

Benefits and bonuses

In 2025, the Fund paid out a total of R8 524m in pensions, withdrawals and other benefits to pensioners and beneficiaries, 10.5% more than in 2024. For the first time, this figure included withdrawals under the Two-Pot System.

In accordance with EPPF Fund Rules, and EPPF's Pension Increase Policy, the Board approved an increase of 3.8% as from January 2025. This was based on the CPI of 3.8% as at 30 September 2024. The policy also specifies that an inflation-linked increase amounting to a minimum of at least 60% of CPI in September of the calendar year be paid annually to pensioners.

Bonuses for pensioners are awarded at the discretion of the Board and in December 2024 a bonus of R8 150 was payable to every household, along with an additional special bonus of R1 000, granted in the light of investment performance.

Both the size of the annual increase and the awarding of bonuses are guided by an annual valuation conducted by the Fund's independent actuary who balances EPPF's assets against our liabilities and long-term financial soundness. Variation in CPI also impacts on the annual increase and CPI has been declining steadily over the past two years.

Service standards

Turnaround times are important when it comes to benefit claims, and EPPF continues to listen to member feedback on ways to improve our processes and provide better support. The vast majority of benefit claims are finalised within our targeted time periods. However, the initiation of monthly pensions to beneficiaries of a deceased member is still slower than we would like. This is mainly due to the need for documentary proof of the relationship between the member and beneficiaries.

Promptness of service: claims due to retirement, resignation and death

Retirement lumpsum claims

Target turnaround	4 weeks
Actual average	3 weeks
% within target	90%

Withdrawals from the Fund

Target turnaround	4 weeks
Actual average	3 weeks
% within target	96%

Death claims: lumpsum payments

Target turnaround	4 weeks
Actual average	2 weeks after approval*
% within target	95%

Death claims: monthly pensions

Target turnaround	6 weeks
Actual average	11 weeks
% within target	82%




* Legislation requires trustee approval of these payments

Payroll management centres on timely processing of pension payments, distribution of payslips that detail all deductions, and proactive communication on any factors that impact on monthly earnings. We are justifiably proud of our payroll efficiency.

Pension initiation and payroll management

Activation of new pensions		Accuracy of pension payroll	
Target	95% within 3 weeks	Target	95% accurate
% within target	99% within 3 weeks	Accuracy achieved	99% accurate

Overview of membership

Composition of EPPF 30 June 2025	Total number	Annual charge
 In-service members	40 757	2.92%
 Pensioners	33 479	-0.47%
 Other beneficiaries	1 532	-0.19%

As of 30 June 2025, the Fund had a total of 40 757 in-service members, showing a 2.92% increase from the previous year. This growth reflects healthy membership retention and continued employment within the Eskom group.

The number of pensioners stood at 33 479, showing a slight decline of 0.47%, while other beneficiaries (such as dependents and survivors) totalled 1 532, a 0.19% decrease. This composition indicates a stable and mature membership base, with the Fund maintaining a balanced ratio between active members and pensioners.

For EPPF beneficiaries, this stability is important as it supports the Fund's financial sustainability and its ability to meet long-term benefit obligations.

Material matters

Material matters – those that could significantly create, preserve or erode value – are often related to environmental change but may also arise from internal organisational conditions. EPPF identified these as the most significant to the health of the Fund:

- (1) Investment returns in conditions of chronic macro-economic uncertainty
- (2) Two-Pot Retirement System and increasing regulation
- (3) Membership trends and industry restructuring
- (4) Opportunities and risks of technology and artificial intelligence.

Membership trends and industry restructuring

A combination of factors has changed the composition of our membership and prompted EPPF to rethink our long-term business plan. Firstly, on average EPPF's pensioners are living longer, meaning that the Fund will be responsible for paying benefits over an extended period.

Secondly, the restructuring of the energy sector and the unbundling of Eskom present a valuable opportunity for EPPF. By focusing on delivering compelling retirement solutions that are cost-competitive, EPPF can continue to serve its members effectively throughout this transition and thereby retain them. This is precisely what the EPPF Reimagined business blueprint is all about.

Dipping into the savings pot

Since the Two-Pot System launched in September, many of our members have exercised their right to draw upon their savings and EPPF paid out a total amount of R584.8m in savings withdrawals in 2024/25.

Members had keenly awaited this opportunity, and the Fund dealt with 10 346 applications in September 2024. Our fully automated online application system performed well, and the first batch of payments was in members' bank accounts within 60 hours of application.

Our call centre consultants were happy to guide members through completion and submission of the online application form. However, this support extended the length of calls and contributed to a high rate of waiting calls being abandoned.

The law governing the Two-Pot System permits members to withdraw from the savings pot once every tax year. In the Fund's 2025 financial year, two withdrawals were possible – the introductory one between 1 September 2024 and 28 February 2025, and the second from 1 March 2025 to 30 June 2025. After the initial peak interest, withdrawals declined until the new tax year when they spiked again, but not as sharply.

Summary of Two-Pot withdrawals

	1 Mar – 30 June 2025	1 Sep 2024 – 28 Feb 2025
Number of withdrawals	7 385	15 283
Total value of withdrawals	R135.79m	R449.05m
Average processing time	3 days	5 days
Average value of withdrawal pre-tax	R18 387	R29 382

Opportunities and risks of technology and artificial intelligence

Information technology and artificial intelligence (AI) promise to achieve a giant leap in efficiency for many organisations, including pension funds. Failure to embrace these tools would mean offering our members sub-standard service and losing our competitive edge.

However, EPPF is conscious that we are not only dealing with pensions but with people, many of whom are distressed by bereavement, retirement, illness, divorce and job loss. In 2025, EPPF began to draft an AI policy that will outline the role of AI across our business. Importantly, it will adopt a human-centred approach and emphasise the importance of reliable data as the basis of quality AI outputs.

Increased use of information technology carries increased exposure to cybercrime. The Fund recognises that our business systems contain multiple entry points for cybercriminals and strives to minimise the risk through a multifaceted cybersecurity strategy.



Member-centric leadership

Fund Chairman Caroline Henry noted that the Fund remains committed to serving its members and pensioners, ensuring their financial security amid ongoing changes and milestones.

‘In the last few years, we indicated to members that change was on its way, mainly due to pension law reform and the restructuring of Eskom and the energy sector. During the reporting period, we moved firmly from words to action.

‘Along with the rest of the retirement industry, we implemented the Two-Pot Retirement System which gave in-service members access to a savings pot drawn from their pension contributions. We began to reshape our investment strategy to adapt to the market conditions that have emerged in recent years. We integrated the National Transmission Company of South Africa (NTCSA) and its employees into the Fund. Most notably, we moved

rapidly towards producing a detailed blueprint for transforming EPPF’s business.

‘EPPF commissioned research to inform our analysis of our future business options in a world where the role of pension schemes is being redefined and Eskom – the soil in which the Fund is rooted – is undergoing a massive shake-up. This rigorous reflection by the executive leadership produced a firm recommendation that EPPF should become a multi-employer fund with various pension options, including a defined contribution pension option.’

‘We wish to draw members’ attention to the ongoing membership eligibility review which is about to enter a new phase, focusing on pensioners. The initial phase reviewed the eligibility of in-service members and only a handful out of tens of thousands were unable to verify their eligibility. They were offered the repayment of their contributions or joining a process whereby the court would decide on a fair solution. The Fund will endeavour to limit any disruption and encourages pensioners to view this eligibility exercise not as a threat but as a good governance measure, required by a prudent regulator.’



Resilient growth amid change

Chief Executive and Principal Officer Shafeeq Abrahams reflects that, throughout the 75th anniversary year, EPPF provided secure, inflation-adjusted income for pensioners, delivering

responsive governance and evolving retirement solutions that meet the changing needs of members and pensioners.

‘As you progress through this report, you will realise that change is a constant theme – change in the way we invest your funds, change in the benefit options we will offer members and employers in the future, and change in government’s requirements for retirement funds. And you may be asking: ‘If 2025 was such a good year, why meddle with a model that works well?’

‘The answer is that the world is changing profoundly, and we need to redefine our Fund to continue to thrive in the future. Although we are being driven by developments beyond our control, the situation offers enormous opportunity.

‘The expectations of employees are also changing. Today’s employees do not expect to have one employer for life and job mobility is a reality. Employees are likely to opt for a different kind of pension. For example, one that allows them to leave money to their non-dependent children to build wealth for future generations.

‘The Fund is alert to the challenge of increasing life expectancy. While longer lifespans mean defined benefit pensions will be paid over extended periods, the Fund is managing this dynamic responsibly to maintain the sustainability of the defined benefit structure.

‘At the same time, we are exploring ways to offer both defined benefit and defined contribution solutions in a flexible manner that will meet members’ needs.

‘The past year was significant in the evolution of the Fund’s investment strategy and the strengthening of our ability to deliver sustainable, risk-adjusted returns for members. We implemented a new global equity portfolio design aimed at improving diversification and long-term returns. This was complemented by refinements to the local equity portfolio structure to reduce concentration of risk and capture opportunities across sectors and market cycles.

‘In line with changing market dynamics and our long-term funding objectives, we tweaked our strategic asset allocation (SAA) to better reflect future expectations of inflation, interest rates and global growth. We also expanded the use of systematic investment strategies for our local and global listed markets portfolios to achieve greater cost efficiency and more consistent delivery in varying market conditions.

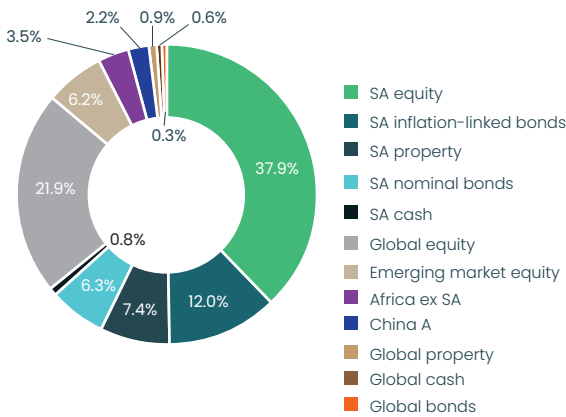
‘Overall, the year reflected strong progress toward our strategic objectives – balancing innovation with prudence, integrating sustainability and impact into every decision, and laying the groundwork for more tailored solutions that meet the evolving needs of our member base.’

Where your savings are invested and how the investments performed

The Fund's annual investment plan – known as the strategic asset allocation (SAA) – formed the foundation for investment decisions throughout the year. Markets were closely monitored and minor modifications to the plan were made to take advantage of better returns or to limit risk.

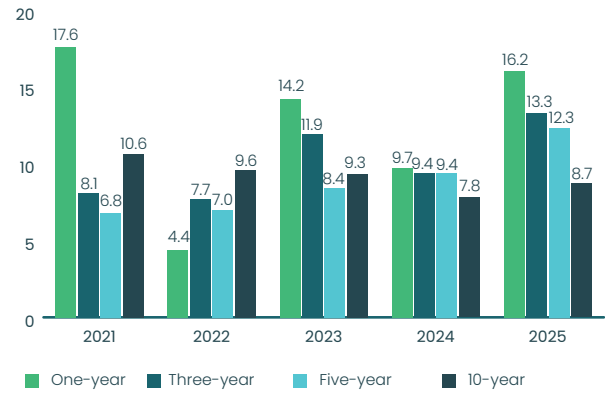
In 2025, the actual portfolio favoured local equities more than the SAA had, at the expense of local inflation-linked bonds, frontier markets, and global bonds and equities. This increased the overall allocation to local investments to 64.4% of total assets under management. The Fund views local equities positively because of the prevailing political stability, more stable energy supply and increased flow of capital into local markets.

Allocation of EPPF portfolio at 30 June 2025



Over a period of one year, the Fund aims to achieve an investment return that equals CPI and over longer periods the target is CPI +4.5%. In 2025, rates of return were generally stronger than in previous years while inflation continued to drop. The Fund achieved its CPI-linked targets over all investment periods except the 10-year period.

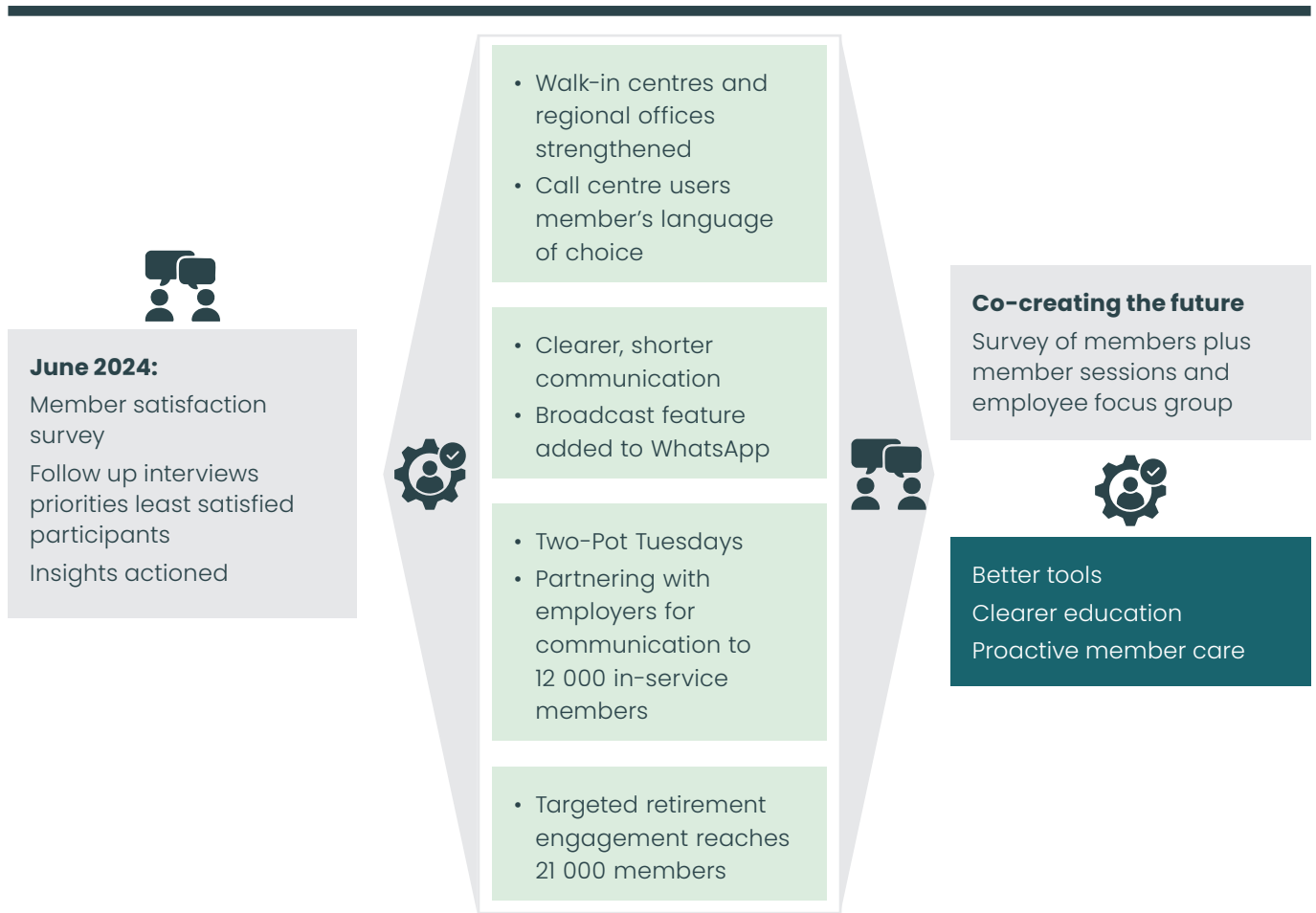
Trend in annualised rate of return (%) over various periods



Voice of the Member programme

EPPF strives to put the member experience at the heart of organisational development and has adopted the practice of consistent listening and thoughtful responses. This approach is embodied in our Voice of the Member programme.

Listening, responding and sustaining progress



The first step in 2025 was to gain deeper insight into the results of our member satisfaction survey conducted in June 2024. The results had been positive, yielding the highest approval ratings since 2021 when we first did the survey. But the numbers said there was room for improvement – especially in the Fund's relationship with deferred and in-service members. So we engaged with members of these groups and what we learned contributed directly to the following actions.

Expanded support and service at walk-in centres and regional offices.

EPPF increased frontline staffing in our Eastern Cape, Limpopo, Western Cape and North West offices to reach members more effectively, especially in high-demand periods. The call centre began to serve members in their preferred South African language, an important aspect of inclusive, respectful service.

Using familiar channels and simple, clear language.

Pension information can be complex and members stressed that they needed it explained in simple, clear language broken into digestible servings. We tried to follow this rule in the build up to the crucial Two-Pot System launch. We also combined written information

with short videos and sound recordings disseminated through the broadcast feature of the WhatsApp channel, which was already widely used by members.

Tailoring and targeting information.

Members have different information needs at various life stages and the Fund began to produce materials and organise webinars and face-to-face sessions for different groups, including:

- The Two-Pot Tuesday campaign, which ran prior to the launch of the Two-Pot pension system and was supported by the Fund's employers. These regular sessions reached 13 300 in-service members.
- Engagement activities related to retirement which reached 18 413 in-service members and pensioners.

Co-creating the future

In 2025 we took listening and responding up a gear, by asking members to join us in co-creating our services of the future. This approach involved distributing a survey to 13 000 members (unfortunately only 434 responded), holding 10 focus groups with EPPF employees and four discussions with members. The information was used to inform a comprehensive member strategy.