



Eskom

Pension and Provident Fund

Annual Report for the year ended 30 June 2015



FORMULA FOR SUCCESS

The Formula for Success is the organisational 'blue print' or method for creating and establishing the desired DNA of an organisation. This DNA defines the culture and standard by which the organisation has chosen to operate and every stakeholder in that organisation will then live and breathe that blue print to ensure success.

The Formula has been defined through a collaborative and participative process and staff worked collectively to discover the core inspirational DNA of the Eskom Pension and Provident Fund ('the Fund'). Through this process of discovery, the Fund defined its culture, strategy, identity, differentiators, people qualities and how it will deliver on its strategic objectives to its internal and external clients, to maximise its success for the years to come.

The Formula responds to the following questions in order to define the Fund's blue print for success:

- (a) What does the Fund stand for?
- (b) How can the Fund staff streamline and simplify its services in order to impress and exceed the expectations of their internal and external customers?
- (c) How does the Fund staff provide truly superior experiences?
- (d) What drives the Fund's business positively?
- (e) What inhibits the Fund's success?

The Formula is presented as a visual mathematical formula comprising of eight "Top-line Enablers" and eight "Bottom-line Disablers", where each enabler and disabler is represented by a unique icon. The "Top-line Enablers" articulate those values and habits which the Fund strives to do more of, and the "Bottom-line Disablers" articulate the values and habits that are to be avoided in order to achieve the Fund's Formula for Success.

In the year in review, the Fund highlighted the top-line enablers as the focus area, as it strived to attain and maintain the desired valves and habits.



Integrity, honesty and respect



Teamwork and collaboration



Compliance and governance



Attract, develop and retain talent



Can do attitude



Outstanding customer focus



Proactive planning and organisation



Strong leadership and management



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NAVIGATION



PAGE REFERENCES

Refers readers to information elsewhere in this report



WEBSITE

Indicates that additional information is available on our website



FINANCIALS

Annual financial statements 2015

The integrated annual report is available on www.eppf.co.za
email investorenquiries@eppf.co.za

FUND HIGHLIGHTS



- Re-naming of the office park to “EPPF Office Park”. This is in line with our brand awareness strategy.

- The first Pension Fund in South Africa to implement a Risk Budgeting Framework.

- Successful implementation of a Risk Management System.



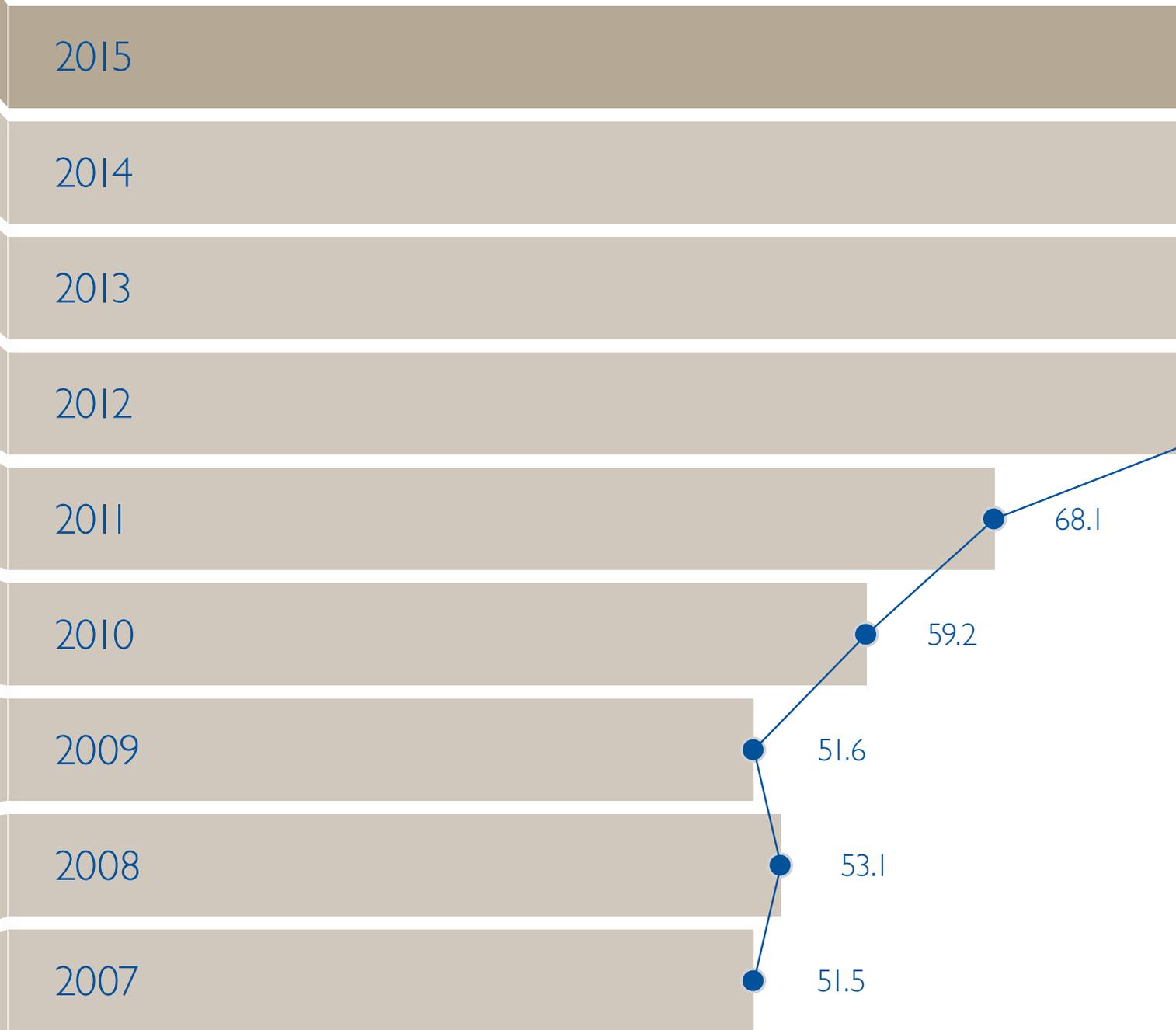
- Assets under management grew to R119.8 billion.

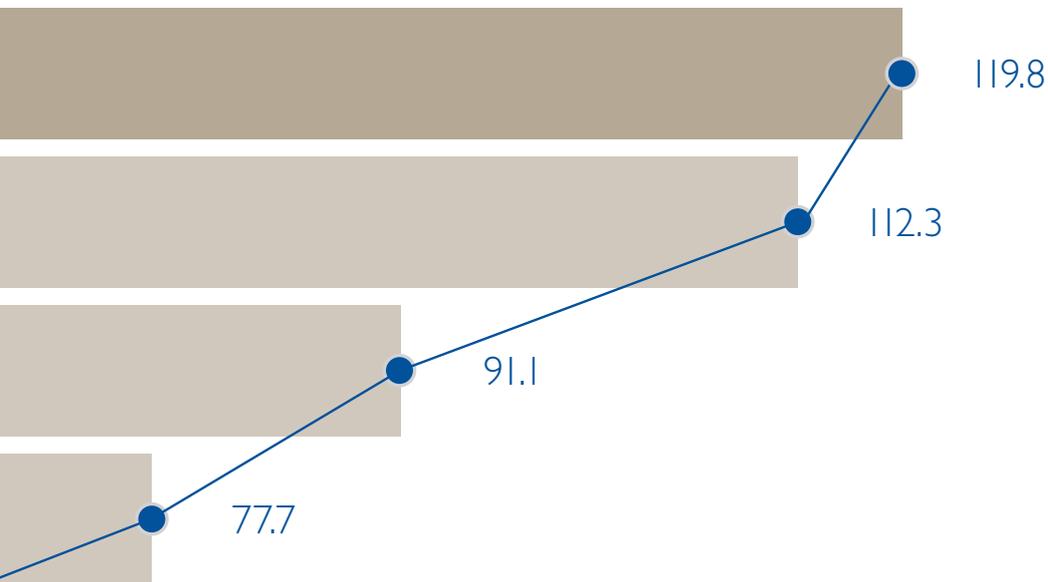
- R1.7 billion invested in Africa, excluding South Africa.

- Unclaimed benefits significantly reduced.

FUND ASSETS

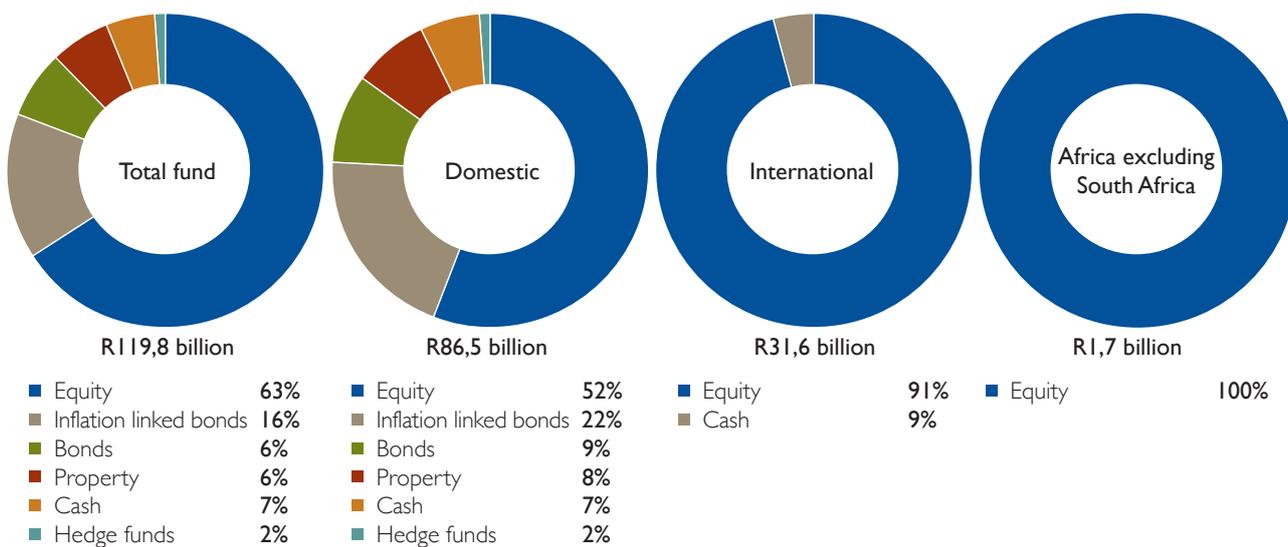
TOTAL ASSETS FOR THE NINE-YEAR PERIOD TO 30 JUNE 2015





*ASSET ALLOCATION

as at 30 June 2015



*The asset allocation outlined in this report is based on all-inclusive market values.
The asset allocation outlined in the Annual Financial Statements is based on clean market values.

CHAIRMAN'S REPORT



THE ESKOM PENSION AND PROVIDENT FUND STRIVES TO CONFORM TO THE GOVERNANCE PRINCIPLES CONTAINED IN THE CODE OF CORPORATE PRACTICES AS REFLECTED IN THE KING III REPORT AND CONFIRMS, THAT THE FUND HAS IN ALL MATERIAL ASPECTS, COMPLIED WHERE APPLICABLE WITH THE CODE'S PRINCIPLES FOR THE PERIOD UNDER REVIEW.

2015 CHAIRMAN'S REPORT

It is a great privilege for me to once again present to you, the Eskom Pension and Provident Fund's annual report for the financial year ended 30 June 2015.

The Fund continued to steer ahead steadily amid challenging economic and volatile investment market conditions that the last year presented.

On investment, we have posted positive investment returns for the year just below the annual target, however, returns remain healthy in the long term.

The proposed restructuring of the Fund is still unresolved, but the Fund remains committed to working towards some finality on the matter. The "hybrid" financial structure of the Fund, where the Fund has a Defined Benefit structure with a Defined Contribution financial underpin still remains a major risk over the long term even though measures to address this are still being sought by all stakeholders.

The Actuary of the Fund completed the statutory valuation as at 30 June 2015 and the results indicate that, the Fund is still financially sound.

This past year proved quite challenging for the Fund's investments. Nonetheless the Fund's investment strategy proved to be resilient as the assets grew to R119,8 billion as at 30 June 2015 from R112,3 billion at 30 June 2014. The investment return for the year under consideration, was 7,68% (2014: 25,3%); this was just below the Fund's target of inflation (CPI) plus 4,5% which was 9,24%. The longer term performance however, remained significantly strong exceeding its rolling targets over 3, 5 and 10 years, with the three year rolling return exceeding its target by 6,48%.

The membership base of the Fund (all categories) decreased marginally, closing the year at 84 748 (2014: 90 623). We expect the membership base to remain stable in the short to medium term as the large infrastructure programmes are still in progress at Eskom.



RESTRUCTURING OF THE FUND

The Board had previously accepted the recommendations of a special Joint Restructuring Task Team, a joint endeavour with Eskom, on the way forward with the proposed move towards a Defined Contribution (DC) option in the Fund.

The Joint Planning Committee with representatives of the Fund and Eskom, is continuing its preliminary planning work to introduce a DC option, however, the pace has not been as fast as previously anticipated due to the ongoing consultation still taking place at the employer/employee bargaining forum level.

We remain positive that finality will eventually be reached on this important aspect, which aims to deal with the long term sustainability of the Fund.

FINANCIAL PERFORMANCE OF THE FUND

The Fund continued to carefully navigate the volatile investment climate and the prudent investment strategies bore fruit both in the local and international markets.

The past financial year was particularly challenging as anticipated and communicated in the past but the Fund's return was still a positive 7,68% (2014: 25,3%), thus posting a moderate underperformance of -1,76% (2014: 14,39%) for the year compared to the target.

	Investment return	Assets under management	Three year rolling return
2015	7,68%	R119,8 bn	16,61%
2014	25,3%	R112,3 bn	18,71%

The table above shows the difficult market conditions that were experienced in the year under review, however, it is pleasing to see that the long term performance remains strong, demonstrating the long term nature and strength of our investment strategy.

As cautioned in the past we expect strong headwinds in the short to medium term of the investment cycle as the domestic and global economy is facing challenges with growth and therefore financial market performance.

The Fund continues to prudently invest and manage the associated risks. The asset liability modelling (ALM) exercise will be completed in the next financial year. This will enable the Fund to put appropriate investment strategies in place to manage the Fund's long term liabilities. On completion of the ALM study, the asset allocation will also be reviewed to ensure it remains appropriate.

VALUATION OF THE FUND

The Fund carried out its triennial statutory valuation as required by the Pension Funds Act. The results indicate that the Fund is still in a sound financial position in that the assets are adequate to cover the promised benefits (liabilities). The previous statutory valuation was carried out for the year ended 30 June 2012, at which point in time the Fund showed an actuarial surplus of 8% or R5,7 billion. The latest statutory valuation was carried out as at 30 June 2015, the results were that there was an actuarial surplus of 10% or R10,6 billion. This shows further improvement from the last statutory valuation. The valuation also highlighted a slight contribution shortfall versus the slight contribution surplus in the last statutory valuation.

The financial strength of the Fund depends on various factors such as the rate of salary increases granted by the employer, the mortality experience and the performance of the Fund's investments. This situation will continue until the issues around the structure of the Fund are resolved which, as mentioned, are well under way towards a lasting solution.

CHAIRMAN'S REPORT continued

The Board therefore has to remain focused on ensuring that the long term stability and solvency is carefully managed by taking into account the future sustainability of the Fund as it steers the Fund forward.

PENSION INCREASES AND BONUSES

It is pleasing to report that the Board was able to grant a pension increase that was above the rate of inflation yet again for 1 January 2015, having taken into account the preceding year's financial health of the Fund as well as investment performance.

The pension increase that was granted with effect from 1 January 2015 was a general across-the-board increase of 6,5% (2014: 7%) while the Board was once again in a position to approve the payment of an annual discretionary bonus to pensioners.

The Board continues to strive to grant increases that assist the pensioners to counter the effects of inflation on earnings and was fortunate that the Fund was able to afford increases above the inflation target (CPI) for the past four years. In addition, an annual discretionary bonus was also declared. The Board hopes that this has gone some way in alleviating some of the financial strain experienced by pensioners on a yearly basis.

As the Board needs to always balance granting of increases and bonuses with affordability and taking into account the long term financial soundness of the Fund, it is to be noted that it may not be possible to grant similar increases and bonuses (if at all) in future.

Taking into account the investment market outlook, the period ahead looks challenging and therefore this will have an impact when considering future increases.

GOVERNANCE AND MANAGEMENT

The Board continues to improve and review issues of governance and continues to strive towards maintaining the highest standard of corporate governance. Based on the principles contained in industry guidelines, for example Pension Fund Circulars, the King III Report on Corporate Governance in South Africa and various other guidelines, the Board and its committees continued to perform well and have coped with the increased demands brought about by special projects and other responsibilities.

The term of the current Board will end on 31 May 2016. The process of electing and preparing to appoint the new Board that will begin its term on 1 June 2016 has begun in earnest.

I'd like to thank all members and pensioners for participating in this important aspect and ensuring that they have a say in the governance of the Fund.

STRATEGIC FOCUS

The ultimate strategic focus of the Fund remains that of long term sustainability and honouring the promised benefits to members and pensioners. All that we do is anchored on this important objective.

In the past, few years the Fund had embarked on a technology transformation project called the IT Roadmap. With this project largely implemented, the focus is now on embedding the new systems and processes as well as ensuring that the anticipated benefits are realised.

The Fund is also implementing an investment risk budgeting framework. The purpose of this framework is to capacitate the investment management unit with intelligent tools to manage the investments

of the Fund. Having grown over the years as well as the sophistication of the investment markets both locally and globally, there had been a need for the Fund to be capacitated appropriately to manage the many risks prevalent in the market place.

This year, the Fund renamed the office park in Bryanston from Hampton Park South, to EPPF Office Park. This was in line with the Fund's branding identity and communication objectives of accessibility and serving our stakeholders. We however, remain in the location as before.

In terms of general governance and compliance, I also wish to take this opportunity to thank the Fund's management and staff for working tirelessly in supporting the Board in meeting its mandate, while enhancing our compliance with all regulations and relevant legal requirements.

ECONOMIC TRANSFORMATION

The Fund continues to pursue its strategic objective to support national economic transformation through selective investments in Developmental Impact and Broad-Based Black Economic Empowerment instruments without compromising the principle of achieving risk adjusted investment returns.

During the year under review black-owned asset management companies, managed assets worth R22,0 billion. This represents about 55% (2014: 47%) of funds managed by all domestic external investment managers. It is pleasing to report that this initiative has yielded impressive results with some of the black asset managers being among the top performers for the past year.

The Fund continues to look for high impact developmental investments in the identified focus areas of health, small and medium enterprise development, infrastructure developments and renewable energy among others. Preference is given to appropriate opportunities in previously underserved areas.

The Fund continues to support the United Nations Principles for Responsible Investing (UNPRI). UNPRI encourages funds to become responsible investors by taking environmental, social and governance (ESG) issues into consideration when making investment decisions. The Fund is also a signatory to the local Code for Responsible Investing in South Africa (CRISA).

As long term responsible investors we take a keen interest in the companies we invest in. As a result we actively engage and vote at meetings of companies we are shareholders of.

ACKNOWLEDGEMENTS

My sincere gratitude goes to the colleagues I serve with on the Board. They have shown commitment and dedication to the many responsibilities and demands placed on them by the Fund. I am encouraged by their dedication to the work both of the Board and various committees we serve. I appreciate the work of the Chairpersons of the various Board committees.

We continuously work with various stakeholders in the course of steering the Fund forward and their contribution does not go unnoticed. Among these are the asset managers, auditors, the actuary and other service providers who contribute in one way or the other to the success of the Fund. The Pension Funds Adjudicator and Financial Services Board has provided valuable counsel and input in the various interactions we have had over the years, we continue to appreciate their wise advice as we strive for excellence in serving our members and pensioners.

We continue to appreciate the contribution and cooperation received from the team at Eskom under the leadership of the Chief Executive, Mr Brian Molefe. I also thank management and the staff of the Fund under the leadership of the Chief Executive and Principal Officer, Mr Sbu Luthuli.

Wishing you all the best for the future.

Hlengani Mathebula

Chairman

13 November 2015



CHIEF EXECUTIVE'S REPORT

A JOURNEY TOWARDS BUILDING SOUTH AFRICA'S MOST ADMIRABLE PENSION FUND.

The financial year ending 30 June 2015 was characterised by difficult and volatile market conditions. Despite this challenging environment, the Fund continued with its journey of being a catalyst in the pension fund industry, by being the first pension fund in South Africa to implement a Risk Budgeting Framework. The Fund also commenced with the implementation of an investment risk management system.

During the year, the Fund renamed its office park to the "EPPF Office Park", in line with the brand awareness strategy of the Fund.

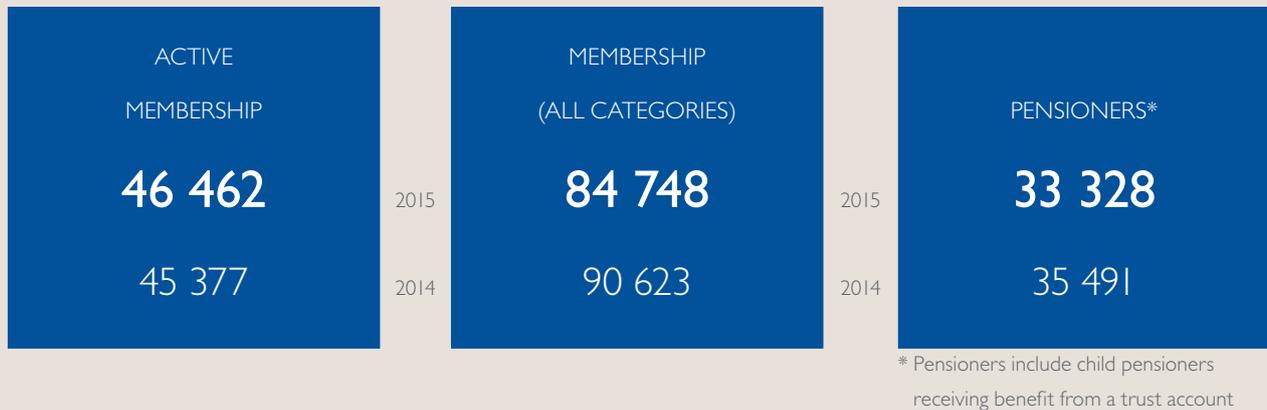
I believe our journey of building a truly outstanding Fund is on track.

ENVIRONMENTAL OVERVIEW

Economic Outlook

Investment markets continued to tick positively, despite the market (all assets) correction that we saw at the beginning of the fourth quarter of 2014 and the slight correction towards the end of June 2015. Following the end of the quantitative easing programme (QE3) in the United States of America, the market has been guessing as to when the Federal Reserve (the Fed) will begin raising US interest rates. This uncertainty has fuelled volatility in the global capital markets. This volatility was not kind to the emerging markets currencies, with the Rand hitting multi-year lows until the end of the financial year. The rand weakened against the US dollar from the levels of around R10.65 at the beginning of the financial year to levels above the R12.35 mark. The global markets expect the Fed to begin their monetary tightening cycle either in the last quarter of the 2015 calendar year or during the first quarter of 2016 and it is expected that the emerging market currencies will bear the brunt of the excess strength of the US dollar that comes with it. The rand could reach all-time lows when the Fed starts their tightening cycle.

The financial year to 30 June 2015 saw significant price declines for a number of global commodities including oil, iron ore, and platinum. Some of the price declines were driven by the softening demand from China as well as the geopolitical situation. The softening commodity prices have resulted in a more benign inflation during the second half of the 2015 financial year.



The recent hawkish tone from the South African Reserve Bank (SARB) towards the end of the financial year, regarding the base effects of Brent crude oil and the sliding Rand, resulted in the SARB raising interest rates by 25 basis points in July 2015. This is despite the June 2015 headline inflation being softer than anticipated. Going forward, with the elevated equity ratings and the possible rise in interest rates, there is no strong compelling reason for a stronger performance of risky assets.

The annualised asset class returns for the financial year to 30 June 2015 were as follows:

Asset class	1 year	3 years	5 years
SA Equities (SWIX)	10,2%	20,6%	19,9%
SA Bonds (ALBI)	8,2%	6,6%	9,1%
Cash (STeFI)	6,3%	5,7%	5,8%
Listed Property (SAPY)	27,0%	18,6%	20,5%
Global Equities (MSCI) in Rand	15,7%	30,3%	24,0%
Headline CPI	4,7%	5,6%	5,5%

Internal Environment

The membership base of the Fund (all categories), declined marginally, closing the year at 84 748 (2014: 90 623). The decrease can be attributed to the reduction in unclaimed benefits, as well as high death of pensioners experienced in the past year. However, active members continued to grow steadily from 45 377 to 46 462 at 30 June 2015. Assets under management grew from R91.1 billion to R119.8 billion over the past three years to 30 June 2015.

The financial year ending 30 June 2015 was an eventful and exciting year. Following the finalisation of the communications

research project, the Fund reviewed its communication and channel strategy. This resulted in the Fund enhancing its traditional communication methods by introducing electronic communication channels. The Fund renamed and rebranded its office park where it conducts business to "EPPF Office Park". This has enhanced the Fund's identity and image.

During the year, the Fund commenced with the plans for the upcoming Trustee Elections. Although the election process will only take place during the 2016 financial year, most of the planning has already taken place, including the appointment of an Independent Electoral Officer. The election process has for the first time in the history of the Fund been enhanced to include electronic voting.

Looking at the investment environment, the Fund is in the process of implementing a Risk Budgeting framework, significant progress has already been made towards laying the groundwork for the finalisation of this project. The Fund has already revised its Investment Policy Statement (IPS) to incorporate the Risk Budgeting principles. The implementation of a front office investment risk management system is in progress. The Fund has also commenced with the review of its Asset Liability Model.

During the financial year under review, the Fund completed an extensive process of reviewing its commutation and actuarial factors. The revised factors were approved by the Board. The implementation of these revised factors is planned for the 2016 financial year, after communication to all members.

CHIEF EXECUTIVE'S REPORT continued

The Financial Services Board (FSB) conducted a compliance audit on the Fund during the financial year ending 30 June 2015. Upon completion of this compliance audit, the FSB did not highlight any significant issues. This was testimony to the fact that the Fund is governed and managed in an efficient manner in accordance with the laws, regulations and rules.

Although not much progress can be reported on Fund restructuring, the issue continues to rank very high on the Board's agenda. Engagement with Eskom on this matter is ongoing.

KEY PRIORITIES FOR THE YEAR ENDING 30 JUNE 2015

The Fund had the following priorities as agreed to by the Board for the year ending 30 June 2015:

Key priorities	Weighting
Investment returns	45%
People development	10%
BBBEE	5%
Target operating model*	40%
*Optimise IT roadmap	10%
*Channel strategy	10%
*Operational efficiency (processes, functions and location)	10%
*Fund restructuring (DB/DC)	10%

INVESTMENT PERFORMANCE

Of the total R119.8 billion of assets under management, the in-house Investment Management Unit manages in excess of R40 billion, which translates to more than a third of the Fund's assets, in equities, bonds and money market. The Fund ended the year with R119,8 billion in total assets under management and the above target investment returns under extremely challenging and difficult market conditions achieved over the past rolling three years continues to be testimony of the investment team's hard work.

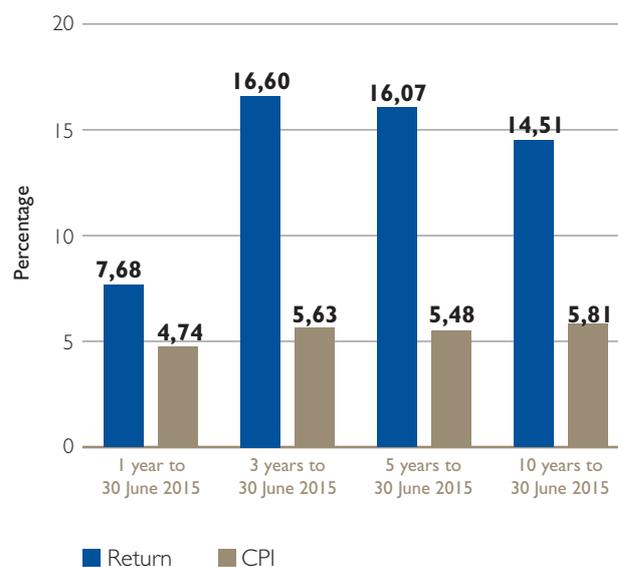
Investment Returns

The assets under management of the Fund grew from R112,3 billion (30 June 2014) to R119.8 billion over the financial year ending 30 June 2015. This was in part due to gains from an extremely difficult and volatile market performance.

The primary investment objective of the Fund is to earn a net real Rand investment return of 4,5% per annum over the long term. For scorecard purposes, the performance evaluation is based on a rolling three-year period. However, markets are cyclical and a more meaningful assessment of the long-term performance can be derived from the five and ten-year rolling periods.

The investment return for the year to 30 June 2015 was 7,68%. This number compares favourably to the CPI of 4,74% for the same period, resulting in a positive real return of 2,94% for the year.

The Fund's investment returns over various periods are reflected below:



The Fund underperformed the targeted 4,5% return for the financial year ended 30 June 2015 by 1,76% but continued to outperform the target over a rolling three-year period by 6,48%.

The actual return achieved relative to the Strategic Asset Allocation benchmark return was as follows:

	%
Actual return	7,68
Strategic Asset Allocation benchmark return	10,17
Excess/(shortfall) return	(2,49)

The shortfall between the Actual Return and the Strategic Asset Allocation (SAA) benchmark return is due to the fact that the SAA benchmark assumes that the Fund was fully invested in the recommended Asset Classes for the full year while the Fund was still in the process of implementing the SAA. For example the SAA assumes the Fund held 0% Nominal Bonds and was fully invested in Inflation Linked Bonds for the full year, which was not the case. The SAA benchmark also assumes that the Fund had fully invested 5% of the assets in Africa.

Investment Strategy and Policies

The Fund reviews the Investment Policy Statement (IPS) annually, and during this year, the Fund reviewed and enhanced the IPS to incorporate the risk budgeting framework principles. Every three years the Fund also conducts a review of the Asset Liability Model (ALM). The exercise to review the ALM is in progress and is expected to result in an updated Strategic Asset Allocation (SAA). The Fund also approved the African Private Equity Strategy which refined the focus of the sub-Saharan Africa Private Equity Policy to focus on three main areas, namely, primary private equity fund commitments, co-investments, and direct secondary purchases.

As at financial year end, the allocation to the Rest of Africa Private Equity Portfolio had increased to R2,56 billion. The implementation of the Africa Strategy for the listed equity portfolio is well under way with disbursements to the selected managers almost complete.

The Fund's Strategic Asset Allocation (SAA) at 30 June 2015 compares as follows to the Actual Asset Allocation at 30 June 2014 and at 30 June 2015:

Asset class	Strategic allocation (Previous)	Strategic Asset allocation (New)	Actual Asset allocation 30 June 2014	*Actual Asset allocation 30 June 2015
Domestic				
Equities	45%	38,1%	42,5%	37,5%
Nominal bonds	10%	0%	6,7%	6,1%
Inflation-linked bonds	14%	25%	15,3%	16,0%
Property	10%	5%	5,8%	6,0%
Cash	2%	2%	4,4%	4,8%
Hedge Funds	–	–	0,8%	1,7%
International				
Offshore equities	15%	24,9%	23,6%	24,2%
Offshore bonds	–	–	–	–
Africa equities	3%	5%	–	1,4%
Offshore cash	1%	–	0,9%	2,3%
Total	100%	100%	100%	100%

*The asset allocation outlined in this report is based on all-inclusive market values

The asset allocation outlined in the Annual Financial Statements is based on clean market values.

Given the significant shift from the previous SAA to the new SAA, it is anticipated that it would take between 24 months and 30 months to fully align the portfolio.

The Fund tactically slowed the purchasing of the inflation linked bonds, due to the significant overpricing of inflation linked bonds in the South African market as a result of their restricted supply, and the price insensitive buying of these assets by particular insurance companies who are restructuring their portfolios in order to achieve an optimal asset mix for purposes of the Solvency Asset Management Programme to be implemented in 2016.

Responsible Investing

The Fund continues to subscribe to the principles of the United Nations Principles for Responsible Investment (UNPRI) and the Code for Responsible Investing in South Africa (CRISA). To facilitate this process the Fund has engaged an external service provider to provide the coordination of proxy voting and reporting services to ensure that the Fund honours its responsibilities as an active asset owner and incorporates economic, social and governance (ESG) issues into its policies and practices. The focus for the past financial

year was on executive remuneration and issues of governance like independence of Board members and attendance at meetings. The Fund was represented in the annual general meetings of most the companies it is a shareholder in and also engaged with the relevant companies directly where necessary.

Efficient Administration

Given the challenging and prevailing economic conditions, the Fund strives towards providing its stakeholders with quality service in a cost effective manner. This approach continued to be underpinned by a strong focus on cost management and streamlined operational excellence whilst not compromising on customer service.

Financial Management

The Finance Department consists mainly of three functions, namely, Payroll Accounting, Financial Accounting and Investment Administration services. This department had another year of issuing good Annual Financial Statements of the Fund. Finance is responsible for the coordinating role of both the external and internal auditors and their related activities.

CHIEF EXECUTIVE'S REPORT continued

The Finance team played a pivotal role in the implementation of the investment risk management system.

During this financial year, the team has upgraded the fixed assets register system and ensured that the monthly pensioner payrolls were always processed and paid on time.

The Finance Department participated extensively in the due diligence exercises namely:

- the appointment of new asset managers;
- the annual due diligence for existing asset managers; and
- reducing the fees of asset managers.

A summary of the Fund Administration costs for the year ended 30 June 2015 is provided below:

	Actual 2015 R'000	Actual 2014 R'000
Administration costs		
Personnel costs	88 050	61 928
Other Administration costs	69 572	62 186
Fund Administration	157 622	124 114

OPERATIONAL EXCELLENCE AND CUSTOMER SERVICE

Fund Operations

The Retirement Fund Operations (RFO) Department had an eventful year characterised by numerous challenges that had to be managed and addressed. The focus for the year was to continuously improve efficiencies and find better ways to improve processes.

Following the results of the communications research project, which had been commissioned during the previous year, the Fund has updated its Communications Strategy to address a number of the issues highlighted by the research. In addition, the Fund also launched a new and more interactive website with additional self-service features such as a calculator to enable members to calculate their own benefit estimates.

Subsequent to the end of the financial year under review, Mr Jerry Buthane, the Fund Retirement Fund Operations Manager resigned to pursue personal business interests. The Fund has subsequently appointed Mr Kishore Sankar in the position of Retirement Fund Operations Manager.

During the financial year under review, Retirement Fund Operations also managed to:

- Communicate with stakeholders through the regular newsletters, web-based communication and site visits as part of the mobile office initiative;

- conduct a website re-development. The Fund now has an interactive website; and
- significant progress was made in addressing the audit findings that had been raised during the implementation of OMNI system.

Human Resources

The Human Resources Department (HRD) played an important role during this financial year in supporting the organisation to deal with the constantly changing and challenging operating landscape.

During the year under review the HRD launched the Employee Self-service facilities. Employees are now able to receive their payslips electronically and the leave management service has also been automated. The Fund managed to achieve its employment equity targets in all categories except for the category of employees with disabilities.

As far as strengthening the management team was concerned, the Fund was able to fill the position of Corporate Secretariat amongst various other critical positions that had been vacant during the year under review. In addition, the second tier management team underwent a formal strategic management and development programme at the Wits Business School.

The Human Resources and Remuneration Committee continues to monitor the issue of succession planning within the Fund. A competency profile has been developed for the role of the Chief Executive to assist in targeting development areas for succession candidates.

Following the launch of the EPPF Formula for Success, the Fund continued to conduct quarterly surveys to measure how well the organisation was upholding its Formula for Success called Blu Print. The results of the survey indicate that the Fund is progressing well in doing more of the enablers.

Legal and Technical Services

The Legal and Technical Services Department went through turbulent times during the previous financial year which resulted in the departure of both the Head of the department and the legal advisor.

In order to address these shortcomings, the Fund has re-capacitated the department with two legal advisors and subsequent to year end, combined the legal function with corporate secretariat.

The Protection of Personal Information Act (POPI) has been enacted. During the year the Fund under review, embarked on a process to identify gaps and improvements required to ensure that the Fund is able to comply with this legislation.

The Financial Services Board (FSB) published the principles for Treating Customers Fairly (TCF) for the Financial Services Sector. The FSB is in the process of developing pension fund specific guidelines for TCF, the legal department continues to monitor developments in this regard.

During the year, the Board revised the Fund rules. The legal department facilitated the submission of these revised rules to the FSB and liaised with the FSB to facilitate approval, as at the financial year-end the FSB had not yet approved the revised rules.

Risk and Compliance

Risk and Compliance continued to support the monitoring function of the Audit and Risk Committee and maintained the organisational risk register as well as monitoring compliance and risk management throughout the Fund. The Department participated extensively in the implementation of the investment risk management system.

As an important part of its overall risk and compliance monitoring mandate, the Risk and Compliance Department continued to monitor asset manager compliance against the signed mandates and instances of non-compliance were noted and corrective action has since been taken.

As part of the Fund's preventative initiative, training on ethics and fraud was conducted during the year to ensure that employees remain vigilant of the threats facing the Fund.

Risk and Compliance participated in the due diligence exercise for the appointment of the new asset managers and also participated in the annual due diligence of the existing asset managers. The risk register was also updated during the financial year under review.

During the year, the Risk and Compliance Manager continued to represent the Fund in various governance structures.

Information Technology

The implementation of the new Information Technology IT structure following the organisational design review and a skills audit exercise has been completed. A process is under way to review functions that are currently performed by external service providers with a view of performing these in-house. The outcome of this process may necessitate some enhancements in the IT department.

During the year, the IT Department was able to achieve the following initiatives:

- Website enhancement.
- Migration of the Data Centre.
- Developed an IT vendor management framework.

- Participated in the implementation of the investment risk management system.
 - Participated in the Upgrade of the Fixed Asset Register system.
- The IT Department also conducted the following activities to ensure *High Availability of IT* during the year:

- Implementation of a 4MB line.
- Upgrade of Board Packs.
- Maintenance of the internal environment (such as the help desk and Business Continuity).

Corporate Secretariat and Facilities Department

During May 2015, Ms Maseapo Kganedi joined the Fund as the Corporate Secretariat and Facilities Manager. During the financial year under review, the Department continued to provide support to the Board, its Committees and Management. Corporate Secretariat facilitated the smooth functioning of all committee meetings and ensured that the Board and all its structures adhered to stringent governance at all times.

During the year Corporate Secretariat facilitated the Occupational Health and Safety audit which was conducted on the Fund's premises. The Fund achieved a more than 90% compliance status. Corporate Secretariat facilitated a number of training and educational activities for the Trustees as part of the Learning and Development plans of the Board.

Strategy and Projects

During the financial year, the Project Management Office (PMO) continued to be involved in a monitoring and oversight capacity in all of the declared projects undertaken by the Fund. During the year the main thrust of the Fund's projects was focused on the implementation of Program Rigour (Investment risk management system) as well as the year-end Data Review project.

Subsequent to the financial year end, Mr Ben Steyn, the Fund's Strategic and Projects Manager retired from the Fund.

Black Economic Empowerment

The Fund continues to pride itself for being a champion and driver of Broad-Based Black Economic Empowerment in the Asset Management Industry as well as in its normal procurement activities. As at 30 June 2015, 55% of the Fund's domestic external mandates were allocated to Black Asset Managers. Black Asset Managers are defined in the Fund's policy as those having a minimum of 50% Black shareholding and 50% Black management. This is a slight improvement from the 47% achieved as at 30 June 2014.

More than 70% of the Fund's operational procurement spend was allocated to BBBEE compliant suppliers during this financial year.

CHIEF EXECUTIVE'S REPORT continued

Fund Restructuring

During this financial year the issue of introducing a Defined Contribution scheme continued to occupy the Board agenda. As a result of lack of progress in this matter, the Board sought legal advice on how the Fund could go about either increasing the contributions or reducing benefits should the Fund find itself in an adverse financial position. The legal opinion indicated that this would be a lengthy process, which would require consent from stakeholders.

The Board has subsequently suggested that a declaratory order should be considered to establish how this matter should be progressed.

STAKEHOLDER ENGAGEMENT

The Fund has continued to engage with its various stakeholders. A number of pensioner functions were arranged for the Fund to interact with the pensioners. The Fund has also embarked on an extensive communication drive to members and pensioners to create awareness on the upcoming Trustee Elections.

During the year under review, the FSB conducted a compliance audit on the Fund. The purpose of this audit is for the FSB to ensure that the Fund is governed and managed in compliance with the Pension Funds Act and in accordance with the Fund rules. The audit involved the FSB requesting a number of documentation from the Fund, followed by an engagement process with the Fund management and subsequently the Fund Board of Trustees. Following this audit, the FSB did not raise any significant issues. This serves as an indication that the Fund is governed and managed in a prudent and efficient manner.

The Board has approved the revised commutation and money purchase conversion factors. It is anticipated that these revised factors will be effective from 1 July 2016. In reviewing the factors, the Fund adopted a principle that the factors should be gender specific rather than the previous principle of unisex factors. The Board is currently considering the revised actuarial assumptions for the new factors. Communication to the members has commenced. Given the complex nature of this exercise and the associated risks, the Board will, during 2016 take stock of all the developments at that stage and evaluate whether or not the Fund should proceed as planned.

KEY PRIORITIES FOR 2016

The Board approved the following key priorities for the 2016 financial year.

Key priorities	Weighting (%)
Investment returns	45
People development	15
BBBEE	5
Target operation model*	35
*Embed and optimise IT roadmap	10
*Operational efficiency	15
*Fund restructuring (DB/DC)	10

*Target operation mode includes embedded and optimise IT Road map, operational efficiency an fund restructuring

CONCLUSION

The financial year ending 30 June 2015 has again presented the Fund with various challenges, but these challenges were met and the Fund emerged at the end of the financial year celebrating significant achievements in many areas.

It is anticipated that the future will continue to present challenges, but management is confident that the administration is well positioned to meet and deal with the challenges as they arise.

In conclusion I want to take this opportunity to thank the Board for the guidance they provided during this financial year under the leadership of the Chairman. I also want to thank my fellow executive members for the unwavering support they have continued to provide me in guiding the Fund through another tough and challenging but exciting year. I would also like to thank all EPPF staff for the commitment they have demonstrated in ensuring that the Fund enjoyed another successful year.

Sibusiso Luthuli
Chief Executive CA(SA)

13 November 2015



EPPF Office Park

Home of Eskom Pension
and Provident Fund

Officially opened by
Mr Hlangani Mathebula
Chairman of the Board
14 November 2014

CORPORATE GOVERNANCE

"THE REAL MECHANISM FOR CORPORATE GOVERNANCE IS THE ACTIVE INVOLVEMENT OF THE OWNERS."
LOUIS GERSTNER

CORPORATE PRACTICE AND CONDUCT

The Board of Trustees (BOT)

The Board of Trustees is comprised of 14 Trustees and constituted as follows:

- A non-executive Chairman appointed by Eskom subject to the approval of the Board of Trustees.
- Six Trustees appointed by Eskom, one of whom shall be deemed by Eskom to be an expert.
- Two Pensioner Trustees elected by pensioners.
- Five Member Trustees elected by members, of whom at least two Trustees shall be non-bargaining unit members, with the other three Trustees being elected from the labour organisations recognised by Eskom to be representing employees, provided that those Trustees elected from the said Labour organisations, not being members of the Fund.

The Board of Trustees represents individuals with diverse backgrounds, skills and experience. Each trustee adds value and brings independent judgement to bear on the Board's deliberations and decision-making processes, all in the best interest of the Fund's membership and stakeholders.

Term of office

The term of office for the Board of Trustees is four years. Trustees cannot serve for more than two consecutive terms of four years each.

Board of Trustees duties and responsibilities

Each individual Trustee and the Board of Trustees as a collective have a fiduciary duty to act in good faith, with due diligence and care, to avoid conflicts of interests and act with impartiality in respect of all its members and pensioners, being ultimately

accountable and responsible for the performance and affairs of the Fund. The Board is responsible for directing, controlling and overseeing the operations of the Fund in accordance with all laws applicable to the Fund, and in accordance with the Rules of the Fund. It further provides strategic guidance, direction and leadership, ensuring good corporate governance and ethics, determining policy, agreeing on performance criteria and delegating the detailed planning and implementation of policy and decisions to management.

Board of Trustees proceedings

The Board of Trustees is also responsible for managing a successful and productive relationship with Eskom and relevant stakeholders.

The Board of Trustees convenes at least once a quarter and monitors management's compliance with policy and its achievements against pre-determined objectives. Additional meetings may be called when issues arise that need to be resolved between scheduled meetings.

Four Board of Trustees meetings had been held during the period under review.

A structured approach is followed for delegation, reporting and accountability, which includes reliance on the established Board of Trustees Committees. The Chairman presides over the meetings of the Board, guides and monitors the input and contribution of the Trustees. The Board of Trustees has approved a Board Charter which forms part of the Fund's Governance Framework that provides guidance to the Trustees in the discharging of their duties and responsibilities. They also have unrestricted access to Fund information.



Board of Trustees and Committee performance evaluations

Performance evaluations of the Board of Trustees and its committees are done on a biannual basis. The Chief Executive is appraised by the Chairman of the Board of Trustees in consultation with the Trustees, whilst the Board of Trustees assesses the performance of the Chairman.

Board of Trustees and Committee members' fees and membership

Trustees and Committee members are compensated for their contribution to the Board and the committees on which they serve. The fee structure is reviewed on an annual basis with the membership of Committees being revised as and when a new Board of Trustees is appointed.

Board of Trustees and Committee member training

Trustee and Committee member training is considered vital to enable them to execute their fiduciary duties and responsibilities in a knowledgeable and confident manner.

Trustees and Committee members had attended a number of training sessions, conferences and seminars during the year under review.

Board of Trustees Committees

The Board of Trustees may establish committees that are responsive to the nature of the Fund's business, and which can help advance the Fund's business efficiently and may delegate authority to such committees. The Board of Trustees shall approve the terms of reference, lifespan, role and function of these committees.

The duties and responsibilities of the members of the committees are in addition to those duties and responsibilities that they have as Trustees.

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 must continue to exercise due care and judgement in accordance with their legal obligations.

The Board of Trustees has established five committees to assist the Board with the management of its affairs in a structured way.

Each committee operates within the ambit of its defined terms of reference and delegated authority as approved by the Board of Trustees who review the performance and effectiveness of these committees on a continuous basis.

As indicated, the Board of Trustees determines whether there is a requirement for a committee to be established to focus on a specific area(s) of the Fund's activities, which resulted in the following Board committees being constituted:

- Audit and Risk Committee
- Benefits Committee
- Human Resources and Remuneration Committee
- Strategic Investment Committee
- Legal and Technical Committee
- Medical Panel

Audit and Risk Committee (ARC)

The Audit and Risk Committee consists of six Trustees which includes the Chairman. Five Audit and Risk Committee meetings had been held during the 2015 financial year. Meetings are attended by the external and the internal auditors, the Chief Executive, Chief Financial Officer, Chief Investment Officer, Executive Manager Strategy and Projects, Information Technology Manager, and the Risk and Compliance Manager. Other members of staff attend by invitation.

External and internal auditors have unrestricted access to the Chairperson of this committee as well as to the Chairman of the Board of Trustees.

The committee is constituted as a committee of the Board of Trustees and serves in an advisory capacity thereto. It assists the Board of Trustees to discharge its duties relating to the safeguarding of Fund assets, monitoring the operation of systems and controls, review of financial information and the preparation of annual financial statements. It reviews the activities of internal audit, the function of which had been outsourced.

The committee is also responsible for the evaluation of the independence, objectivity and effectiveness of the external and internal auditors, as well as for the review of accounting and auditing concerns identified by the external and internal audit.

The committee assumes the responsibility for the governance of the Fund's Information Technology (IT), aligning it with the performance and sustainability objectives of the Fund.

Benefits Committee (BC)

The Benefits Committee consists of six Trustees inclusive of the Chairman.

CORPORATE GOVERNANCE continued

Six Benefits Committee meetings had been held during the 2015 financial year. Meetings are normally attended by the Chief Executive, Retirement Fund Operations Manager, Executive Manager Strategy and Projects, Legal and Corporate Secretariat Manager, Customer Services Manager as well as other members of staff who are invited to attend meetings from time to time.

The Benefits Committee is delegated the authority to oversee and direct the retirement fund operations on behalf of the Board of Trustees. It also considers and approves benefit payments as per the approved terms of reference of the committee.

Human Resources and Remuneration Committee (HRRC)

The Human Resources and Remuneration Committee consists of five Trustees and one external expert, including the Chairperson, with the Chief Executive and Human Resources Manager in attendance.

Five Human Resources and Remuneration Committee meetings had been held during the period under review.

The Human Resources and Remuneration Committee:

- recommends Human Resource policies and strategies for Board approval and monitors compliance with all relevant legislation, statutory requirements and best corporate practices;
- determines Executive Management remuneration and the remuneration policy framework and makes recommendations to the Board of Trustees in this regard; and
- ensures the Executive Management remuneration policy and practices are in accordance with best corporate practices.

Strategic Investment Committee (SIC)

The Strategic Investment Committee consists of five Trustees and six external experts which also includes the Chairman. Meetings are normally attended by the Chief Executive, Chief Financial Officer, Chief Investment Officer, Investment Multi-Manager and Risk and Compliance Manager.

Four Strategic Investment Committee meetings had been held during the 2015 financial year. The Strategic Investment Committee's key responsibility is to attend to the investment affairs of the Fund in accordance with the Fund's Rules, Investment Policy Statement and the relevant statutory requirements, e.g. Regulation 28 of the Pension Funds Act, No 24 of 1956.

Legal and Technical Committee (LTC)

The Legal and Technical Committee consists of five Trustees. The meetings are normally attended by the Chief Executive, Chief Financial Officer, Chief Investment Officer, Legal and Corporate Secretariat Manager and the Risk and Compliance Manager.

Four Legal and Technical Committee meetings had been held during the 2015 financial year. The Legal and Technical Committee is responsible for exercising the oversight role over the legal and technical affairs of the Fund in accordance with the Fund Rules and statutory requirements.

Medical Panel (MP)

The Medical Panel comprises of three independent medical practitioners, one Eskom Medical Advisor, who also has an alternate, as well as other members of staff who are invited to attend meetings from time to time.

The monthly Medical Panel meetings are chaired by one of the independent medical practitioners.

Eleven meetings of the Medical Panel were held during the 2015 financial year. The role of the Medical Panel is to, in accordance with the provisions stipulated in Rule 25(4) of the Fund Rules and all amendments thereto, assess the health condition of members of the Fund applying for ill-health retirement benefits and to make recommendations to the Benefits Committee and Board of Trustees on the status of these members.

Management committees

The following management committees are active in the Fund:

- Executive Committee
- Health and Safety Committee
- Information Technology Steering Committee
- Internal Investment Committee
- Procurement Committee
- Risk Management Committee
- Sub-committee of the Benefits Committee

Executive Management Committee (Exco)

The Exco comprises of the Chief Executive, Chief Financial Officer, Chief Investment Officer, Executive Manager Strategy and Projects, Retirement Fund Operations Manager, Information Technology Manager, Risk and Compliance Manager, Human Resources Manager and the Legal and Corporate Secretariat Manager.

The committee is chaired by the Chief Executive and meetings are held on a monthly basis with *ad hoc* meetings called when necessary.

The committee assists the Chief Executive in exercising executive oversight and is also responsible for ensuring the effective

management of the daily operations of the Fund.

Ten Exco meetings, excluding *ad hoc* and special meetings, were held in the 2015 financial year. The Exco is authorised to form management sub-committees and in particular administration committees, to assist with the execution of its duties. In exercising the powers and authorities delegated to it, Exco shall act in accordance with, and subject to, the directives and requirements as may be laid down from time to time by the Board of Trustees.

Health and Safety Committee (HAS)

The Health and Safety Committee consists of the Legal and Corporate Secretariat Manager, Facilities Manager, Principal Clerk: Corporate Services, Facilities Coordinator, Management Accountant, Legal Advisor and representatives from Human Resources and Risk and Compliance.

The committee is chaired by the Corporate Secretary and convenes on a quarterly basis.

Four Health and Safety Committee meetings were held in the 2015 financial year. The purpose of the committee is to initiate, promote, maintain and review measures of ensuring the health and safety of all employees of the Fund.

Information Technology Steering Committee (ITSC)

The IT Steering Committee consists of the Chief Financial Officer, Chief Investment Officer, Executive Manager Strategy and Projects, Retirement Fund Operations Manager, Risk and Compliance Manager, Information Technology Manager and an Outside Expert Member with other members of staff attending by invitation.

The committee is chaired by the Chief Financial Officer and convenes on a

quarterly basis with *ad hoc* meetings called as and when required.

Three IT Steering Committee meetings were held in the 2015 financial year. The primary focus of the committee is the promotion of improved communication and IT services and recognising the partnership(s) required for successful IT deployment in the Fund.

Procurement Committee (PC)

The Procurement Committee comprises the Chief Financial Officer, IT Manager, Risk and Compliance Manager and the Legal and Corporate Secretariat Manager.

It is chaired by the Chief Financial Officer with committee meetings being held at least every quarter.

Seven meetings of the Procurement Committee were held during the 2015 financial year. The committee is responsible for the promotion of good practice, transparency and ethical behaviour in the Fund's procurement activities in terms of the objectives of the Fund's Procurement and B-BBEE Policies.

Risk Management Committee (RMC)

The Risk Management Committee comprises of the Chief Executive, Chief Financial Officer, Chief Investment Officer, Risk and Compliance Manager, Executive Manager Strategy and Projects, Legal and Corporate Secretariat Manager, Retirement Fund Operations Manager, Information Technology Manager, one Board member and one internal audit member. It is chaired by the Chief Executive with committee meetings held on a quarterly basis.

Three meetings of the Risk Management Committee were held during the 2015 financial year. The committee is responsible for ensuring that an effective

and integrated risk management process is functional and maintained for the Fund.

Sub-committee of the Benefits Committee (SCBC)

The Sub-committee of the Benefits Committee comprises of the Chief Executive, Legal Advisor, Retirement Fund Operations Manager, Executive Manager Strategy and Projects and Benefits Processing Manager.

The sub-committee is chaired by the Chief Executive with meetings being held on a monthly basis.

Twelve meetings of the Sub-committee of Benefits Committee were held during the 2015 financial year. The sub-committee is responsible for approving advances on instalment lump sums registered with the Fund on behalf of the Benefits Committee and the Board of Trustees.

Internal Investment Committee (IIC)

The IIC is the management investment committee and comprises the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Risk and Compliance Manager and the Legal and Corporate Secretariat Manager

The Committee is chaired by the Chief Executive and meetings are held on a monthly basis.

The primary focus of the committee is the promotion of the improved investment decisions.

It is responsible for approving the recommendation to the Strategic Investment Committee (SIC) all investment deals and transactions of the Fund.

ACTIVE OWNERSHIP APPROACH

EXECUTIVE SUMMARY

The Fund recognises its fiduciary obligation to act as an *active and responsible owner* to safeguard and grow the Fund's assets in order to deliver sustainable long term performance to its beneficiaries. The EPPF recognises that environmental, social, and governance (ESG) issues have a material effect on the long term performance and sustainability of returns generated by the companies they are invested in. **Active ownership is a means of managing this risk and safeguarding the Fund's investments.**

Our responsible ownership approach

The Fund embraces an all-inclusive approach to responsible investing across its investments as opposed to a section of the portfolio. Responsible Investing to EPPF means, investing in a manner that takes into account the impact of its investments on wider society, and the natural environment today and into the future. It means integrating environmental, social and governance factors (ESG) into how its investments are managed.

Consistent to this responsible ownership strategy, in 2009/10 the Fund adopted revised Proxy Voting Policy and Guidelines to guide the discharge of its ownership obligations. Beginning of 2012 the Fund advanced its active ownership focus by adopting an Engagement Policy and a Focus Engagement Program for 2012. The engagement policy and programme completes the Fund's responsible investing approach in line with the UNPRI, to which the Fund became a signatory in 2010.

Proxy Voting and corporate engagement are the two legs of responsible ownership. This Annual Responsible Ownership Disclosure is a record of the Fund's active ownership activities for the financial year ending June 2015. The report, in conjunction with the quarterly Proxy Voting Reports and disclosures (Q1, Q2, Q3, Q4), are made in line with CRISA principle 5, which states: *"Institutional investors should be transparent about the content of their policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments."* and resonates with UNPRI principle 6: *"We will each report on our activities and progress towards implementing the principles."*

Policies, principles and processes

The Fund is a signatory to the UNPRI principles, which provide a framework for implementing its activities and processes. In line with Regulation 28, the overarching responsible investing goal is embedded in the Fund' Investment Policy Statement. The detailed Fund Proxy Voting Policy and Guidelines, along with the Engagement Policy set out the guidelines on the Fund's activities. Each year the Fund adopts a focused engagement programme as a means of evaluating and bench marking the impact and effect of its responsible investing efforts. The Engagement Programme: 2014/15 outlines the goals, activities, and objectives for the year under review.

UNPRI assessment

The UNPRI is used to benchmark and evaluate the Fund's responsible ownership program against global institutional investors. The six guiding principles provide a framework for the Fund to measure its responsible investing policies, programs and implementation against international peers. In 2015, the Fund participated in the UNPRI Assessment. The Fund continued to receive positive reviews from the assessment indicating the robustness of our responsible investing implementation.

Module	2014 Level	2015 Level	Change
01. Overarching approach Module	A	A	-
Indirect Modules			
02. Indirect Listed Equity	A	A+	⬆️
03. Indirect Fixed Income Corporate	NR	NR	-
04. Indirect Fixed Income Government	D	E	⬇️
05. Indirect Private Equity	NA	NA	-
06. Indirect Property	NA	D	-
07. Indirect Infrastructure	NA	NA	-
Direct and Active Ownership Modules			
08. Listed Equity Incorporation	B	E	⬇️
09. Listed Equity Active Ownership	B	B	-
10. Fixed Income Corporate	NA	NA	-
11. Fixed Income Government	D	E	⬇️
12. Private Equity	NR	C	-
13. Property	D	E	⬇️
14. Infrastructure	NA	E	-

Fig: 2015 UNPRI Assessment Scorecard

As shown above, the Fund continued to perform exceptionally well, scoring an aggregate A. This demonstrates the thoroughness of the Fund's responsible investing approach and implementation. In the core pillars of *active ownership*, the Fund scored a B in *engagement* and an A+ in *proxy voting*. This is a marked improvement from the last assessment and confirms the Fund's continued and improved approach to proxy voting and corporate engagement. Yearly the Fund reviews its proxy voting guidelines and corporate engagement program in line with prevailing ESG challenges and demands in its investments.

	2015 R'000	2014 R'000
OVERARCHING APPROACH A		
Non-current assets		
Externally managed	86,393,649	61,630,120
Listed equity A	2,612,584	-
Median score	498,850	126,053
Financial assets	12,460,252	7,141,359
	101,965,335	68,897,532

PROXY VOTING

EXECUTIVE SUMMARY

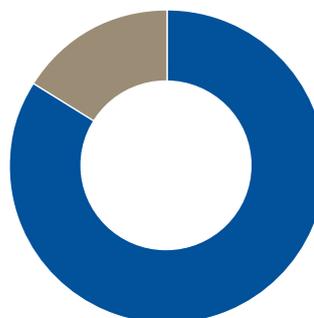
Quarterly highlights

This section outlines the Fund's proxy voting activities for the financial year ending 30 June 2015.

The Fund believes that active proxy voting is an essential part of our fiduciary and responsible ownership duty. Voting at companies' shareholder meetings is one of the key means by which the Fund exerts influence on companies it is invested in and exercises its fiduciary responsibilities. The Funds' proxy voting activities were guided by the *EPPF Proxy Voting Policy & Guidelines 2015*:

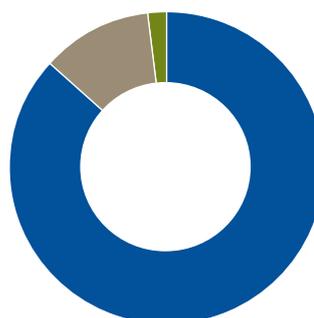
In keeping with the Fund's commitment to disclose its responsible investing activities, this report provides a detailed review and analysis of the Fund's activities in line with its Proxy Voting Policy & Guideline.

How the voted on all resolutions



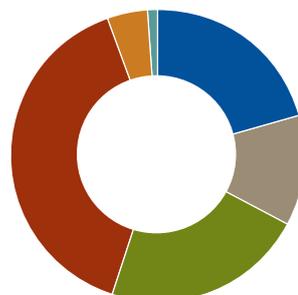
■ For	84%
■ Against	16%

Types of meetings voted on



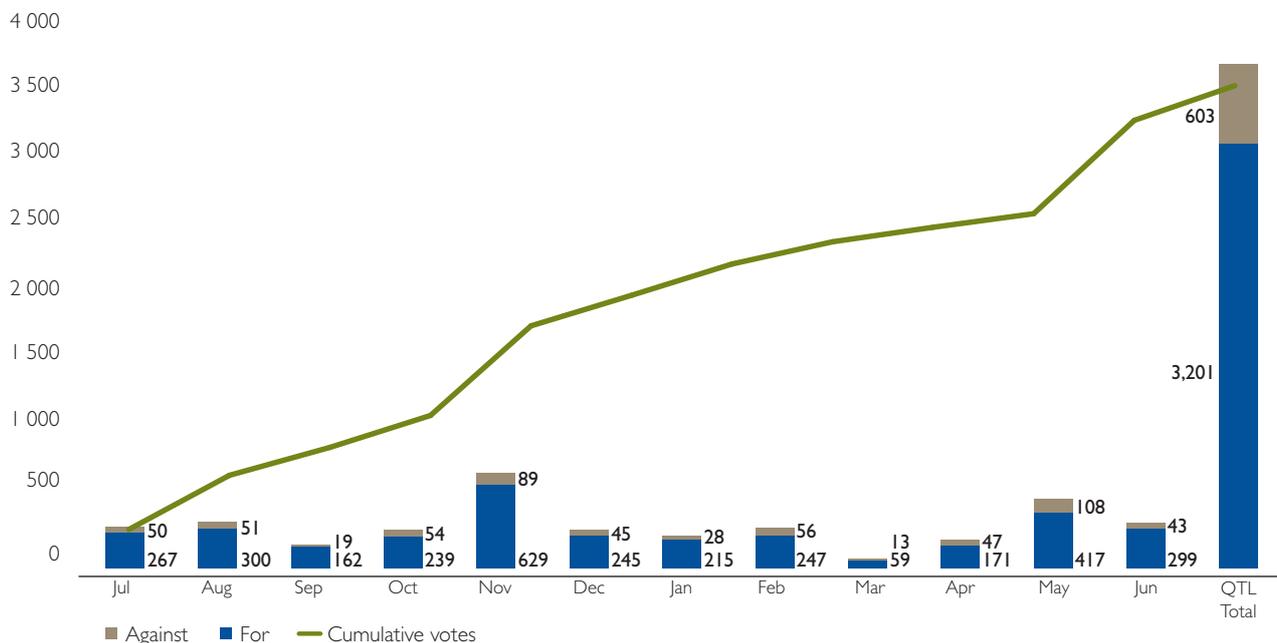
■ Annual General Meeting	86,7%
■ General Meeting	11,5%
■ Other	1,8%

Breakdown of the against vote



■ Remuneration	20,8%
■ Audit affairs	12,1%
■ Directors' affairs	22,3%
■ Capital structures	39,4%
■ Financial assistance	4,3%
■ Other	1,1%

The Fund's voting activity across the quarter



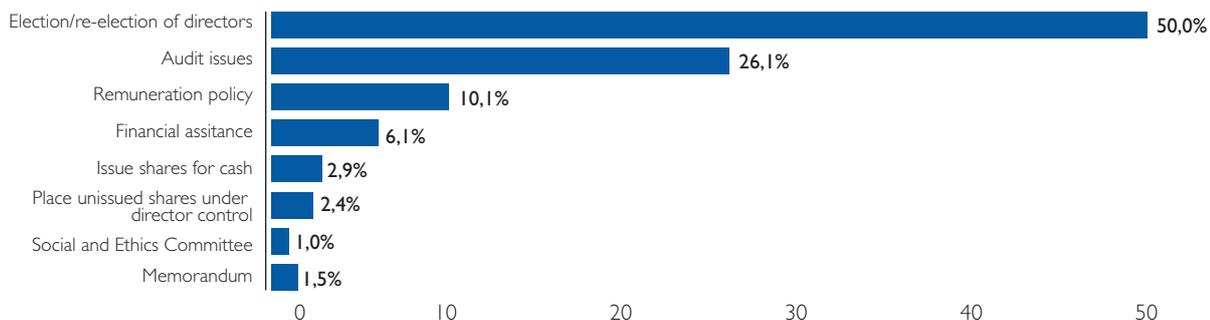
The Fund voted on **3,804 resolutions** for the year under review. It opposed **16%** of the resolutions and supported management in **84%** of the instances.

Against Vote

The Fund opposed resolutions on remuneration, audit affairs, director affairs, capital structure and financial assistance. Remuneration continued to be an active voting item with the Fund opposing excessive pay structures and remuneration policies that are not aligned to company performance.

Director-related resolutions dominated the voting period with 50% of the voting roll. Remuneration continued to feature highly on the agenda with 10,1% of the vote.

Voting themes

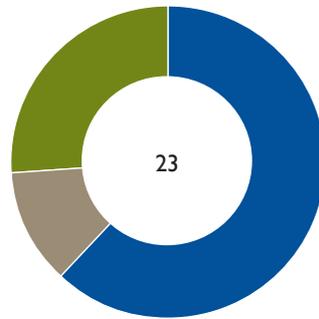


ENGAGEMENT

ENGAGEMENT SUMMARY AND HIGHLIGHTS

Annually, the Fund reviews its engagement programme and engagement focus areas. Executive remuneration, ESG risks in construction and mining sectors, and broad corporate governance weaknesses were the focus engagement areas for the year. The Fund participated in the following engagements in the year under review.

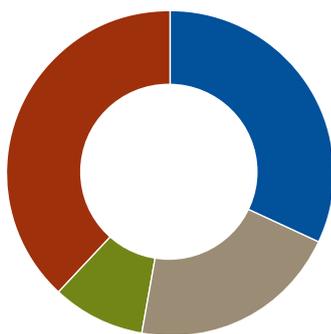
Participation of issues by the Fund



- Corporate governance issues 62%
- Environment issues 12%
- Social issues 26%

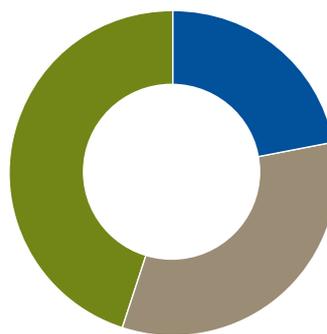
A total of **23** companies were engaged on a variety of ESG issues. Corporate governance issues relating to remuneration, board structure and independence constituted the majority of engagement (**62%**). **26%** of the issues raised were of a social nature while environmental issues made up with **12%**.

Corporate governance



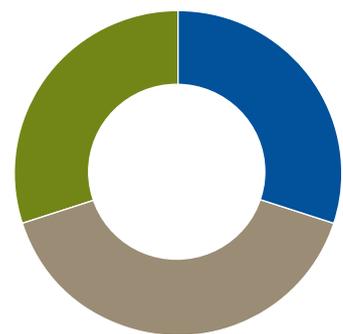
- Board affairs 32%
- Stakeholder issues 21%
- Shareholder affairs 9%
- Remuneration 38%

Social



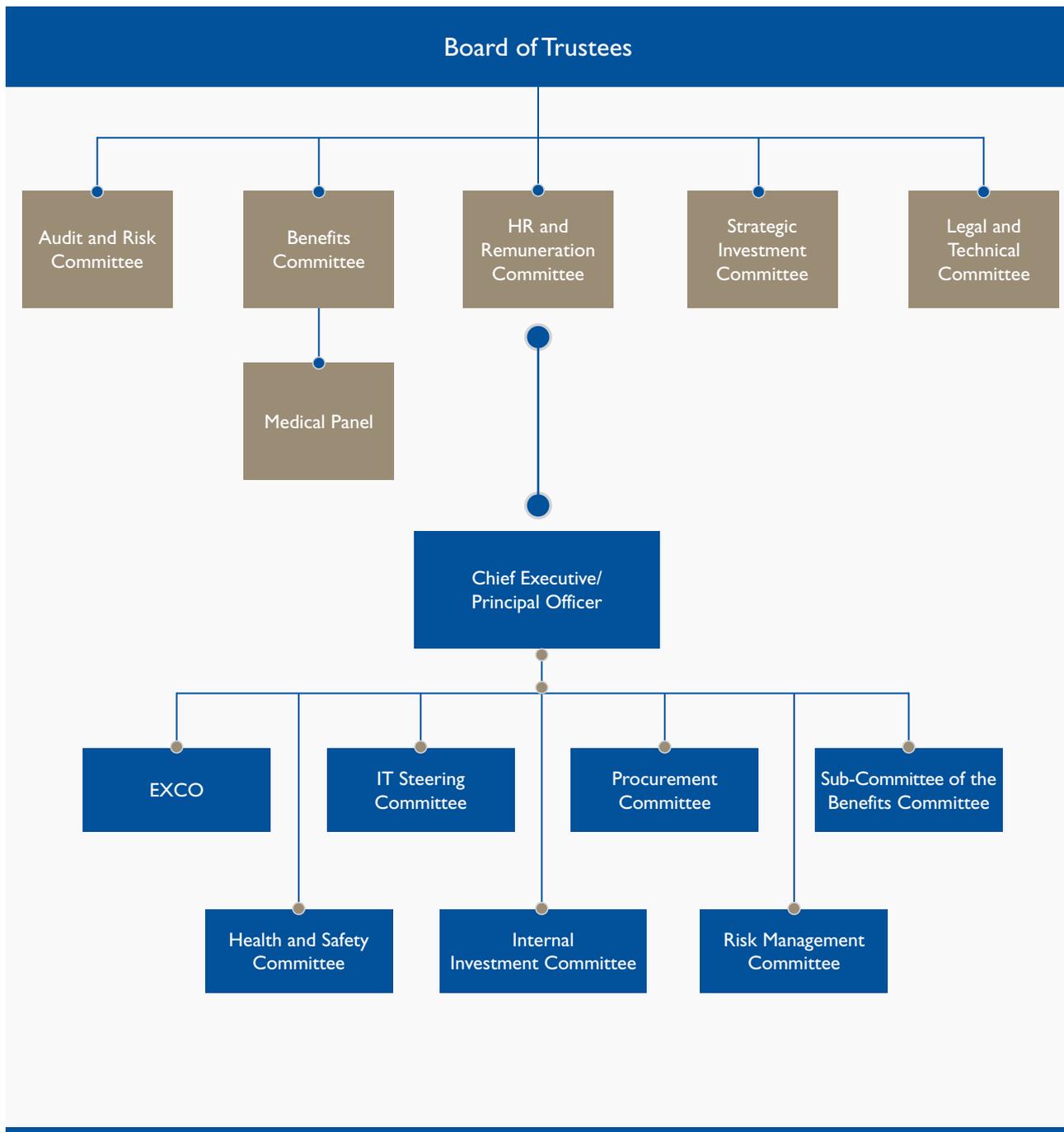
- BBBEE 22%
- Safety 33%
- Sustainability 45%

Environmental affairs



- Risk management 30%
- Disclosure 40%
- Sustainability 30%

BOARD OF TRUSTEES, BOARD AND MANAGEMENT COMMITTEES



BOARD OF TRUSTEES



01 MR HC MATHEBULA

Chief Officer: Strategy,
Communications and Enforcement
South African Revenue Service
Chairman of the Board
Strategic Investment Committee
(Chairman)
Elected: November 2010

02 MS JL KILANI CA(SA)

General Manager Group Tax
Eskom
Audit and Risk Committee
(Chairperson),
Human Resources and Remuneration
Committee (Member)
Elected: June 2012

03 MS SM MAMORARE

General Manager
Chief Learning Officer Eskom
Human Resources and Remuneration
Committee (Chairperson)
Benefits Committee (Member)
Elected: May 2010
Re-elected: June 2012

04 ADV NK TSHOLANKU

General Manager –
Legal and Compliance
Eskom
Legal and Technical Committee
(Chairperson)
Audit and Risk Committee (Member)
Strategic Investment Committee
(Member)
Elected: June 2008
Re-elected: June 2012

05 MS B SMITH CA(SA)

Internal Consulting
Eskom
Audit and Risk Committee (Member)
Strategic Investment Committee
(Member)
Legal and Technical Committee
(Member)
Elected: May 2010
Re-elected: June 2012

06 MR L MALEKA

Senior General Manager:
Distribution
Eskom
Audit and Risk Committee (Member)
Strategic Investment Committee
(Member)
Elected: June 2015

**07 MS LM KHANGALA**

Independent Trustee
Benefits Committee (Member),
Human Resources and Remuneration
Committee (Member)
Elected: June 2012

08 MR MM MOJAPELO

NUMSA Part – Time Shop Steward
Eskom
Benefits Committee (Chairman),
Strategic Investment Committee
(Member)
Elected: June 2012

09 DR WJ SWART PR ENG

Pensioner Elected
Benefits Committee (Member)
Elected: June 2008
Re-elected: June 2012

10 MR WE GREEN

Pensioner Elected
Audit and Risk Committee (Member)
Legal and Technical Committee
(Member)
Elected: June 2008
Re-elected: June 2012

11 MR GJ KRUGER

Financial Manager
Eskom
Audit and Risk Committee (Member)
Resigned: September 2015

12 MR D MACATHA

NUM – Treasury
General
Benefits Committee (Member)
Legal and Technical Committee
(Member)
Elected: June 2008
Re-elected: June 2012

13 MR IG SMITH

Shop Steward – Full Time Solidarity
Benefits Committee (Member),
Human Resources and Remuneration
Committee (Member)
Elected: June 2012

14 MS TF MADLALA

Office of the Chief Executive:
Assurance and Forensic
Project Manager (Pr Tech Eng)
Human Resources and Remuneration
Committee (Member)
Legal and Technical Committee
(Member)
Elected: June 2012



SUMMARY OF BENEFITS

THE BENEFITS REFLECTED BELOW ARE IN TERMS OF THE RULES OF THE FUND APPLIED IN THE 2015 FINANCIAL YEAR. THE RULES ARE REVIEWED BY THE BOARD AND REGISTERED BY THE FINANCIAL SERVICES BOARD AND APPROVED BY THE SOUTH AFRICAN REVENUE SERVICES FOR INCOME TAX PURPOSES. IN THE EVENT OF A CONFLICT BETWEEN THIS SUMMARY AND THE RULES OF THE FUND, THE RELEVANT PROVISIONS OF THE RULES WILL APPLY.

1. ELIGIBILITY CONDITIONS

All permanent employees of participating employers who are under the age of 65 are eligible for membership of the Fund.

2. RETIREMENT BENEFITS

2.1 Ill-health retirement

A member may retire at any age as a result of ill-health, provided that the Board approves a recommendation by the Medical panel in this regard. The benefit is calculated by making provision for a pension based on a member's pensionable emoluments and pensionable service accrued up to the actual retirement date plus 75% of the service that would have been completed from that date to the pensionable age.

2.2 Early retirement

A member may retire early after reaching age 55. The benefit is a pension calculated in terms of a pension formula, reduced by the penalty factor of 3,9% per year for each year before age 63.

2.3 Normal retirement

The compulsory retirement age is 65. However, members may retire early from age 63 without penalties, subject to the employer's conditions of service. The benefit is based on 2,17% of annual average pensionable emoluments over the last year before retirement, for each year of pensionable service.

2.4 Commutation

A member may commute up to one-third of his/her annual pension at the retirement date. The lump sum amount is calculated using fixed commutation factors. The remainder of the pension benefit will be used to pay a monthly pension to the pensioner for the rest of his/her life; and after his/her death, a reduced pension for the rest of the life of the remaining spouse.

3. PENSION INCREASES

Pensions are increased on 1 January each year in accordance with the Fund's Pension Increase Policy.

4. DEATH BENEFITS

4.1 Death before retirement

On the death of a member, a lump sum equal to twice the member's annual pensionable emoluments is payable and distributed in terms of the provisions of section 37C of the Pension Funds Act.

Plus

A widow/widower's pension of the first 60% of the member's potential pension is payable. The pension is calculated as if the member had remained in service and attained age 65, based on the current pensionable emoluments.

Plus

A child's pension of 30% of the pension to which the member would have been entitled if he/she had remained in service until the normal retirement date, in respect of a single eligible child. The children's pension will increase to 40% in respect of two or more eligible children.

If there are no spouse's or children's benefits payable, a benefit will be paid to the member's estate equal to the greater of:

- a lump sum equal to the member's annual pensionable emoluments;

Plus

- 10% of the final average pensionable emoluments per year of pensionable service

Or

Twice the member's annual pensionable emoluments.



4.2 Death after retirement

On the death of a pensioner, a lump sum equal to R3 000 is paid to the surviving spouse or the estate.

Plus

A pension to the surviving spouse/s equal to 60% of the deceased pensioner's pension at retirement before commutation, including any subsequent increases.

Plus

A further pension of 30% (one child) or 40% (two or more children) of the deceased pensioner's pension at retirement before commutation, including any subsequent increases, in respect of any eligible children.

But

If there is no spouse's pension payable, the percentage in respect of a single eligible child is increased to 60% of the deceased pensioner's pension at retirement before commutation, including any subsequent increases. For two or more children, the total percentage is increased to 100% of the deceased pensioner's pension at the time of retirement before commutation, including any subsequent increases.

And

If there are no spouse's or children's benefits payable, a benefit equal to the excess amount of the lump sum, as

specified below, over the total benefits paid to the pensioner until the time of death is paid to the estate. The lump sum comprises the following:

- A lump sum of R3,000

Plus

The greater of the two following calculations:

Twice the annual pensionable emoluments at retirement, less the pension benefits received since retirement;

Or

The annual pensionable emoluments at retirement plus 10% of the final average pensionable emoluments per year of pensionable service, less pension benefits already received.

4.3 Death of a deferred pensioner

The death benefit of a deferred pensioner differs materially from the above and interested parties can contact the Fund for more details.

5. WITHDRAWAL BENEFITS

5.1 Withdrawal due to voluntary resignation, abscondment or dismissal

In case of a withdrawal benefit due to resignation, abscondment or dismissal a cash benefit is payable. This is the prescribed minimum benefit in terms of the Pension Funds Second Amendment Act.

The benefit is the greater of:

First calculation: The capital value of the member's accumulated past contributions plus interest after December 2001. The interest rate must compare reasonably with the actual rate of investment return, net of fees and costs that the Fund has earned on its assets;

Or

Second calculation: The fair value pension which is the amount of the pension that a member has earned for past service up to the date of leaving the Fund, based on the member's pensionable emoluments at the date of leaving the Fund. The capital value of the amount is calculated using financial

assumptions, approved by the Registrar of Pension Funds.

5.2 Withdrawal due to retrenchment before age 50

In the event of a retrenchment, the benefit payable will be equal to the greater of:

- Either the two calculations in 5.1 above, or

Third calculation – In the event of a negotiated cash settlement or retrenchment of a member, a benefit of three times the member's own annual contributions becomes payable.

The Fund must then pay to the member the greater of the first, second or third calculations.

5.3 Withdrawal due to retrenchment after age 50

If a member has 10 years' continuous service, he/she qualifies to receive a pension instead of a lump sum benefit, as approved by the employer. The employer will compensate the Fund accordingly.

6. DEFERRED PENSION OPTION

A member may, instead of taking cash benefit, elect to become a deferred pensioner and may be granted a benefit equal to the actuarial value, as determined by the actuary, in respect of completed service.

The deferred benefit reverts to the deferred benefit scheme and may only be accessed from age 55.

7. CONTRIBUTION RATES

Most members contribute to the Fund at a rate of 7,3% of pensionable emoluments, except in the case of certain categories of members who still contribute at lower rates.

A member may undertake to pay additional voluntary contributions to the Fund for the purposes of adding such additional benefits as the Fund may determine.

The employer contributes at a rate of 13,5% of pensionable emoluments in respect of members.

EXECUTIVE MANAGEMENT



01 MR SIBUSISO LUTHULI CA(SA)

Chief Executive and Principal Officer

- BCom Accounting
- Postgraduate Diploma in Accounting
- Chartered Accountant (SA)

He joined the Fund in April 2010.

02 MS NOPASIKA LILA CA(SA)

Chief Financial Officer

- Chartered Accountant (SA)
- Postgraduate Certificate in Corporate Governance
- Higher Certificate in Financial Markets and Instruments
- Management Development Programme
- Leadership programme London Business School

She joined the Fund in December 2010.

03 MS FAGMEEDAH PETERSEN-LURIE

Chief Investment Officer

- Postgraduate Diploma (Management Practice)
- Bachelor of Business Science (Actuarial Science)
- Accredited Member of the Institute of Directors
- Certified Financial Planner

Fellow of the Actuarial Society of South Africa. Fellow of the Institute of Actuaries, United Kingdom

She joined the Fund in January 2014.

04 MR KISHORE JOEY SANKAR

Retirement Fund Operations

- B.Com. Management
- Masters in Information Technology
- Prince 2 and Information Technology Infrastructure Library (ITIL) Practitioner

He joined the Fund in July 2014.

05 MS SINIKIWE DUBE

Human Resources Manager

- BA Law and Industrial Sociology
- BA Hons. Industrial Sociology

She joined the Fund in August 2009.

**06 MS ANNIE MOSIANE**

Information Technology Manager

- BSc Appl. Comp. Sc.
- BSc Honours Appl. Comp. Sc.
- Management Development Programme

She joined the Fund in October 2002

She retired in December 2015.

07 MR BEN STEYN CFP®

Executive Manager Strategy and Projects

- BAdmin Hons
- MBA
- Postgraduate Diploma in Financial Planning
- Certified Financial Planner®

He joined the Fund in July 1999

He retired in August 2015.

09 MS MASEAPO KGANEDI

Legal and Corporate Secretariat Manager

- B. Proc. Degree
- LLB
- Diploma, Legislative Drafting
- LLM, Corporate Law
- Certificate in Corporate Governance

She joined the Fund in May 2015.

08 MR AYANDA GAQA CFP® CFE

Risk and Compliance Manager

- BTech, Internal Auditing
- Postgraduate Diploma in Financial Planning
- Certified Financial Planner®
- Compliance Practitioner
- Certified Fraud Examiner

He joined the Fund in July 2007.

Further information www.eppf.co.za



ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Eskom Pension and Provident Fund (“the Fund”) are the responsibility of the Board of Trustees. The Board of Trustees fulfills this responsibility by ensuring that the implementation and maintenance of accounting systems and practices are 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 34 to 47 have been prepared for communication purposes with limited disclosure compared to the regulatory financial statements, which are compiled in terms of the Regulatory Reporting Requirements for Retirement Funds in South Africa. The regulatory financial statements have been prepared and reported to the Financial Services Board. The summarised financial statements set out on pages 34 to 47 have been prepared in accordance with the principal accounting policies set out on page 38.

The regulatory financial statements have been reported on by the independent auditors, PricewaterhouseCoopers Inc. who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. In addition the independent auditors, PricewaterhouseCoopers Inc. reported on whether or not the summarised financial statements were derived from the regulatory financial statements. The Board of Trustees believes that all representations made to the independent auditors during their audit, were valid and appropriate.

The report of the independent auditors is represented on page 48.

These financial statements:

- were approved by the Board of Trustees on 13 November 2015;
- are certified by them to the best of their knowledge and belief to be correct;
- fairly represent the net assets of the Fund at 30 June 2015 as well as the results of its activities for the period then ended; and
- are signed on behalf of the Board of Trustees by the Chairman and two trustees.

STATISTICAL OVERVIEW

AT 30 JUNE 2015

INVESTMENT PERFORMANCE

DESCRIPTION	1 Year %	2 Years %	3 Years %	5 Years %	10 Years %
Interest-bearing	6.0	8.2	8.0	9.0	8.8
Equity	6.8	19.4	20.5	19.2	16.0
Property	29.2	17.7	18.7	19.6	20.1
Total assets	7.7	16.0	16.6	16.1	14.5

NET ASSETS (RM)

DESCRIPTION	2015		2014		2013		2012		2011	
		%		%		%		%		%
Interest-bearing	37,275	31,3	31,946	29	27,712	31	30,353	40	24,557	36
Equity	82,249	69,1	80,128	72	62,746	69	47,100	61	37,537	56
Property	286	0,2	259	0	655	1	318	0	5,993	9
Other	(729)	(0,6)	(528)	(1)	(871)	(1)	(834)	(1)	(599)	(1)
Net assets	119,081	100	111,805	100	90,242	100	76,937	100	67,488	100
Contributions received (Rm)	2,990		3,024		2,740		2,532		2,276	
Benefits awarded (Rm)	4,059		3,091		2,620		2,189		2,266	
Members (number)	46,462		45,377		45,715		44,258		41,808	
Pensioner (number)	33,328		35,491		34,823		34,771		34,294	
Ratio of members to pensioners	1,39		1,28		1,31		1,27		1,22	

Note: The number of pensioners include children receiving pensions.

STATEMENT OF NET ASSETS AND FUNDS

AT 30 JUNE 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets		119,813,128	112,336,631
Plant and equipment		3,492	3,153
Investments	1	119,809,636	112,333,478
Current assets		1,860,407	1,394,722
Accounts receivable		1,614,254	986,732
Contributions receivable	2	239,650	392,491
Cash at bank		6,503	15,499
Total assets		121,673,535	113,731,353
FUNDS AND LIABILITIES			
Funds and surplus account			
Accumulated funds		87,512,375	86,886,257
– Normal retirement		82,879,495	82,649,276
– Additional voluntary contribution scheme		452,513	401,897
– Performance bonus scheme		4,180,367	3,835,084
Reserves			
Reserve accounts		31,569,000	24,919,000
Total funds and reserves		119,081,375	111,805,257
Non-current liabilities		135,198	157,175
Unclaimed benefits		135,198	157,175
Current liabilities		2,456,962	1,768,921
Benefits payable		864,826	552,370
Transfers payable		17,239	–
Accounts payable		1,541,898	1,204,768
Accruals		32,999	11,783
Total funds and liabilities		121,673,535	113,731,353

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Normal retirement R'000	Additional voluntary contribution Scheme R'000	Performance Bonus Scheme R'000	Accumulated funds R'000	Reserve accounts R'000	Total 2015 R'000	Total 2014 R'000
Contributions received and accrued	2	2,899,404	24,473	65,677	2,989,554	–	2,989,554	3,023,925
Net investment income	3	8,478,159	–	–	8,478,159	–	8,478,159	21,776,545
Return allocated to schemes		(621,971)	59,901	562,070	–	–	–	–
Less:								
Administration expenses		(180,770)	–	–	(180,770)	–	(180,770)	(146,469)
Net income before transfers and benefits		10,591,849	84,374	627,747	11,286,943	–	11,286,943	24,654,001
Transfers and benefits		(3,818,820)	(18,267)	(221,600)	(4,058,687)	–	(4,058,687)	(3,090,716)
Transfers from other funds		–	5,433	–	5,433	–	5,433	60,848
Transfers to other funds		(175,949)	(1,630)	(24,901)	(202,480)	–	(202,480)	(155,208)
Benefits	4	(3,642,871)	(22,070)	(196,699)	(3,861,640)	–	(3,861,640)	(2,996,356)
Net income after transfers and benefits		6,756,002	66,107	406,147	7,228,256	–	7,228,256	21,563,285
Funds and reserves								
Balance at beginning of year		82,649,276	401,897	3,835,084	86,886,257	24,919,000	111,805,257	90,241,972
Transfer between accumulated funds		43,337	(15,541)	(27,796)	–	–	–	–
Unclaimed benefit adjustments		8,266	–	–	8,266	–	8,266	–
Prior period adjustments		72,614	50	(33,068)	39,596	–	39,596	–
Transfer between reserve accounts		(6,650,000)	–	–	(6,650,000)	6,650,000	–	–
Balance at end of year		82,879,495	452,513	4,180,367	87,512,375	31,569,000	119,081,375	111,805,257

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

PRINCIPAL ACCOUNTING POLICIES

The following are the principal accounting policies used by the Fund, which are, consistent with those of the previous period.

PURPOSE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The summarised annual financial statements were derived from the regulatory annual financial statements which were compiled in terms of the Regulatory Reporting Requirements for Retirement Funds in South Africa.

The purpose of the summarised annual financial statements is to give a broad overview of the financial position of the Fund without providing the level of detail as per the regulatory financial statements as indicated below:

- The summarised information contained in the statement of net assets and funds and notes thereto, reflects a snapshot view of the Fund's investments highlighting the different classes of assets held.
- The statement of changes in net assets and funds highlights return on investments for enhanced understanding and provide a summary of contributions received and benefits expensed for the financial year.

FINANCIAL INSTRUMENTS

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 arrangements become binding and is derecognised when the 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.

Financial instruments carried on the statement of net assets and funds, include cash and bank balances, investment, receivables and accounts payable.

Financial instruments are recognised on acquisition using trade date accounting, which includes transaction costs. Upon initial recognition financial instruments are designated at fair value through the statement of changes in net assets and funds as the assets or liabilities are managed, evaluated and reported internally on a fair value basis and/or the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

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

INVESTMENTS

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

Loans (other than housing loans) – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market other than those that the fund intends to sell in the short term or that is designated as at fair value through the statement of changes in net assets and funds. Loans and receivables are measured at amortised cost.

Debentures

Debentures comprise investments in listed and unlisted debentures.

Listed debentures

The fair value of listed debentures traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the statements of net assets and funds date.

Unlisted debentures

Unlisted debentures are financial assets with fixed or determinable payments and fixed maturity. Fair value is estimated using pricing models or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of the unlisted debenture.

Bills and bonds

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

Listed bills and bonds

The fair value of listed bills and bonds traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the statements of net assets and funds date.

Unlisted bills and bonds

A market yield is determined by using appropriate yields of existing bonds and bills that best fit the profile of the instrument being measured and based on the term to maturity of the instrument. 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.

Investment property

A property held for long-term yields or capital appreciation that is not occupied by the Fund is classified as investment property.

Investment properties comprise freehold land and buildings and are carried at fair value.

Investment properties are reflected at valuation on the basis of open-market fair value at the statement of net assets and funds date. If the open-market valuation information cannot be reliably determined; the fund uses alternative valuation method such as discounted cash flow projections or recent prices on active markets for transactions of similar nature. The fair values are the estimated amounts for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

The open-market fair value is determined annually by independent professional valuers.

Changes in fair value are recorded by the Fund in the statement of net changes in assets and funds.

Equities

Equity instruments consist of equities with primary listing on the JSE, equities with secondary listing on the JSE, foreign listed equities and unlisted equities.

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

Listed equities

Equity instruments are subsequently measured at fair value and the fair value adjustments are recognised in the statement of net changes in assets and funds. The fair value of equity instruments with standard terms and conditions and traded on active liquid markets is based on regulated exchange quoted ruling closing prices at the close of business on the last trading day on or before the statements of net assets and funds date.

Unlisted equities

If a quoted closing price is not available i.e. for unlisted instruments, the fair value is estimated using pricing models, or by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of equity instruments.

Specialist securities include:

(a) Preference shares

Listed preference shares

The fair value of listed preference shares traded on active liquid markets is based on regulated exchanged quoted ruling closing prices at the close of business on the last trading day on or before the statement of net assets and funds date.

Unlisted preference shares

In respect of unlisted preference shares, the fair value is determined by applying appropriate valuation techniques such as discounted cash flow analysis or recent arm's length market transactions in respect of preference shares.

(b) Exchange traded 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.

Insurance policies

Non-linked insurance policies

Non-linked insurance policies with insurers are valued on the basis of the policyholder's retrospective contribution to assets (i.e. accumulation at the actual investment return achieved on gross premiums).

Linked or market-related policies

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 of each policy, in line with the insurer's valuation practices.

Collective investment scheme

Investments in collective investment schemes are valued at fair value which is the quoted unit values, as derived by the collective investment scheme administrator with reference to the rules of each particular collective investment scheme, multiplied by the number of units.

Derivatives

Derivative market instruments consist of options, equity linked instruments, futures/forwards – SAFEX/foreign, currency swaps and interest rate swaps.

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 market prices in active markets, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities 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 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 evidence by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging)

NOTES TO THE FINANCIAL STATEMENTS

continued

based on a valuation technique whose variables include only data from observable markets.

Options

Options are valued using option pricing model.

Futures/forwards

The fair value of publicly traded derivatives is based on quoted closing prices for assets held or liabilities issued, and current offer prices for assets to be acquired and liabilities held.

Swaps

Swaps are valued by means of discounted cash flow models, using the swap curve from a regulated exchange (BESA) to discount fixed and variable rate cash flows, as well as to calculate implied forward rates used to determine the floating interest rate amounts. The net present values of the fixed leg and variable leg of the swap are offset to calculate the fair value of the swap.

INVESTMENT IN PARTICIPATING EMPLOYER

Investments in participating employer(s) comprise debentures.

CASH AND CASH EQUIVALENTS

Cash and cash 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 fair value.

RESERVES

Reserve accounts comprise particular amounts of designated income and expenses as set out in the rules of the Fund and are recognised in the period in which such income and expenses accrue to the Fund.

TRANSFER TO AND FROM THE FUND

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

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.

All the above transfers are measured at the values as per the section 14 application or the value of the transfer at effective date of transfer adjusted for investment return or late payment interest as guided by the application.

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

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.

ACCOUNTS PAYABLE

Accounts payable are financial liabilities measured initially at fair value, net of transaction costs that are directly attributable to the liability and subsequently measured at amortised cost using the effective interest rate method.

IMPAIRMENT

Asset impairment tests are applied annually to assets whose measurement basis is historic cost or historic 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. If the impairment loss for an asset exceeds the carrying value of the asset the excess is recognised as a provision.

The recoverable value is the higher of the asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal. Value in use is the present value of estimated future cash flows expected to flow from the continuing use of the asset and from 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 to that extent. The impairment reversal is applied in reverse order to the impairment loss.

PROVISIONS AND ACCRUALS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are 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 economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at

the statement of net assets and funds date, as determined by the judgement of the Board of Fund.

Accruals

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

Contingent liabilities

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 remote.

Contingent assets

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.

CONTRIBUTIONS

Contributions are measured at the fair value of the consideration received or receivable.

Contributions are accrued and recognised as income in accordance with the actuarial recommendations, and the rules of the retirement fund. Contributions received are apportioned between retirement funding and funding for risk and other expenses. The apportionment is governed by the rules of the Fund and actuarial recommendations.

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

Any known contributions outstanding at the end of the reporting period are recognised as a current asset – contributions receivable. Any contributions received in advance at the end of the reporting period are recognised as a current liability – accounts payable.

Interest charged on late payment of contributions

Compound interest on late payments or unpaid amounts and values shall be calculated for the period from the first day of the month following the expiration for the period in respect of which the relevant amounts or values are payable or transferable until the date of receipt by the fund.

RETURNS ALLOCATED TO SCHEMES

Interest allocated to the additional voluntary contribution and performance bonus schemes is at rates determined by the

Board of the Fund on the advice of the actuary. No expenses are presently allocated to these schemes as the rules of the Fund do not cater for this.

BENEFITS

Benefits payable and pensions are measured 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 period are recognised as a current liability – benefits payable.

INVESTMENT INCOME

Dividends

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. For financial assets designated at fair value through the statement of changes in net assets and funds, the dividend income forms part of the fair value adjustment.

Interest

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.

Rentals

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, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Property expenses shall be recognised in the statement of changes in net assets and funds under net investment income.

Collective investment schemes' distribution

Distribution from collective investment schemes are recognised when the right to receive payment is established.

Income from policies with insurance companies

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

Interest on late payment of contributions and/or loans and receivables

Interest on late payment of contributions and/or loans and receivables is accounted for in the statement of changes in net assets and funds using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

continued

Adjustment to fair value

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 period in which they arise.

Expenses incurred in managing investments

Expenses in respect of the management of investments are recognised as the service is rendered.

ADMINISTRATION EXPENSES

An expense is recognised if it is probable that any future economic benefit associated with the item will from the Fund and the item has a cost or value that can be measured with reliability.

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

In the event that an expense has not been paid at the end of a reporting period 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 disclosed under the accounts receivable note.

LEASES

Leases in which significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to the statement of changes in net assets and funds on a straight-line basis over the period of the lease.

ACCOUNTING POLICIES, CHANGING IN ACCOUNTING ESTIMATES AND ERRORS

The Fund applies adjustments arising from changes in accounting policies and errors prospectively. The adjustment relating to a change in the accounting policy or error is therefore recognised in the current and future periods affected by the change.

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 have been transactions between related parties, the Fund shall disclose the nature of the related party relationship as well as the following information for each related party relationship:

- the amount of the transactions;
- the amount of outstanding balances;
- their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;
- details of guarantees given or received;
- provisions for doubtful debts related to the amount of outstanding balances; and
- the expense recognised during the period in respect of bad or doubtful debts due from related parties.

PLANT AND EQUIPMENT

The Fund carries assets classified as plant and equipment at historical cost less 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 the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of changes in net assets and funds during the financial period in which they are incurred.

Assets are depreciated on a straight-line basis at rates calculated to reduce the book value of these assets to estimated residual values over their expected useful lives.

The periods of depreciation used are as follows:

Computer equipment	2 to 3 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	5 years

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 recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains or losses on disposals are determined by reference to the carrying amount of the asset and the net proceeds received, and are recorded in statement of changes in net assets and funds on disposal.

I. INVESTMENTS

I.1 Investment summary

	Notes	Local R'000	Foreign R'000	Total 2015 R'000	Total 2014 R'000	Fair value 2015 R'000
Cash and deposits		6,046,388	2,883,872	8,930,260	7,158,525	8,930,260
Commodities		779,476	–	779,476	–	779,476
Debentures		–	–	–	573,489	–
Bills, bonds and securities		23,832,587	2,282	23,834,869	22,023,580	23,834,869
Investment properties	1.3	111,000	–	111,000	100,300	111,000
Equities:						
– Equities with primary listing on JSE		38,940,120	–	38,940,120	38,127,859	38,940,120
– Equities with secondary listing on JSE		11,355,260	–	11,355,260	12,339,923	11,355,260
– Foreign listed equities		–	16,588,008	16,588,008	26,408,804	16,588,008
– Unlisted equities		778	–	778	550	778
Linked insurance policies		1,409,490	–	1,409,490	1,134,923	1,409,490
Private equity		1,041,730	389,963	1,431,693	1,244,277	1,431,693
Specialist securities		1,140,776	–	1,140,776	1,082,537	1,140,776
Collective investment schemes		445,734	12,554,755	13,000,489	431,846	13,000,489
Derivative market instruments		(27,429)	–	(27,429)	(39,743)	(27,429)
Investment in participating employer	1.2	2,314,846	–	2,314,846	1,746,608	2,314,846
Total		87,390,756	32,418,880	119,809,636	112,333,478	119,809,636

I.2 Investments in participating employer(s)

Description	At beginning of year R'000	Disposals R'000	Additions R'000	Fair value adjustments R'000	At end of year R'000
Eskom Holdings SOC Limited	1,746,608	(466,648)	1,027,922	6,964	2,314,846
Total	1,746,608	(466,648)	1,027,922	6,964	2,314,846

NOTES TO THE FINANCIAL STATEMENTS

continued

1.3 Investment properties

Description	At beginning of year R'000	Disposals R'000	Additions R'000	Fair value adjustments R'000	At end of year R'000
Office complex	100,300	–	2,521	8,179	111,000
Total	100,300	–	2,521	8,179	111,000

2. CONTRIBUTIONS RECEIVED AND ACCRUED

	At beginning of year R'000	Towards retirement R'000	Contributions received R'000	At end of year R'000
Member contributions – received and accrued	76,609	982,465	977,276	81,798
Employer contributions – received and accrued	105,520	1,916,939	1,866,656	155,803
Money Purchase Schemes				
– Additional voluntary contribution	1,880	24,473	24,314	2,039
– Performance bonus	208,482	65,677	274,149	10
Total	392,491	2,989,554	3,142,395	239,650
Towards retirement		2,989,554		
Toward re-insurance		–		
Statement of changes in net assets and funds		2,989,554		

3. NET INVESTMENT INCOME

	2015 R'000	2014 R'000
Income from property investments	8,578	8,914
Rental	8,578	8,914
Interest	1,449,553	1,356,413
Profit on sale/redemption of investments	17,942,687	13,797,090
– Equities	7,064,114	5,099,422
– Futures	2,156,076	774,311
– Gilts and semi-gilts	244,234	231,808
– Foreign exchange	8,471,891	7,688,211
– Other (money market and carries)	6,372	3,338
Loss on sale/redemption of investments	(9,119,154)	(4,663,717)
– Equities	(1,303,572)	(617,698)
– Futures	(2,119,180)	(1,041,532)
– Gilts and semi-gilts	(212,843)	(248,537)
– Foreign exchange	(5,476,231)	(2,750,707)
– Other (money market, properties and carries)	(7,328)	(5,243)
Security lending fee	26,492	20,485
Other income	9,640	19,477
Less: Expenses incurred to manage investments	(369,200)	(312,251)
– Rental expense	(3,810)	(6,936)
– Futures booking fees	(240)	(108)
– Lending expenses	(254)	(407)
– Portfolio management fees	(312,541)	(277,259)
– Private equity management fees	(52,355)	(27,541)
Fair value adjustment on investments (a)	(1,470,437)	11,550,134
Total	8,478,159	21,776,545

Note (a) – Fair value adjustments on investments

Fair value adjustments on investments consist of the following:

	2015 R'000	2014 R'000
Dividend income	2,039,163	1,984,915
Gross fair value adjustment on investments	(3,509,600)	9,827,383
Impairment of investments	–	(262,164)
Total	(1,470,437)	11,550,134

NOTES TO THE FINANCIAL STATEMENTS

continued

4. BENEFITS

	At beginning of year R'000	Benefits for current period R'000	Return allocated R'000	Payments R'000	Transfer to unclaimed benefits R'000	At end of year R'000
Monthly pensions	111,735	2,284,416	–	2,253,318	–	142,833
Lump sums on retirement						
Pensions commuted	23,630	493,451	–	438,844	–	78,237
Lump sums before retirement						
Death and disability benefits	–	134,026	–	59,748	–	74,278
Withdrawal benefits	40,107	579,001	–	467,582	(14,538)	136,988
Divorce benefits	3,652	78,065	–	64,913	–	16,804
Retrenchment benefits	(116)	116	–	–	–	–
Interest on late payment and unclaimed benefits	–	18,818	–	1,912	(16,331)	575
Schemes						
Additional voluntary benefits	–	22,070	–	22,070	–	–
Performance bonus benefits	–	196,699	–	196,699	–	–
Trust monies	373,361	–	54,978	13,228	–	415,111
Total	552,370	3,806,662	54,978	3,518,314	(30,869)	864,826
Benefits for current year	3,806,662					
Return allocated	54,978					
Statement of changes in net assets and funds	3,861,640					

5. RISK MANAGEMENT POLICIES

The Board of Fund has overall responsibility for the establishment and oversight of the Fund's risk management policies. The Board of Fund has established the Audit and Risk Committee, which is responsible for developing and monitoring the Fund's risk management policies. The committee reports regularly to the Board of Fund on its activities.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

Solvency risk

Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the Fund's contractual obligations to members. Solvency risk also relates to the inability of the Fund to pay its debts in full and not being able to cover losses regardless of the source, type or size of the losses.

Continuous monitoring by the Fund and the Fund's actuary takes place to ensure that appropriate assets are held where the Funds obligation to members are dependent upon the performance of specific portfolio assets and that a suitable match of assets exists for all other liabilities.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation, and cause the Fund to incur a financial loss.

The Fund monitors receivable balances on an ongoing basis with the result that the Fund's exposure to bad debts is not significant.

The Fund's assets are only invested through investment managers who are FAIS compliant. Investment managers must report regularly on the steps taken to identify and manage the credit risk. The Fund monitors the Funds exposure to credit risk.

Legal risk

Legal risk is the risk that the Fund will be exposed to contractual and other regulatory obligations which have not been provided for. Legal representatives of the Fund monitor the drafting of contracts that the Fund enters into to ensure that rights and obligations of all parties are clearly set out and identified. Regulatory requirements and changes are monitored on an ongoing basis to ensure that the Fund complies as required. The Legal and Technical Committee of the Board monitors the Fund's legal risk.

Cash flow risk

Cash flow risk is the risk that future cash flows associated with monetary financial instruments will fluctuate in amount. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value. The Fund monitors its cash flows on a monthly basis.

Currency risk

Currency risk is the risk that the value of an instrument will fluctuate in Rand due to changes in foreign exchange rates. The Fund's exposure to currency risk is mainly in respect of foreign investments made for the purpose of seeking desirable international diversification of investments. The Board of Fund monitors this aspect of the Fund's investments and limits it to 5% of total assets for African investments and 25% of total assets for all other foreign investments.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Fund's liabilities are backed by appropriate assets and it has significant liquid resources.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices or market interest rates. Market risk is managed by diversification of exposure to a spread of asset classes, markets and currencies which is reviewed regularly.

Investments

Investments in equities are valued at fair value and therefore susceptible to market fluctuations. Investments are managed with the aim of maximising the Fund's returns while limiting risk to acceptable levels within the framework of statutory requirements.

Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-market related liabilities.

AUDITOR'S REPORT

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARISED FINANCIAL STATEMENTS TO THE BOARD OF THE ESKOM PENSION AND PROVIDENT FUND

The summarised financial statements, which comprise the summary statement of funds and net assets as at 30 June 2015, and the summary statement of changes in net assets and funds for the year then ended, and related notes, as set out on pages 36 to 47 are derived from the audited regulatory financial statements of the Eskom Pension and Provident Fund for the year ended 30 June 2015. We expressed an unmodified audit opinion on those audited regulatory financial statements in our report dated 27 November 2015.

Our auditor's report on the audited regulatory financial statements contained an "Other Matters" paragraph.

The Board of Fund's responsibility for the summarised financial statements

The Board of Fund is responsible for the preparation of the summarised financial statements in accordance with the basis described on pages 38 to 42.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summarised financial statements derived from the audited regulatory financial statements of the Eskom Pension and Provident Fund for the year ended 30 June 2015 are consistent, in all material respects, with those financial statements, on the basis described on pages 38 to 42.

Other Matters

The "Other Matters" paragraph in our audit report dated 27 November 2015 states that the supplementary information contained in Schedule IA to the audited regulatory financial statements, has been extracted from the Fund's underlying records that were the subject of our engagement.

The paragraph also states that we have compared the totals reflected in Schedule IA to the totals reflected in the underlying Fund's accounting records to determine whether such totals have been correctly extracted. The paragraph furthermore states that we have not performed any additional procedures to substantiate the disclosures of the individual totals included in Schedule IA and accordingly do not express an audit opinion on this schedule. The paragraph does not have an effect on the summarised financial statements or our audit opinion thereon.

The summarised financial statements do not contain all the disclosures required by the Regulatory Reporting Requirements for Retirement Funds in South Africa. Reading the summarised financial statements, therefore, is not a substitute for reading the audited regulatory financial statements of the Eskom Pension and Provident Fund.

Restriction on use

The audited regulatory financial statements are prepared for regulatory purposes in accordance with the basis of preparation indicated in the notes to the audited regulatory financial statements of the Fund. Consequently, the audited regulatory financial statements and related auditor's report as well as the summarised financial statements and related auditor's report, may not be suitable for another purpose.



PricewaterhouseCoopers Inc.

Director: GJ Kapp
Registered Auditor
Johannesburg
27 November 2015

REPORT OF THE VALUATOR

FINANCIAL YEAR: 30 JUNE 2015

PARTICULARS OF FINANCIAL CONDITION OF THE FUND AS AT 30 JUNE 2015

An annual actuarial valuation was carried out as at 30 June 2015. In respect of this valuation, I can comment as follows:

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 – R1 19,099 million.
2. The actuarial value of the net assets for the purposes of comparison with the accrued liabilities of the Fund – R1 18,836 million.
3. The actuarial present value of promised retirement benefits – R76,610 million vested, and R0 non-vested.
4. Contingency reserve account balances – R31,569 million.
5. The projected unit method was adopted for the valuation, which is unchanged from the method used at the last valuation. The contingency reserves comprise a solvency reserve calculated as the estimated additional amount required, to the extent that sufficient assets are available, to ensure that the liabilities and assets can be matched on a substantially risk-free basis, a contribution reserve equal to the expected present value of the future contribution shortfall for the current membership, and a pension increase affordability reserve equal to the excess (if any) of the notional pensioner account over the pensioner liability and solvency reserve. At the last statutory valuation a data reserve was added to cover possible strains arising from data errors and omissions. For the current valuation the data reserve was removed due to comprehensive steps taken to improve data quality and consistency during the valuation period.
6. The key financial assumptions are that investment returns will exceed salary inflation by 4,00% per annum (4,10% at the previous valuation) before allowing for an age-related promotional scale. Future pension increases were assumed to be equal to the assumed consumer price inflation rate of 6,30% per annum (6,50% at the previous statutory valuation). The yield used to calculate the solvency reserve was equal to the assumed yield on index-linked bonds at the valuation date, adjusted for real salary increases and asset management fees. The approach is unchanged from the previous valuation.
7. Members contribute at 7,3% of pensionable salaries and the employers contribute 13,5%. There is a contribution shortfall relative to the fixed contribution rate payable in terms of the rules. At the valuation date this deficit amounted to 2,51% of pensionable salaries (1,60% deficit at the previous statutory valuation).
8. In my opinion the Fund was in a sound financial condition as at 30 June 2015 for the purposes of the Pension Funds Act, 1956.

Prepared by me:



David K Little

Valuator

Fellow of the Faculty of Actuaries; Fellow of the Actuarial Society of South Africa

In my capacity as the valuator of the Fund and as an Associate of Towers Watson Proprietary Limited

13 November 2015

FUND ADMINISTRATION DETAILS

ESKOM PENSION AND PROVIDENT FUND

Fund registration number 12/8 /564

REGISTERED OFFICE OF THE FUND

Isivuno House, EPPF Office Park
24 Georgian Crescent East, Bryanston East, 2152

POSTAL ADDRESS

Private Bag X50, Bryanston, 2191, South Africa

CONTACT DETAILS

Telephone: +27 11 709 7400
Fax: +27 11 709 7554
Share Call/Tollfree: 0800 114 548

WEBSITE

www.eppf.co.za

BENEFIT ADMINISTRATOR

Self-administered

EXTERNAL AUDITORS

PricewaterhouseCoopers Incorporated
Private Bag X36, Sunninghill, 2157

INTERNAL AUDITORS

Ernst and Young Advisory Services
Private Bag X14, Sandton, 2194

Nkonki Incorporated
PO Box 1503, Saxonwold, 2132

ACTUARIES

Towers Watson Proprietary Limited
Private Bag X30, Rondebosch, 7701

INVESTMENT ADMINISTRATORS

During the year under review, approximately 62% of the total assets (excluding unlisted property) were managed by external asset managers, while the balance was managed in-house.

DOMESTIC ASSET MANAGERS

Afena Capital (Proprietary) Limited
Argon Asset Management (Proprietary) Limited
Benguela Global Fund Managers (Propriety) Limited
Blue Ink Investments (Proprietary) Limited
Catalyst Fund Managers SA (Proprietary) Limited
Coronation Fund Managers (Proprietary) Limited
First Avenue Investment Management (Propriety) Limited
Investec Asset Management (Proprietary) Limited
Investment Solutions Administrative Services (Proprietary) Limited
Kagiso Asset Management (Proprietary) Limited
Legacy Africa Fund Managers (Proprietary) Limited
Matrix Fund Managers (Proprietary) Limited
Mazi Capital (Proprietary) Limited
Meago Trading (Proprietary) Limited
Momentum Asset Management (Proprietary) Limited
Oasis Asset Management (Proprietary) Limited
Old Mutual Investment Group (Proprietary) Limited
Pan-African Asset Management (Proprietary) Limited
Prescient Life Limited
Stanlib Asset Management (Proprietary) Limited
Sygnia Asset Management (Proprietary) Limited
Taquanta Asset Managers (Proprietary) Limited

INTERNATIONAL ASSET MANAGERS

Aberdeen Fund Management Limited
Allianz Global Investors GmbH
Ashmore Group PLC
Black Rock Investment Management (UK) Limited
Duet Asset Management Limited
Morgan Stanley Investment Management Limited
Pinebridge Investments Europe Limited
SEI Investments (South Africa) Limited
Veritas Asset Management LLP



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