®, Compliance Practitioner, Certified Fraud Examiner
Mr Gaqa joined the Fund in July 2007

Ms Thelma Melk
Head of Legal and Corporate Secretariat
Bachelor of Law (National University of Lesotho), LLB (National University of Lesotho), Certificate in Municipal Finance (Wits Business School), Certificate in Corporate Governance (University of Johannesburg)
Ms Melk joined the Fund in April 2018

Mr Kishore Joey Sankar
Head of Retirement Fund Operations
Master of Information Technology, BCom, Information Technology Infrastructure Library (ITIL) Practitioner
Mr Sankar joined the Fund in July 2014

Ms Shyless Nkuna
Head of Human Resources
Master of Commerce in Business Management, BA (Honours) Psychology, Registered Psychometrist (Health Professions Council of South Africa)
Ms Nkuna joined the Fund in April 2017

Mr Stephen Varndell
Acting Chief Financial Officer
CA(SA), Bachelor of Accounting Science (Hons), BCom, Certificate in International Financial Reporting Standards
Mr Varndell joined the Fund in 2007

Mr Ndabezinhle Mkhize
Chief Investment Officer
BSc in Actuarial Science, Chartered Financial Analyst (CFA), Chartered Alternative Investment Analyst (CAIA)
Mr Mkhize joined the Fund in May 2014

Mr Shafeeq Abrahams
Acting Chief Executive and Principal Officer
Chartered Accountant (SA), Masters in Business Leadership, BCompt Honours in Accounting
Mr Abrahams joined the Fund on 1 September 2018

Mr Boephtsoe Kgoa
Head of Information Technology

Mr Martin Righ
Head of Treasury Operations

Mr Mabuo Maboa
Head of Enterprise Risk

The summarised annual financial statements of Eskom Pension and Provident Fund are the responsibility of the Board of Fund. The Board of Fund fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and practices adequately supported by internal financial controls. These controls, which are implemented and executed by the Fund, provide reasonable assurance that:

- the Fund’s assets are safeguarded;
- transactions are properly authorised and executed; and
- the financial records are reliable.

The summarised annual financial statements set out on pages 76 to 89 have been prepared for communication purposes with limited disclosure compared to the regulatory financial statements that are compiled in terms of the Regulatory Reporting Requirements for Retirement Funds in South Africa. The regulatory financial statements have been prepared for reporting to the Financial Sector Conduct Authority. The summarised annual financial statements set out on pages 76 to 89 have been prepared in accordance with the criteria as set out in Note 1.1 of the notes to the summarised annual financial statements.

The independent auditors, PricewaterhouseCoopers Inc, have reported on the regulatory financial statements, in the course of executing their statutory duties. They have been given unrestricted access to all financial records and related data, including minutes of all relevant meetings. In addition, the independent auditors reported on whether the summarised annual financial statements are derived from the regulatory financial statements. The Board believes that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors on the summarised annual financial statements is presented on page 74.

The summarised annual financial statements of the Fund set out on pages 76 to 89 were approved by the Board of Fund. The summarised annual financial statements have been signed by the Chairman and two Board members on behalf of the Board.

Ms Mantuka Maisela
Mr Mandla Maleka
Mr Khehla Shandu
Chairman
Employer Trustee
Member Trustee
22 November 2019

I confirm that for the year under review the Eskom Pension and Provident Fund has timeously submitted all regulatory and other returns, statements, documents and any other information as required in terms of the Pension Funds Act and, to the best of my knowledge, all applicable legislation.

Ms Linda Mateza
Principal Officer
22 November 2019
ADVISER’S REPORT
FOR THE YEAR ENDED 30 JUNE 2019

INDEPENDENT ADVISER’S REPORT ON THE SUMMARISED ANNUAL FINANCIAL STATEMENTS TO THE BOARD OF FUND OF ESKOM PENSION AND PROVIDENT FUND

OBSERVATIONS
The summaries annual financial statements of Eskom Pension and Provident Fund, set out on pages 76 to 89, comprise the statement of net assets and funds as at 30 June 2019, the statement of changes in net assets and funds for the year then ended, and related notes, are derived from the audited regulatory annual financial statements of Eskom Pension and Provident Fund for the year ended 30 June 2019. In our opinion, the accompanying summaries annual financial statements are consistent, in all material respects, with the audited regulatory annual financial statements, in accordance with the basis described on page 78 to 79, as applicable to summaries annual financial statements.

SUMMARISED ANNUAL FINANCIAL STATEMENTS
The summaries annual financial statements do not contain all the disclosures required by the Regulatory Reporting Requirements for Retirement Funds in South Africa, the rules of the Fund and the provisions of the Funds Act as applicable to summaries annual financial statements. Reading the summaries annual financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited regulatory annual financial statements and the auditor’s report thereon. The summaries annual financial statements do not contain all the disclosures required by the Regulatory Reporting Requirements for Retirement Funds in South Africa, the rules of the Fund and the provisions of the Funds Act as applicable to summaries annual financial statements.

OBSERVATIONS
In our opinion, the summaries annual financial statements are consistent, in all material respects, with the audited regulatory annual financial statements, in accordance with the basis described on page 78 to 79, as applicable to summaries annual financial statements.

REPORT OF THE VALUATOR
FOR THE YEAR ENDED 30 JUNE 2019

PARTICULARS OF FINANCIAL CONDITION OF THE FUND AS AT 30 JUNE 2019

1. The fair value of the net assets of the Fund after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund – R143 699 million.  
2. The actuarial value of the net assets for the purposes of comparison with the accrued liabilities of the Fund – R143 395 million. 
3. The actuarial present value of promised retirement benefits – R143 514 million (2018: R143 514 million) as at the valuation date. 
5. The projected and actual method was adopted for the valuation, which is unchanged from the method used in the last valuation. The contingency reserves comprise a solvency reserve calculated as the calculated additional annual required, to the extent that sufficient assets are available, to ensure that the liabilities and assets can be realised on a substantially risk-free basis, a contribution reserve equal to the expected present value of future contributions shortfall for the current membership, and a pension increase affordability reserve equal to the excess (if any) of the thrice (3) times the total personnel account over the pension liability and solvency reserve. An additional provision was made for fund in order to fund in advance for the annual pensioner bonus in respect of current pensioners.
6. The key financial assumptions are that investment returns will exceed salary inflation by 6.50% per annum (6.90% at the previous valuation). Future pension increases are assumed to be equal to the assumed consumer price inflation rate of 6.50% per annum (6.90% at the previous valuation). The yield used to calculate the solvency reserve was equal to the assumed yield on index-linked securities. 
7. There was assumed to be a 15% risk-free rate assumption used to discount future cash inflows and outflows. 
8. In my opinion the Fund was in a sound financial condition as at 30 June 2019 for the purposes of the Pension Funds Act, 1956.

An annual actuarial valuation was carried out as at 30 June 2019. In respect of this valuation, I can comment as follows:

1. The actuarial present value of promised retirement benefits – R143 514 million as at the valuation date. 
2. The actuarial value of the net assets for the purposes of comparison with the accrued liabilities of the Fund – R143 395 million. 
3. The actuarial present value of promised retirement benefits – R143 514 million (2018: R143 514 million) as at the valuation date. 
5. The projected and actual method was adopted for the valuation, which is unchanged from the method used in the last valuation. The contingency reserves comprise a solvency reserve calculated as the calculated additional annual required, to the extent that sufficient assets are available, to ensure that the liabilities and assets can be realised on a substantially risk-free basis, a contribution reserve equal to the expected present value of future contributions shortfall for the current membership, and a pension increase affordability reserve equal to the excess (if any) of the thrice (3) times the total personnel account over the pension liability and solvency reserve. An additional provision was made for fund in order to fund in advance for the annual pensioner bonus in respect of current pensioners.
6. The key financial assumptions are that investment returns will exceed salary inflation by 6.50% per annum (6.90% at the previous valuation) before allowing for an agio-embedded normal profile. Future pension increases are assumed to be equal to the assumed consumer price inflation rate of 6.50% per annum (6.90% at the previous valuation). The yield used to calculate the solvency reserve was equal to the assumed yield on index-linked securities. 
7. There was assumed to be a 15% risk-free rate assumption used to discount future cash inflows and outflows. 
8. In my opinion the Fund was in a sound financial condition as at 30 June 2019 for the purposes of the Pension Funds Act, 1956.

Prepared by:

Liesel V Ryan
Valuator
Fellow of the Actuarial Society of South Africa
In my capacity as the valuator of the Fund and as an Associate of Towers Watson (Pty) Ltd, a Willis Towers Watson company.

26 November 2019
## Statement of Net Assets and Funds
### As at 30 June 2019

### Funds, Surplus and Liabilities

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 R'000</th>
<th>2018 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal retirement</td>
<td>116 861 631</td>
<td>110 551 199</td>
</tr>
<tr>
<td>Additional voluntary contribution scheme</td>
<td>645 494</td>
<td>636 313</td>
</tr>
<tr>
<td>Performance bonus scheme</td>
<td>5 915 851</td>
<td>5 961 062</td>
</tr>
<tr>
<td>Total reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve accounts</td>
<td>20 233 000</td>
<td>22 524 000</td>
</tr>
<tr>
<td>Total funds and reserves</td>
<td>143 655 976</td>
<td>139 672 574</td>
</tr>
</tbody>
</table>

### Non-current Liabilities

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 R'000</th>
<th>2018 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclaimed benefits</td>
<td>191 962</td>
<td>186 042</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>1 396 068</td>
<td>1 347 324</td>
</tr>
<tr>
<td>Total funds and liabilities</td>
<td>145 244 006</td>
<td>141 205 940</td>
</tr>
</tbody>
</table>

### Assets

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 R'000</th>
<th>2018 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>144 663 160</td>
<td>140 681 360</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>6 817</td>
<td>3 156</td>
</tr>
<tr>
<td>Investments</td>
<td>144 656 343</td>
<td>140 678 204</td>
</tr>
<tr>
<td>Current assets</td>
<td>580 846</td>
<td>524 580</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>255 918</td>
<td>236 732</td>
</tr>
<tr>
<td>Arrear contributions</td>
<td>301 108</td>
<td>271 310</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>23 820</td>
<td>16 538</td>
</tr>
<tr>
<td>Total assets</td>
<td>145 244 006</td>
<td>141 205 940</td>
</tr>
</tbody>
</table>

### Statement of Changes in Net Assets and Funds
### For the Year Ended 30 June 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 R'000</th>
<th>2018 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions received and accrued</td>
<td>5 3 669 030</td>
<td>43 990 93 847</td>
</tr>
<tr>
<td>Net investment income</td>
<td>6 6 023 328</td>
<td>9 013 351</td>
</tr>
<tr>
<td>Allocated to unclaimed benefits</td>
<td>7 27 088</td>
<td>18 806</td>
</tr>
<tr>
<td>Other income</td>
<td>4 (4 664 541)</td>
<td>(5 170 670)</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>(260 993)</td>
<td>(207 267)</td>
</tr>
<tr>
<td>Total</td>
<td>9 448 974</td>
<td>9 586 811</td>
</tr>
<tr>
<td>Transfers and benefits</td>
<td>(5 063 191)</td>
<td>(5 569 259)</td>
</tr>
<tr>
<td>Transfer from other funds</td>
<td>– 61</td>
<td>– 61</td>
</tr>
<tr>
<td>Transfer to other funds</td>
<td>(398 650)</td>
<td>(257 429)</td>
</tr>
<tr>
<td>Benefits</td>
<td>4 (4 664 541)</td>
<td>(5 170 670)</td>
</tr>
<tr>
<td>Total (loss)/income after transfers and benefits</td>
<td>4 385 783</td>
<td>4 017 552</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 R'000</th>
<th>2018 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the end of the year</td>
<td>143 655 976</td>
<td>139 672 574</td>
</tr>
</tbody>
</table>

### Notes

- Contributions received and accrued
- Net investment income
- Allocated to unclaimed benefits
- Other income
- Administration expenses
- Transfer from other funds
- Transfer to other funds
- Benefits
NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS
AS AT 30 JUNE 2019

1. PRINCIPAL ACCOUNTING POLICIES

1.1 PURPOSE AND BASIS OF PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the Rules of the Fund and the provisions of the Pension Funds Act.

The annual financial statements are prepared on the historical cost and going concern basis, except where specifically indicated in the accounting policies below:

1.2 PLANT AND EQUIPMENT

The Fund carries assets classified as plant and equipment at historical cost less accumulated depreciation and impairment. Historical cost includes expenses that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and that the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of changes in net assets and funds during the financial period in which they are incurred.

1.3 FINANCIAL INSTRUMENTS

Subsequent to initial recognition, these instruments are measured as set out below.

Financial instruments are initially measured at cost as of trade date, which includes transaction costs. The fair value of cash and cash equivalents included in financial instruments is the face value of the instrument.

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of any other entity. A financial asset or a financial liability is recognised when its contractual rights to the cash flows of the instrument expire or when such rights are transferred in a transaction in which substantially all risks and rewards of ownership of the instrument are transferred.

The Fund carries assets classified as plant and equipment at historical cost less accumulated depreciation and impairment. Historical cost includes expenses that are directly attributable to the acquisition of the items. The periods of depreciation used are as follows:

<table>
<thead>
<tr>
<th>Plant and equipment item</th>
<th>Depreciation period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td>5 years</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>5 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3 years</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>3 years</td>
</tr>
</tbody>
</table>

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of net assets and funds date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Impairment losses are recognised.

A financial asset is measured at the higher of the asset's fair value and amortised cost. Amortised cost is the net amount of the asset and the net proceeds received, and are recorded in statement of changes in net assets and funds.

The annual financial statements are prepared on the historical cost and going concern basis, except where specifically indicated in the accounting policies below:

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of net assets and funds date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Fund uses a discounted cash flow model to calculate the recoverable amount. Adjusting for credit risk, where appropriate, a discounted cash flow model is then applied, using the determined yield, in order to calculate the fair value.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Impairment losses are recognised.

Gains and losses on disposal of plant and equipment are determined by reference to the carrying amount and are taken into account in determining the net surplus or deficit.

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against revenue.

1.3.1 Investments

Investments are classified at fair value through the statement of changes in net assets and funds and are measured at fair value.

Equity instruments are measured at fair value. The fair value of investments other than equity securities is determined in accordance with the criteria established by the International Accounting Standard for Financial Instruments: Recognition and Measurement (IAS 39).

Investments are classified into five categories: listed bills and bonds, unlisted bills and bonds, listed equities, unlisted equities, and other investments.

Listed bills and bonds comprise investments in government or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

Investments are classified at fair value through the statement of changes in net assets and funds and are measured at fair value.

Bills and bonds comprise all non-equity investments in government or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

Bills and bonds comprise all non-equity investments in government or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

Bills and bonds comprise all non-equity investments in government or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

Bills and bonds comprise all non-equity investments in government or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.

Bills and bonds comprise all non-equity investments in government or provincial administration, local authorities, participating employers, subsidiaries or holding companies and corporate bonds.
1.3.2 Accounts receivable

1.3.1 Investments (continued)

1.3. FINANCIAL INSTRUMENTS (CONTINUED)

CONTINUED

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS

CONTINUED

AS AT 30 JUNE 2019

1.6 CONTRIBUTIONS

1.5 PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND ACCRUALS

1.4 RESERVES

Reserves are calculated by recognising particular amounts of retained income and expenses as set out in the Rules of the Fund and are recognised in the year in which such income and expenses accrue to the Fund.

1.3.4 Accounts payable

1.3.3 Cash and cash equivalents

1.3.2 Accounts receivable

Accounts receivable are financial assets measured initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment.

Dividend income is recognised in the statement of changes in net assets and funds when the right to receive payment is established – this is the last date to trade for equity securities.

Net investment income comprises dividends, interest, rentals, collective investment schemes – distribution, income from policies with insurance companies and adjustment to fair value.

Hedge fund investments are designated as fair value through the statement of changes in net assets and funds by the Fund and are initially recognised at fair value on trade date.

Cash and equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at their

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced

Dividends

Cash and equivalents are measured at fair value and subsequently measured at amortised cost using the effective interest rate method unless any allowance for impairment.

Hedge fund investments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of changes in net assets and funds. Hedge funds tend to be listed funds. The fair value

Hedge funds

Hedge fund investments comprise debt securities (bills and bonds).

Investments in participating employer(s) comprise debt securities (bills and bonds).

Investments in exchange traded funds are valued at fair value which is the quoted unit values, as derived by the exchange traded fund scheme administrator with reference to the Rules of each particular fund, multiplied by the number of units.

Investments in participating employer(s) are financial assets measured initially at fair value which is the quoted unit values, as determined by the collective investment scheme manager with reference to the Rules of each particular collective investment scheme, multiplied by the number of units.

Hedge funds

Investments in exchange traded funds are valued at fair value which is the quoted unit values, as derived by the exchange traded fund scheme administrator with reference to the Rules of each particular fund, multiplied by the number of units.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from regulated exchange quoted prices in active markets including derivative exchange-traded and option pricing models, as appropriate. All derivations are carried at cost as assets when fair value is positive and at nil values when fair value is negative. The fund does not classify any derivatives as hedges in a hedging relationship.

The best evidence of the fair value of the transaction price is the fair value of the transaction as determined unless the fair value of that instrument is evidenced by comparable with other observable current market transactions in the same instrument (i.e. without modification or repackaging) based on a valuation technique whose variables include only data from observable markets.

Swaps

Swaps are recognised net of any discount or premium and exchanged regularly to avoid adverse market price movements. swaps are carried at fair value which is the quoted unit values, as derived by the exchange-traded fund scheme administrator with reference to the Rules of each particular collective investment scheme, multiplied by the number of units.

Hedge funds

If the policy is unitised, the value is equal to the market value of the underlying units. Other linked or market-related policies are valued at the market value of the underlying assets for each policy in line with the insurer’s valuation practices.

Contributions are accrued and recognised as income in accordance with the Rules of the Fund. Contributions received are applied to fund benefits due in terms of the Rules, and to meet expenses of the Fund.

A voluntary contribution is recognised when the Fund has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

A contingent liability is not recognised in the statement of net assets and funds but disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is probable.

A contingent asset is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

A contingent liability is not recognised in the statement of net assets and funds, but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Accruals

Accruals are recognised when the Fund has incurred income or incurred an expense as a result of a past event or constructive obligation and an inflow or outflow of economic benefits is certain and a reliable estimate of the amount can be made.

Contributions

Contributions are accrued and recognised as income in accordance with the Rules of the Fund. Contributions received are applied to fund benefits due in terms of the Rules, and the invest expenses of the Fund.

Involuntary contributions are recognised when they are received from annual payments or accrued where monthly recurring payments are made.

Any contributions outstanding at the end of the reporting year are recognised as a current asset – contingent receivable. Any contributions revised in advance at the end of the reporting year are recognised as a current liability – contingent payable.

Net investment income comprises dividends, interest, rentals, collective investment schemes – distribution, income from policies with insurance companies and adjustment to fair value.

Dividends

Dividends

Dividends are recognised in the statement of changes in net assets and funds when the right to receive payments is established – this is the last date to trade for equity securities.
1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.7 NET INVESTMENT INCOME (CONTINUED)

Any known transfer payable outstanding at the end of the reporting period is recognised as a current liability – transfers payable.

Individual transfers (section 13A(5) transfers) are recognised on the earlier of receipt of the written notice of transfer (recognition of transfer) or receipt of the actual transfer value.

Section 14s and 15B transfers to or from the Fund are recognised on the date of approval of the scheme/arrangement of transfer of business by the Financial Services Conduct Authority, as contained in the approval certificate from the Registrar.

Benefits which remain outstanding for a period of 24 months or more are classified from benefits payable to unclaimed benefits. Interest is allocated to unclaimed benefits in terms of the Rules of the Fund.

Benefit payments and monthly pension payments are recognised as an expense when they are due and payable in terms of the Rules of the Fund. Any benefits not paid at the end of the reporting year are recognised as a current liability – benefits payable.

Expenses in respect of managing investments are recognised as the service is rendered to the Fund.

Gains or losses arising from changes in the fair value of financial assets at fair value through the statement of changes in net assets and funds are presented in the statement of changes in net assets and funds in the year in which they arise.

Expenses incurred in managing investments Expenses in respect of managing investments are recognised in the statement of changes in net assets and funds under net investment income.

Rental income is accounted for in the statement of changes in net assets and funds on a straight-line basis over the period of the rental agreement. Property expenses are recognised in the statement of changes in net assets and funds under net investment income.

Collective investment schemes’ distributions are distributed to collective investment schemes who are recognised when the right to receive payment is established.

Income from policies with insurance companies is included in the adjustment to the movement of the financial asset.

Interest income in respect of financial assets held at amortised cost is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

Expenses incurred in the administration of the Fund are recognised in the statement of changes in net assets and funds in the reporting year to which they relate.

In the event that an expense has not been paid at the end of a reporting year, the liability will be reflected in the accounts payable note. If the expense was paid in advance or overpayment occurred, the applicable amount will be deducted under the accounts receivable note.

1.11. ADMINISTRATION EXPENSES

Expenses incurred in the administration of the Fund are recognised in the statement of changes in net assets and funds in the reporting year to which they relate.

1.12. RELATED PARTIES

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there were transactions between related parties, the Fund discloses the nature of the related party relationship as well as the following information for each related party relationship:

• The result of the transactions

• The amount of outstanding balances

• The nature and terms of transactions giving rise to the outstanding balances

• Details of guarantees given or received

• Provisions for doubtful debts related to the amount of outstanding balances

• The purpose recognized during the year in respect of doubtful or bad debts due from related parties

1.13. ACCOUNTING POLICIES, CHANGE IN ACCOUNTING ESTIMATES AND ERRORS

The Fund applies adjustments arising from changes in accounting policies and errors prospectively. The adjusted closing value is the accounting policy or error is therefore recognised in the current and future years affected by the change.

1.14. IMPAIRMENT

Asset impairment tests are applied annually to assets whose measurement basis is historical cost as adjusted for revaluations. An impairment loss is recognised when the asset’s carrying value exceeds its recoverable amount. Impairment losses are initially adjusted against any applicable revaluation reserve then expensed in the statement of changes in net assets and funds.

The recoverable amount of the asset is the higher of the fair value less costs to sell and its value in use. Fair value is a judgemental estimate and involves applying the discounted cash flows expected to be received from the ownership of the asset and its disposal at the end of its useful life.

If the recoverable amount of an asset subsequently exceeds the carrying value resulting from the application of its accounting policy, an impairment reversal is recognised in that statement. The impairment reversal is applied in reverse order to the impairment.

1.15. RETURNS ALLOCATED TO SCHEMES

In the event that an expense has not been paid at the end of a reporting year, the liability will be reflected in the accounts payable note. If the expense was paid in advance or overpayment occurred, the applicable amount will be deducted under the accounts receivable note.

1.16. LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of changes in net assets and funds on a straight-line basis over the period of the lease.
2. PLANT AND EQUIPMENT
2.1 CURRENT YEAR

<table>
<thead>
<tr>
<th></th>
<th>Office equipment</th>
<th>Furniture and fittings</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross carrying amount</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Cost at beginning of year</td>
<td>7 925</td>
<td>119</td>
<td>2 992</td>
<td>12 036</td>
</tr>
<tr>
<td>Additions</td>
<td>2 896</td>
<td>711</td>
<td>2 844</td>
<td>6 551</td>
</tr>
<tr>
<td>Depreciation charges</td>
<td>(1 215)</td>
<td>(18)</td>
<td>(1 111)</td>
<td>(2 544)</td>
</tr>
<tr>
<td>Other movements</td>
<td>(6 103)</td>
<td>(8)</td>
<td>(4)</td>
<td>(6 115)</td>
</tr>
<tr>
<td>At end of year</td>
<td>9 873</td>
<td>773</td>
<td>6 289</td>
<td>17 345</td>
</tr>
</tbody>
</table>

Accumulated depreciation and impairment:

<table>
<thead>
<tr>
<th></th>
<th>Office equipment</th>
<th>Furniture and fittings</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross carrying amount</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Cost at beginning of year</td>
<td>(6 303)</td>
<td>(133)</td>
<td>(2 089)</td>
<td>(10 521)</td>
</tr>
<tr>
<td>Net carrying amount at end of year</td>
<td>3 166</td>
<td>639</td>
<td>3 690</td>
<td>6 505</td>
</tr>
</tbody>
</table>

2.2 PRIOR YEAR

<table>
<thead>
<tr>
<th></th>
<th>Office equipment</th>
<th>Furniture and fittings</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross carrying amount</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Cost at beginning of year</td>
<td>13 379</td>
<td>1 112</td>
<td>4 374</td>
<td>18 865</td>
</tr>
<tr>
<td>Additions</td>
<td>714</td>
<td>26</td>
<td>478</td>
<td>1 218</td>
</tr>
<tr>
<td>Depreciation charges</td>
<td>(3 126)</td>
<td>(1)</td>
<td>(1 111)</td>
<td>(4 348)</td>
</tr>
<tr>
<td>Other movements</td>
<td>(6 103)</td>
<td></td>
<td>(4)</td>
<td>(6 111)</td>
</tr>
<tr>
<td>At end of year</td>
<td>7 925</td>
<td>129</td>
<td>3 852</td>
<td>12 006</td>
</tr>
</tbody>
</table>

Accumulated depreciation and impairment:

<table>
<thead>
<tr>
<th></th>
<th>Office equipment</th>
<th>Furniture and fittings</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross carrying amount</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Cost at beginning of year</td>
<td>(6 103)</td>
<td></td>
<td>(4)</td>
<td>(6 111)</td>
</tr>
<tr>
<td>Net carrying amount at end of year</td>
<td>1 282</td>
<td>33</td>
<td>1 252</td>
<td>2 576</td>
</tr>
</tbody>
</table>

3. INVESTMENTS
3.1 INVESTMENT SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>Local R'000</th>
<th>Foreign R'000</th>
<th>Total R'000</th>
<th>Local R'000</th>
<th>Foreign R'000</th>
<th>Total R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>5 551 816</td>
<td>2 334 331</td>
<td>8 886 147</td>
<td>5 606 490</td>
<td>2 364 000</td>
<td>8 062 170</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>85 243 366</td>
<td>28 218 181</td>
<td>113 461 547</td>
<td>95 621 656</td>
<td>28 318 300</td>
<td>123 940 956</td>
</tr>
<tr>
<td>Shares</td>
<td>118 080</td>
<td>41 572 565</td>
<td>41 690 645</td>
<td>118 080</td>
<td>41 572 565</td>
<td>52 650 645</td>
</tr>
<tr>
<td>Collective investment</td>
<td>13 661 901</td>
<td>34 606 691</td>
<td>48 268 602</td>
<td>15 189 486</td>
<td>34 606 691</td>
<td>50 796 182</td>
</tr>
<tr>
<td>Property and plant</td>
<td>3 074 306</td>
<td>5 061 246</td>
<td>8 135 552</td>
<td>3 074 306</td>
<td>5 061 246</td>
<td>8 135 552</td>
</tr>
<tr>
<td>Derivative instruments</td>
<td>6 259</td>
<td>6 608</td>
<td>12 867</td>
<td>6 259</td>
<td>6 608</td>
<td>12 867</td>
</tr>
<tr>
<td>Investments in associated companies</td>
<td>6 510 714</td>
<td>2 498 498</td>
<td>9 009 212</td>
<td>6 510 714</td>
<td>2 498 498</td>
<td>9 009 212</td>
</tr>
<tr>
<td>Total</td>
<td>113 461 547</td>
<td>123 940 956</td>
<td>237 402 503</td>
<td>118 080</td>
<td>41 572 565</td>
<td>535 653 145</td>
</tr>
</tbody>
</table>

4. BENEFITS
4.1 BENEFITS – CURRENT MEMBERS

<table>
<thead>
<tr>
<th></th>
<th>R'000</th>
<th>R'000</th>
<th>R'000</th>
<th>R'000</th>
<th>R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly pensions</td>
<td>49 611</td>
<td>5 363</td>
<td>2 422</td>
<td>5 796</td>
<td>5 991</td>
</tr>
<tr>
<td>Lump sums on retirement</td>
<td>3 234</td>
<td>959</td>
<td>4 193</td>
<td>12 723</td>
<td>13 956</td>
</tr>
<tr>
<td>Divorce benefits</td>
<td>13 608</td>
<td>907</td>
<td>14 515</td>
<td>18 523</td>
<td>33 038</td>
</tr>
<tr>
<td>Total</td>
<td>86 453</td>
<td>20 223</td>
<td>108 676</td>
<td>33 251</td>
<td>141 927</td>
</tr>
</tbody>
</table>

5. FOREIGN EXCHANGE AND RATES OF EXCHANGE

<table>
<thead>
<tr>
<th></th>
<th>R'000</th>
<th>R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>15 579 375</td>
<td>20 428 345</td>
</tr>
</tbody>
</table>

6. STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

<table>
<thead>
<tr>
<th></th>
<th>R'000</th>
<th>R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>237 402 503</td>
<td>535 653 145</td>
</tr>
</tbody>
</table>
8. RELATED PARTY TRANSACTIONS

During the current financial period, 30% of the Chief Executive’s remuneration amounting to R2 092 000 (2018: R2 330 000) was allocated to his/her duties as the Principal Officer.

The Employer appointed Board members of the Fund to make contributions to the Fund and receive benefits in line with the Rules of the Fund.

During the financial year, trustee remuneration and related expenses amounting to R8.8 million (2018: R6.6 million) were incurred in respect of all trustees. The employer-appointed trustee’s and outside experts’ remuneration was paid to the employer up until end October 2018, and thereafter paid to the individual trustees.

The following transactions between the participating employers and the Fund occurred during the year:

• The participating employers made contributions to the Fund for members’ retirement to the value of R2.4 billion (2018: R2.4 billion) and refunded R542 million medical aid contributions for pensioners
• The Fund holds investments in the participating employer to the value of R2.4 billion (2018: R2.3 billion)
• The participating employers had outstanding contributions of R301 million at year end (2018: R271 million). Eskom Holdings SOC Ltd for other expenses is owed R889 000 (2018: R986 000) by the Fund

The following transactions occurred between the Fund and its Board of Fund, outside experts and participating employers.

<table>
<thead>
<tr>
<th>Related party</th>
<th>Relationship</th>
<th>Description</th>
<th>2019 Transactions</th>
<th>2018 Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eskom Holdings SOC Ltd</td>
<td>Participating employer</td>
<td>Participating employer contributions to fund for employer-appointed trustees</td>
<td>1 006</td>
<td>1 341</td>
</tr>
<tr>
<td>Eskom Holdings SOC Ltd</td>
<td>Participating employer</td>
<td>Member contributions to fund for employer-appointed trustees</td>
<td>544</td>
<td>725</td>
</tr>
<tr>
<td>Board of Fund member</td>
<td>Pensioner elected trustees</td>
<td>Pension payments</td>
<td>2 721</td>
<td>2 594</td>
</tr>
<tr>
<td>Board of Fund member</td>
<td>Trustees</td>
<td>Trustee fees paid to individuals</td>
<td>3 925</td>
<td>2 073</td>
</tr>
<tr>
<td>Board of Fund member</td>
<td>Participating employer</td>
<td>Trustee fees paid to participating employer</td>
<td>598</td>
<td>1 807</td>
</tr>
<tr>
<td>Outside expert</td>
<td>Outside expert appointed by Board of Fund</td>
<td>Outside expert fees paid to Eskom Holdings SOC Ltd</td>
<td>119</td>
<td>107</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>10 831</td>
<td>10 405</td>
</tr>
</tbody>
</table>

The following transactions occurred between the participating employers and the Fund during the period:

<table>
<thead>
<tr>
<th>Participating employers</th>
<th>Contributions</th>
<th>Fund expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eskom Holdings SOC Ltd</td>
<td>2 212 595</td>
<td>541 994</td>
</tr>
<tr>
<td>Eskom Rotek Industries SOC Ltd</td>
<td>220 902</td>
<td>–</td>
</tr>
<tr>
<td>Eskom Pension and Provident Fund</td>
<td>9 692</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>2 443 189</td>
<td>541 994</td>
</tr>
</tbody>
</table>

The following transactions occurred between the Fund and its executive management during the year under review:

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration</td>
<td>2 343 615</td>
</tr>
<tr>
<td>Contributions to retirement fund</td>
<td>–</td>
</tr>
<tr>
<td>Bonus</td>
<td>3 937</td>
</tr>
<tr>
<td>Sign on bonus</td>
<td>882</td>
</tr>
<tr>
<td>Total amount contributed</td>
<td>10 498</td>
</tr>
</tbody>
</table>

Executive management transactions include the Principal Officer remuneration.
11. SIGNIFICANT MATTERS

10. SUBSEQUENT EVENTS

• On 30 September 2019 Mr Elias Masilela resigned from the Fund as an employer-appointed trustee.
• On 1 September 2019 Ms Linda Soga Mateza was appointed as the Principal Officer and Chief Executive of the Fund.
• On 29 July 2019, the Constitutional Court upheld the decision of the High Court on the GCEO matter. The Fund is accordingly in the process of taking legal action to enforce the judgement relating to the repayment of the amounts paid to him by the Fund.

The Fund is not aware of any material subsequent events that have taken place since the date of this report and the financial year except for the item detailed below:

• Five-year operating lease with Barra International LLC for data processing and reporting services relating to investment risk management; the lease expired in March 2020 with the Fund rolling over the lease for another five years.
• Eight-year operating lease with Maitland Group South Africa Limited for an investment administration system; the lease expires in June 2021
• Eight-year operating lease with Omni Plus Software and Global ASP Limited for software and remote processing services; the lease expires in June 2020

The Fund has the following operating leases in existence at or subsequent to year end:

<table>
<thead>
<tr>
<th>Type of Lease</th>
<th>Description</th>
<th>Lease Expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future minimum operating lease payments</td>
<td>Total 59 951</td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>29 826</td>
<td></td>
</tr>
<tr>
<td>Between one and five years</td>
<td>30 584</td>
<td></td>
</tr>
<tr>
<td>Over five years</td>
<td>1 541</td>
<td></td>
</tr>
</tbody>
</table>

11. BOARD OF FUND

11.1 PRINCIPAL OFFICER

The Principal Officer, who also serves as the Chief Executive of the Fund, resigned from 31 March 2019. The Board appointed the Chief Financial Officer as a Deputy Principal Officer from 1 May 2019 and as Acting Chief Executive from 1 April 2019 to 31 August 2019.

11.2 ELIGIBILITY OF EMPLOYEES TO PARTICIPATE AS MEMBERS OF THE FUND

The Rules define an ELIGIBLE EMPLOYEE as an employee who:

- At the date of joining a PENSIONER is an eligible employee who:
- At a temporary employment is an employee on the London office staff of the employer and:
- A lay-off is a lay-off in excess of 90 days.

The Rules further describe a TEMPORARY EMPLOYEES in terms of:

- A person who is appointed for a specific purpose and whose employment will end when that purpose has been accomplished, or who is appointed for a specific period and whose employment will end at the end of that period.

The Fund became aware of several former contract employees of Eskom, Eskom Rotek Industries and the Fund who have been admitted as members of the Fund. The legal advice received by the Fund indicated that fixed term contract employees do qualify as members of the Fund if the Fund paid either the employer or the employee the amount of the accrued benefit. The Fund was further advised of the options available to it in law to regularise the position with regards to employees of Eskom, Eskom Rotek Industries and the Fund who have been erroneously admitted as members of the Fund, which options included applying to court for a declaratory order settling the position of such ineligible employees and reversal of purported membership or contribution to the accounts of such ineligible employees.

The Fund has implemented reversal of purported membership by consent in respect of one former employee who elected the option and is in the process of formulating the requisite legal agreements for the reversal of the purported membership of another former employee. The Fund has filed a notice to withdraw in terms of Rule 28 of the Rules against another former employee who has previously disqualified the retention of its membership in terms of former Eskom Group (COS) Pensions Act.

11.3 FORMER ESKOM GROUP CHIEF EXECUTIVE OFFICER PENSION PAY-OUT

The former Eskom Group Chief Executive Officer (GCEO) was admitted to membership of the Fund with effect from 14 September 2015 on the basis of information received from Eskom indicating that he was a permanent executive employee in the “F” band. The Fund determined that the GCEO was a permanent executive employee in the “F” band and resigned a member of the Fund as it is not of the opinion that the rights of the former employee are impaired by the admission of the Fund. The GCEO was a material employee of Eskom who was paid a remuneration of more than R30 million per year. The GCEO’s employment contract was for a term of five years and the GCEO’s remuneration was calculated in terms of the ESKOM Remuneration Policy. The Board of Fund, acting in accordance with the requirements of the Financial Law of South Africa and the Constitution of the Fund, determined that the GCEO’s remuneration was excessive and that the GCEO was not entitled to membership of the Fund.

The GCEO’s eligibility for membership of the Fund was in light of new information indicating that he was employed on a fixed term contract of employment and subsequent retirement from the Fund was the subject of court proceedings brought by Solidarity, the DA and the EPPF. The court declared the GCEO ineligible for membership of the Fund in view of his fixed term contract of employment and further set aside the retirement from the Fund. It further directed him to repay the amounts paid to him by the Fund. The GCEO unsuccessfully sought leave to appeal the judgement of the High Court before the Supreme Court of Appeal and the Constitutional Court. The Board of Fund, acting in accordance with the requirements of the Financial Law of South Africa and the Constitution of the Fund, determined that the GCEO was not entitled to membership of the Fund.

The Eskom Group Chief Executive Officer (GCEO) was admitted to membership of the Fund with effect from 14 September 2015 on the basis of information received from Eskom indicating that he was a permanent executive employee in the “F” band. The Fund determined that the GCEO was a permanent executive employee in the “F” band and resigned a member of the Fund as it is not of the opinion that the rights of the former employee are impaired by the admission of the Fund. The GCEO was a material employee of Eskom who was paid a remuneration of more than R30 million per year. The GCEO’s employment contract was for a term of five years and the GCEO’s remuneration was calculated in terms of the ESKOM Remuneration Policy. The Board of Fund, acting in accordance with the requirements of the Financial Law of South Africa and the Constitution of the Fund, determined that the GCEO’s remuneration was excessive and that the GCEO was not entitled to membership of the Fund.

The GCEO’s eligibility for membership of the Fund was in light of new information indicating that he was employed on a fixed term contract of employment and subsequent retirement from the Fund was the subject of court proceedings brought by Solidarity, the DA and the EPPF. The court declared the GCEO ineligible for membership of the Fund in view of his fixed term contract of employment and further set aside the retirement from the Fund. It further directed him to repay the amounts paid to him by the Fund. The GCEO unsuccessfully sought leave to appeal the judgement of the High Court before the Supreme Court of Appeal and the Constitutional Court. The Board of Fund, acting in accordance with the requirements of the Financial Law of South Africa and the Constitution of the Fund, determined that the GCEO was not entitled to membership of the Fund.

The Board of Fund has been advised of the options available to it in law to regularise the position with regards to employees of Eskom, Eskom Rotek Industries and the Fund who have been erroneously admitted as members of the Fund, which options included applying to court for a declaratory order settling the position of such ineligible employees and reversal of purported membership or contribution to the accounts of such ineligible employees.

The Fund has implemented reversal of purported membership by consent in respect of one former employee who elected the option and is in the process of formulating the requisite legal agreements for the reversal of the purported membership of another former employee. The Fund has filed a notice to withdraw in terms of Rule 28 of the Rules against another former employee who has previously disqualified the retention of its membership in terms of former Eskom Group (COS) Pensions Act.

The Board of Fund, acting in accordance with the requirements of the Financial Law of South Africa and the Constitution of the Fund, determined that the GCEO was not entitled to membership of the Fund.

The GCEO’s eligibility for membership of the Fund was in light of new information indicating that he was employed on a fixed term contract of employment and subsequent retirement from the Fund was the subject of court proceedings brought by Solidarity, the DA and the EPPF. The court declared the GCEO ineligible for membership of the Fund in view of his fixed term contract of employment and further set aside the retirement from the Fund. It further directed him to repay the amounts paid to him by the Fund. The GCEO unsuccessfully sought leave to appeal the judgement of the High Court before the Supreme Court of Appeal and the Constitutional Court. The Board of Fund, acting in accordance with the requirements of the Financial Law of South Africa and the Constitution of the Fund, determined that the GCEO was not entitled to membership of the Fund.

11.4 BOARD OF FUND

On 19 November 2018 the Board of Fund made a decision on board remuneration without the Employer appointed Trustees declaring their interest in or recuse themselves from voting on the matter. On 7 October 2019 a special Board of Fund meeting was held to rescind the decision of 19 November 2018 and the resolution was passed in line with Fund Rule 4.1(14).
GLOSSARY OF TERMS

ALM Asset Liability Management
ARC Audit and Risk Committee
ASIF Application Service Provider
ATC Additional Variable Contributions
B-BBEE Broad-based Black Economic Empowerment
BSE Bond Exchange of South Africa
C4A Correct Asset Allocation
CE Chief Executive
CFO Chief Financial Officer
CIO Chief Investment Officer
CPI Consumer Price Index
D&G Defined benefit
DG Defined contribution
Eskom Eskom Holdings SOC Ltd
Exco Executive Committee
FSCA Financial Sector Conduct Authority
PASA Pension administration system
PFA Pension Funds Adjudicator
PPO Principal Officer
SAA Strategic Asset Allocation
SACCA South African Institute of Chartered Accountants
TOM Target Operating Model
IIRC International Integrated Reporting Council
ILBs Inflation-linked bonds
IMU Investment Management Unit
IT Information Technology
JSE Johannesburg Stock Exchange
KAR Learning and Development
PAS Pension administration system
PFA Pension Funds Adjudicator
PPO Principal Officer
PSP Protection of Personal Information Act No 4 of 2013
RFO Retirement Fund Operations
SAA Strategic Asset Allocation
SAMCA South African Institute of Chartered Accountants
TOM Target Operating Model

EXTERNAL ASSET MANAGERS

<table>
<thead>
<tr>
<th>Domestic</th>
<th>offshore Asset Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Investment Management Proprietary Limited</td>
<td>Asset Management Limited</td>
</tr>
<tr>
<td>Africa Capital Proprietary Limited</td>
<td>African Global Investors Gmbh</td>
</tr>
<tr>
<td>Asset Capital Partners Proprietary Limited</td>
<td>Alternative Group (sic)</td>
</tr>
<tr>
<td>Barclays Global Funds Managers Proprietary Limited</td>
<td>Black Rocks Investment Management (UK) Limited</td>
</tr>
<tr>
<td>Credit Capital Proprietary Limited</td>
<td>Deltics Capital Proprietary Limited</td>
</tr>
<tr>
<td>Credit Funds Managers Proprietary Limited</td>
<td>Dunit Asset Management Limited</td>
</tr>
<tr>
<td>Corrugated Funds Managers Proprietary Limited</td>
<td>Morgan Stanley Investment Management LLC</td>
</tr>
<tr>
<td>Everleaf Capital Proprietary Limited</td>
<td>Robeco Institutional Asset Management</td>
</tr>
<tr>
<td>First Avenue Investment Management Proprietary Limited</td>
<td>Sarantis Credit Asset Management LLC</td>
</tr>
<tr>
<td>First Avenue Asset Management Proprietary Limited</td>
<td>SEI Investments (Europe) Limited</td>
</tr>
<tr>
<td>Legacy Africa Funds Managers Proprietary Limited</td>
<td>State Street Global Advisors Limited</td>
</tr>
<tr>
<td>Madison Funds Managers Proprietary Limited</td>
<td>Vereda Asset Management LLP</td>
</tr>
<tr>
<td>Metall Capital Proprietary Limited</td>
<td>Western Asset Management Limited</td>
</tr>
<tr>
<td>Mergos Asset Management Proprietary Limited</td>
<td>Legato Partners Holdings (Value Capital Securities)</td>
</tr>
<tr>
<td>Mermos Asset Management Proprietary Limited</td>
<td>Western Fund Managers Proprietary Limited</td>
</tr>
<tr>
<td>Mergos Capital Management Proprietary Limited</td>
<td>Mergos Asset Management Proprietary Limited</td>
</tr>
<tr>
<td>Mermos Asset Management Proprietary Limited</td>
<td>Mergos Capital Management Proprietary Limited</td>
</tr>
<tr>
<td>Mergos Global Investment Group Proprietary Limited</td>
<td>Mergos Capital Management Proprietary Limited</td>
</tr>
<tr>
<td>Mergos Africa Asset Management Proprietary Limited</td>
<td>Mergos Capital Management Proprietary Limited</td>
</tr>
<tr>
<td>Mergos Street Limited</td>
<td>Mergos Capital Management Proprietary Limited</td>
</tr>
<tr>
<td>Institutional Asset Management B.V.</td>
<td>Mergos Capital Management Proprietary Limited</td>
</tr>
<tr>
<td>Sibeds Asset Management Proprietary Limited</td>
<td>Mergos Capital Management Proprietary Limited</td>
</tr>
<tr>
<td>Logan Partners Holdings (Value Capital Securities)</td>
<td>Mergos Capital Management Proprietary Limited</td>
</tr>
<tr>
<td>Western Fund Managers Proprietary Limited</td>
<td>Mergos Capital Management Proprietary Limited</td>
</tr>
</tbody>
</table>
### External Asset Managers

#### 12-Month Domestic Listed Equities Attribution to 30 June 2019

**Underweight outperformers (%)**

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMP</td>
<td>Impala Platinum Holdings Ltd</td>
<td>(0.32)</td>
<td>0.20</td>
</tr>
<tr>
<td>GFI</td>
<td>Gold Fields Inc</td>
<td>(0.29)</td>
<td>0.16</td>
</tr>
<tr>
<td>KIO</td>
<td>Kumba Iron Ore Ltd</td>
<td>(0.21)</td>
<td>0.15</td>
</tr>
<tr>
<td>SGL</td>
<td>Sibanye Gold Ltd</td>
<td>(0.20)</td>
<td>0.09</td>
</tr>
<tr>
<td>ANG</td>
<td>Anglogold Ashanti Ltd</td>
<td>(0.14)</td>
<td>0.08</td>
</tr>
</tbody>
</table>

**Overweight outperformers (%)**

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OMU</td>
<td>Old Mutual Ltd</td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td>RBP</td>
<td>Royal Bafokeng Platinum Ltd</td>
<td>0.16</td>
<td></td>
</tr>
<tr>
<td>AEL</td>
<td>Allied Electronics Corp Ltd Arasys</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>EXX</td>
<td>Exxaro Resources Ltd</td>
<td>0.09</td>
<td></td>
</tr>
<tr>
<td>DTC</td>
<td>Datatec Ltd</td>
<td>0.08</td>
<td></td>
</tr>
</tbody>
</table>

**Underweight underperformers (%)**

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCG</td>
<td>MultiChoice Group Ltd</td>
<td>0.37</td>
<td></td>
</tr>
<tr>
<td>SOL</td>
<td>Sasol Ltd</td>
<td>0.18</td>
<td></td>
</tr>
<tr>
<td>IPL</td>
<td>Imperial Holdings Ltd</td>
<td>0.17</td>
<td></td>
</tr>
<tr>
<td>SHP</td>
<td>Shoprite Holdings Ltd</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>SAP</td>
<td>Sappi Ltd</td>
<td>0.09</td>
<td></td>
</tr>
</tbody>
</table>

**Overweight underperformers (%)**

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BTI</td>
<td>British American Tobacco PLC</td>
<td>(0.17)</td>
<td></td>
</tr>
<tr>
<td>FF_AB</td>
<td>Fortress REIT Ltd</td>
<td>(0.09)</td>
<td></td>
</tr>
<tr>
<td>EMF</td>
<td>Emira Property Fund Ltd</td>
<td>(0.06)</td>
<td></td>
</tr>
<tr>
<td>IPF</td>
<td>Investec Property Fund Ltd</td>
<td>(0.05)</td>
<td></td>
</tr>
<tr>
<td>OCT</td>
<td>Octodec Investments Ltd</td>
<td>(0.03)</td>
<td></td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.80</td>
<td>1.22</td>
</tr>
</tbody>
</table>

#### 12-Month Domestic Listed Properties Attribution to 30 June 2019

**Underweight outperformers (%)**

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAP</td>
<td>Investec Australia Property Fund</td>
<td>(0.17)</td>
<td></td>
</tr>
<tr>
<td>RES</td>
<td>Resilient REIT Ltd</td>
<td>(0.09)</td>
<td></td>
</tr>
<tr>
<td>SSS</td>
<td>Stor-Age Property REIT Ltd</td>
<td>(0.09)</td>
<td></td>
</tr>
<tr>
<td>EMI</td>
<td>Emira Property Fund Ltd</td>
<td>(0.06)</td>
<td></td>
</tr>
<tr>
<td>IPF</td>
<td>Investec Property Fund Ltd</td>
<td>(0.05)</td>
<td></td>
</tr>
<tr>
<td>OCT</td>
<td>Octodec Investments Ltd</td>
<td>(0.03)</td>
<td></td>
</tr>
</tbody>
</table>

**Overweight outperformers (%)**

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RES</td>
<td>Resilient REIT Ltd</td>
<td>0.33</td>
<td></td>
</tr>
<tr>
<td>SSS</td>
<td>Stor-Age Property REIT Ltd</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>EMI</td>
<td>Emira Property Fund Ltd</td>
<td>0.24</td>
<td></td>
</tr>
<tr>
<td>IPF</td>
<td>Investec Property Fund Ltd</td>
<td>0.19</td>
<td></td>
</tr>
<tr>
<td>OCT</td>
<td>Octodec Investments Ltd</td>
<td>0.12</td>
<td></td>
</tr>
</tbody>
</table>

**Underweight underperformers (%)**

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITU</td>
<td>Intu Properties PLC</td>
<td>0.51</td>
<td></td>
</tr>
<tr>
<td>HMN</td>
<td>Hammerson PLC</td>
<td>(0.13)</td>
<td></td>
</tr>
<tr>
<td>RPL</td>
<td>REIT Property Fund Ltd</td>
<td>(0.10)</td>
<td></td>
</tr>
<tr>
<td>ATP</td>
<td>Attacq Ltd</td>
<td>(0.08)</td>
<td></td>
</tr>
<tr>
<td>DKT</td>
<td>Deka Property Fund Ltd</td>
<td>(0.04)</td>
<td></td>
</tr>
<tr>
<td>SAI</td>
<td>Safari Investments RSA Ltd</td>
<td>(0.03)</td>
<td></td>
</tr>
</tbody>
</table>

**Overweight underperformers (%)**

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITU</td>
<td>Intu Properties PLC</td>
<td>0.35</td>
<td></td>
</tr>
<tr>
<td>RPL</td>
<td>REIT Property Fund Ltd</td>
<td>0.30</td>
<td></td>
</tr>
<tr>
<td>ATP</td>
<td>Attacq Ltd</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>DKT</td>
<td>Deka Property Fund Ltd</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>SAI</td>
<td>Safari Investments RSA Ltd</td>
<td>0.03</td>
<td></td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.65</td>
<td>1.37</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Underweight (%)</th>
<th>Overweight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.07</td>
<td>1.87</td>
</tr>
</tbody>
</table>
FUND ADMINISTRATION

ESKOM PENSION AND PROVIDENT FUND
Fund registration number 12/8/564

REGISTERED OFFICE OF THE FUND

Isivuno House, EPPF Office Park
24 Georgian Crescent, Bryanston East, 2191

POSTAL ADDRESS
Private Bag X50, Bryanston, 2120, South Africa

CONTACT DETAILS
Telephone: +27 11 709 7400
Fax: +27 11 709 7554
Share Call/Toll-free: 0800 114 548

WEBSITE
www.eppf.co.za

BENEFIT ADMINISTRATOR
Self-administered

EXTERNAL AUDITORS
PricewaterhouseCoopers Incorporated
4 Lisbon Lane
Waterfall City
Johannesburg
2090

CO-SOURCED INTERNAL AUDITORS
SekelaXabiso CA Incorporated
Building I, 15 Forest Road
Waverley Office Park
Bramley, 2018

Ernst & Young Advisory Services Proprietary Limited
102 Rivonia Rd, Dennehof,
Sandton, 2196

ACTUARIES
Towers Watson Proprietary Limited
Private Bag X30, Rondebosch, 7701

94