

**ANNUAL FINANCIAL STATEMENTS**

**IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT NO 24, 1956  
AS AMENDED (PENSION FUNDS ACT)**

**NAME OF RETIREMENT FUND:** Eskom Pension and Provident Fund

**FINANCIAL SECTOR CONDUCT AUTHORITY  
REGISTRATION NUMBER:** 12/8/564/2

**FOR THE PERIOD:** 1 JULY 2020 to 30 JUNE 2021

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\* Not subject to any engagement by an auditor

**ESKOM PENSION AND PROVIDENT FUND****SCHEDULE A  
REGULATORY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2021****REGISTERED OFFICE OF THE FUND**

Postal address: PRIVATE BAG X50  
BRYANSTON  
2021

Physical address: ISIVUNO HOUSE  
EPPF OFFICE PARK  
24 GEORGIAN CRESCENT EAST  
BRYANSTON EAST  
2191

**FINANCIAL REPORTING PERIODS**

Current year: 1 July 2020 to 30 June 2021  
Prior year: 1 July 2019 to 30 June 2020

**BOARD OF FUND**

Full name	E-mail Address	Capacity	Date appointed/ re-appointed
Ms. Caroline Mary Henry	Caroline@eppf.co.za	E, I & C	1 July 2020
Mr. Ndabezikhona Khehla Shandu	Khehla@eppf.co.za	M	1 June 2020
Mr. Barend Izak Steyn	Ben@eppf.co.za	M	1 June 2020
Ms. Helen Diatile	Helen@eppf.co.za	M	1 June 2020
Ms. Liza Brown	Liza@eppf.co.za	E	1 June 2020
Mr. Jasper Martin Buys	Martin@eppf.co.za	E	1 June 2020
Mr. Peter Mashatola	Peter@eppf.co.za	E	1 July 2020
Ms. Mabatho Elizabeth Seeiso	Mabatho@eppf.co.za	E & I	1 July 2020
Mr. Sincedile Ebenezer Shweni	Sincedile@eppf.co.za	E	1 June 2020
Ms. Hasha Tlhothhalemaje	Hasha@eppf.co.za	E	1 June 2020
Mr. Izak David Du Plessis	Izak@eppf.co.za	M	1 June 2020
Ms. Molibudi Anah Makgopa	Anah@eppf.co.za	M	1 June 2020
Mr. Deon Jenkins	Deon@eppf.co.za	M	1 June 2020
Mr. Lufuno Ratsiku	Lufuno@eppf.co.za	M	1 June 2020

- 'M' denotes member and pensioner elected
- 'E' denotes employer appointed
- 'C' denotes chairman
- 'I' denotes independent

**Governance note: schedule of meetings\* held by the Board of Fund in terms of the rules of the Fund**

Meeting date	Place of meeting	Quorum (yes/no)
3 July 2020	MS TEAMS	Yes
15 July 2020	MS TEAMS	Yes
31 July 2020	MS TEAMS	Yes
19 August 2020	MS TEAMS	Yes
11 September 2020	MS TEAMS	Yes
13 November 2020	MS TEAMS	Yes
27 January 2021	MS TEAMS	Yes
4 March 2021	MS TEAMS	Yes
26 March 2021	MS TEAMS	Yes
10 June 2021	MS TEAMS	Yes
28 June 2021	MS TEAMS	Yes

\* Only meetings held by the Board of Fund and does not include meetings held by the sub-committees

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

**FUND OFFICERS**

	<b>Principal Officer</b>	<b>Principal Officer</b>
Full name:	Mogomoet Shafeeq Abrahams	Linda Soga Mateza
Postal address:	Private Bag X50, Bryanston, 2021	Private Bag X50, Bryanston, 2021
Physical address:	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191
Date of appointment:	01 April 2021	01 September 2019
Date of resignation:		31 March 2021
Telephone number:	(+27) 11 709 7579	(+27) 11 709 7579
Email address:	Shafeeq@eppf.co.za	Linda@eppf.co.za

**PROFESSIONAL SERVICE PROVIDERS**

	<b>Monitoring Person*</b>	<b>Monitoring Person*</b>
Full name:	Mogomoet Shafeeq Abrahams	Linda Soga Mateza
Postal address:	Private Bag X50, Bryanston, 2021	Private Bag X50, Bryanston, 2021
Physical address:	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191
Date of appointment:	01 April 2021	01 September 2019
Date of resignation:		31 March 2021
Telephone number:	(+27) 11 709 7579	(+27) 11 709 7579
Email address:	Shafeeq@eppf.co.za	Linda@eppf.co.za

\*(In terms of Section 13A of the Pension Funds Act)

	<b>Actuary</b>	<b>Auditor</b>
Full name:	Liesel Ryan (BSc, FASSA) Willis Towers Watson	Clinton Mitchelson (CA) SA Registered Auditor PricewaterhouseCoopers Inc
Postal address:	Postnet Suite 154, Private Bag X1, Melrose Arch, Johannesburg, 2076	Private Bag X36, Sunninghill, 2157
Physical address:	1st Floor Illovo Edge, 1 Harries Road, Illovo, Johannesburg, 2196	4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Date of appointment:	01 January 2019	01 January 2018
Date of resignation:		31 December 2020
Telephone number:	(+27) 11 912 9000	(+27) 11 797 4000
Email address:	Liesel.ryan@willistowerswatson.com	Clinton.mitchelson@pwc.com

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

**PROFESSIONAL SERVICE PROVIDERS (continued)**

	<b>Auditor</b>	<b>Benefit administrator</b>
Full name:	Lance September (CA) SA Registered Auditor BDO South Africa Incorporated	Self Administered
Postal address:	PO Box 2275, Cape Town, 8000	Private Bag X50, Bryanston, 2021
Physical address:	119 - 123 Hertzog Boulevard, Foreshore, Cape Town, 8001	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191
Date of appointment:	01 December 2020	
Telephone number:	(+27) 21 460 6349	(+27) 11 709 7400
Email address:	LSeptember@bdo.co.za	
<Additional note>		

	<b>Custodian</b>	<b>Custodian</b>
Full name:	Nedbank Nominees Ltd	Northern Trust Global Services SE
Postal address:	P O Box 1144, Johannesburg, South Africa, 2000	50 Bank Street, Canary Wharf, London E14 5NT
Physical address:	2nd Floor, 16 Constantia Boulevard, Constantia Kloof, 1709	50 Bank Street, Canary Wharf, London E14 5NT
Telephone number:	(+27) 11 294 4444	(+44) 207 982 2000
FSP approval no.:	9363	44089

	<b>Custodian</b>
Full name:	State Street Bank and Trust Company
Postal address:	20 Churchill Place, London. United Kingdom, E14 5HJ
Physical address:	Quartermile 3, 10 Nightingale Way, Edinburgh, Scotland, United Kingdom, EH3 9EG
Telephone number:	(+97) 144 372 806
FSP approval no.:	42671

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

**Asset Managers**

<b>Full name</b>	<b>Postal address</b>	<b>Physical address</b>	<b>Telephone number</b>	<b>FAIS registration number</b>
Aberdeen Asset Managers Ltd	Bow Bells House, 1 Bread Street, London, EC4M 9HH	Bow Bells House, 1 Bread Street, London, EC4M 9HH	(+44) 20 7463 6000	43675
Aeon Investment Management (Pty) Ltd	PO Box 24020, Claremont, Cape Town, 7735	5th Floor, The Citadel, 15 Cavendish Street, Claremont, 7708	(+27) 21 204 6061	27126
Afena Capital (Pty) Ltd	PO Box 23883, Claremont, Cape Town, 7735	5th Floor, MontClare Place, Cnr Campground & Main Roads, Claremont, 7708	(+27) 21 657 6255	25033
Allianz Global Investors Europe GMBH	Bockenheimer Landstrasse 42-44 60323 Frankfurt am Main, Germany	Bockenheimer Landstrasse 42 -44, 60323 Frankfurt am Main - Germany	(+49) 69 244312451	44825
Aluwani Capital Partners (Pty) Ltd	Postnet Suite 8, Private Bag X75, Bryanston, 2021	EPPF Office Park, 24 Georgian Crescent East, Bryanston East 2191	(+27) 21 204 3801	46196
Ashmore Group Plc	61 Aldwych, London, WC2B 4AE, United Kingdom	61 Aldwych, London, WC2B 4AE, United Kingdom	(+44) 20 3077 6130	45547
Benguela Global Fund Managers (Pty) Ltd	PO Box 1035, Rivonia, 2191	The Avenue North, 6 Mellis Road, Rivonia, 2191	(+27) 11 803 6063	45122
Black Rock Investment Management (UK) Ltd	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom	(+44) 20 7743 4888	43288
Cachalia Capital (Pty) Ltd	Sinosteel Plaza, 12th Floor, 159 Rivonia Road, Morningside Ext, Sandton, 2146	Sinosteel Plaza, 12th Floor, 159 Rivonia Road, Morningside Ext, Sandton, 2146	(+27) 11 326 6598	43755
Catalyst Fund Managers SA (Pty) Ltd	P O Box 44854, Claremont, 7708	6th Floor Protea Place, Protea Road, Claremont, 7735	(+27) 21 657 5500	36009
Coronation Fund Managers (Pty) Ltd	P O Box 44684, Claremont, 7735	7th Floor, MontClare Place Cnr Campground & Main Roads, Claremont, 7708	(+27) 21 680 2240	548
Drakens Capital (Pty) Ltd	191 Jan Smuts Avenue, Parktown North, Johannesburg	191 Jan Smuts Avenue Parktown North, Johannesburg	(+27) 10 140 6600	45511

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

Emerging Markets Investment Management Limited	27 Hill Street, Mayfair, London, EC2N 2DL, United Kingdom	27 Hill Street, Mayfair, London, EC2N 2DL, United Kingdom	(+44) 20 3077 6147	50135
Excelsia Capital (Pty) Ltd	Office 303 Sunclair Building, 21 Dreyer Street, Claremont, 7708	Office 303 Sunclair Building, 21 Dreyer Street, Claremont, 7708	(+27) 21 276 1740	46756
First Avenue Investment Management (Pty) Ltd	Private Bag X11, Birnam Park, 2015	21 Fricker Road, Illovo, 2196	(+27) 11 772 2482	42693
Kagiso Asset Management (Pty) Ltd	PO Box 1016, Cape Town, 8000	5th Floor MontClare Place, Cnr Campground and Main Roads, Claremont, 7708	(+27) 21 673 6305	784
Legacy Africa Fund Managers (Pty) Ltd	PO Box 2015, Morningside, 2057	4th Floor, The Firs Cnr Biermann Lane & Cradock Avenue, Rosebank, 2196	(+27) 11 759 4000	44651
Lima Mbeu Investment Managers (Pty) Ltd	2nd floor, Fredman Towers, 13 Fredman Drive, Sandton, 2196	2nd floor, Fredman Towers, 13 Fredman Drive, Sandton, 2196	(+27) 10 023 0113	49018
Matrix Fund Managers (Pty) Ltd	Postnet Suite 80, Private Bag X1005, Claremont, 7708	2nd Floor, The Terraces, 25 Protea Road, Claremont, 7708	(+27) 21 673 7800	44663
Mazi Capital (Pty) Ltd	4th Floor, North Tower, 90 Rivonia Road, Sandton, 2196	4th Floor, North Tower, 90 Rivonia Road, Sandton, 2196	(+27) 10 001 8300	46405
Meago Asset Management (Pty) Ltd	P O Box 1180, Edenvale, 1610	73 Oxford Road, Saxonwold, Johannesburg	(+27) 11 646 2994	24919
Mergence Investment Managers (Pty) Ltd	PO Box 8275, Roggebaai, 8012	Unit 601, 5th Floor, The Equinox, 154 Main Road, Sea Point, Cape Town, 8005	(+27) 21 433 2960	16134
Mianzo Asset Management (Pty) Ltd	PO Box 1210, Milnerton, 7435	Unit GG01, The Forum, North Bank Lane, Century City, 7441	(+27) 21 552 3555	43114
Morgan Stanley Investment Management Ltd	7th Floor, 25 Cabot Square, Canary Wharf, London, E144QA, United Kingdom	6th Floor 25 Cabot Square, Canary Wharf, London, E144QA, United Kingdom	(+44) 20 7677 7678	9752

**ESKOM PENSION AND PROVIDENT FUND**
**SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

Ngwedi Investment Managers (Pty) Ltd	Suite 4b, 1st Floor - Madison Place, Alphen Office Park, Constantia Main Road, Constantia, 7848	Suite 4b, 1st Floor - Madison Place, Alphen Office Park, Constantia Main Road, Constantia, 7848	(+27) 21 000 1900	46668
Ninety One SA (Pty) Ltd formally Investec Asset Management (Pty) Ltd	PO Box 1655, Cape Town, 8000	36 Hans Strijdom Avenue, Foreshore, Cape Town, 8001	(+27) 21 416 1680	587
Old Mutual Investment Group (Pty) Ltd	PO Box 878, Cape Town, 8000	West Campus, Entrance 1, Jan Smuts Drive, Pinelands, Cape Town, 8000	+(27) 21 509 3034	604
Perpetua Investment Managers (Pty) Ltd	PO Box 44367, Claremont, 7735	5th Floor, The Citadel, 15 Cavendish Street, Claremont, 7708	(+27) 21 180 4917	29977
RMB Morgan Stanley (Pty ) Ltd	PO Box 786273 Sandton 2146 South Africa	1 Merchant Place Cnr Fredman Dr & Rivonia Rd Sandton 2196	(+27) 11 282 4766	664
Robeco Institutional Asset Management B.V	Weena 850, 3014 DA Rotterdam, The Netherlands	Weena 850, 3014 DA Rotterdam, The Netherlands	(+97) 143 614 738	47602
SEI Investments (Europe) Ltd	1st Floor, Alphabeta, 14-18 Finsbury Square, London, EC21 1BR, United Kingdom	1st Floor, Alphabeta, 14-18 Finsbury Square, London, EC21 1BR, United Kingdom	(+27) 11 994-4202	9796
Sanlam Investments (Pty) Ltd	P.O Box 67262- 00200, Nairobi	Africa Re Center 5th Floor, Hospital Road, Upper Hill	(+254) 719 067 201	579
Stanlib Asset Management (Pty) Ltd	PO Box 202, Melrose Arch, 2076,	17 Melrose Boulevard, Melrose Arch, 2196	(+27) 11 448 5 127	719
State Street Global Advisors Limited	78 Sir John Rogerson's Quay Dublin Ireland	78 Sir John Rogerson's Quay Dublin Ireland	(+97) 144 372 806	42670
UBS Asset Management (UK) Limited	5 Broadgate, London, EC2M 2QS, United Kingdom	5 Broadgate, London, EC2M 2QS, United Kingdom	(+44) 20 7901 5096	30475
Value Capital Partners (Pty) Ltd	PO Box 650361, Benmore, 2010	8th Floor, 173 Oxford Road, Rosebank, 2196	(+27) 11 722 7572	532
Veritas Asset Management LLP	1 Smart's Place, Holborn, London, WC2B 5LW, United Kingdom	1 Smart's Place, Holborn, London, WC2B 5LW, United Kingdom	(+44) 20 3758 9900	45383

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE A  
REGULATORY INFORMATION (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

Vunani Fund Managers (Pty) Ltd	6th Floor, Letterstedt House, Newlands, 7700 Cape Town	6th Floor, Letterstedt House, Newlands, 7700 Cape Town	(+21) 670 4900	608
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**PARTICIPATING EMPLOYERS**

The following employers participate in the Fund in terms of the rules of the Fund:

- Eskom Holdings SOC Limited
- Eskom Rotek Industries SOC Limited
- Eskom Pension and Provident Fund



## **ESKOM PENSION AND PROVIDENT FUND**

### **SCHEDULE B STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND FOR THE YEAR ENDED 30 JUNE 2021**

#### **Responsibilities**

The Board of Fund hereby confirms to the best of their knowledge and belief, except for those items of non-compliance listed below that, during the year under review, in the execution of their duties they have complied with the duties imposed by the Pension Funds Act and the rules of the Fund, including the following:

- ensured that proper registers, books and records of the operations of the Fund were kept, inclusive of proper minutes of all resolutions passed by the Board of Fund;
- ensured that proper internal control systems were employed by or on behalf of the Fund;
- ensured that adequate and appropriate information was communicated to the members of the Fund, informing them of their rights, benefits and duties in terms of the rules of the Fund;
- took all reasonable steps to ensure that contributions, where applicable, were paid timeously to the Fund or reported where necessary, in accordance with section 13A and regulation 33 of the Pension Funds Act in South Africa;
- obtained expert advice on matters where they lacked sufficient expertise;
- ensured that the rules, the operation and administration of the Fund complied with the Pension Funds Act and all applicable legislation;
- ensured that fidelity cover was maintained and that this cover was deemed adequate and in compliance with the rules of the Fund; and
- ensured that investments of the Fund were implemented and maintained in accordance with the Fund's investment strategy.

#### **Approval of the annual financial statements**

The annual financial statements of Eskom Pension and Provident Fund are the responsibility of the Board of Fund. The Board of Fund fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and practices, which 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 annual financial statements set out on pages 15 to 44 have been prepared for regulatory purposes in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the Rules of the Fund and the Pension Funds Act. Except for instances of non-compliance as reported below, the Board of Fund is not aware of any instances of non-compliance during the financial year nor during the year up until the signature of these financial statements.

These annual financial statements have been reported on by the independent auditors, BDO South Africa Incorporated, who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Fund believes that all representations made to the independent auditors in the management representation letter during their audit were valid and appropriate. The report of the independent auditors is presented on pages 12-14.

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE B  
STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

**Instances of non-compliance**

The following instances of non-compliance with Acts, Legislation, Regulations and Rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were rectified before the Board of Fund's approval of the financial statements:

<b>Nature and cause of non-compliance</b>	<b>Impact of non-compliance matter on the Fund</b>	<b>Corrective course of action taken to resolve non-compliance matter</b>
1. As a result of the replacement of the membership administration system divorce benefits payable to non-member spouses during the period January to February 2020 were not processed within the regulated 60 day period.	Delays in payments to beneficiaries with late payment interest at payment date.	All outstanding payments have been made with late payment interest where applicable.
2. Regulation 38 requires pension funds to provide for members who leave the service of the participating employer before retirement, to be become paid up members and to be issued with a paid up membership certificate within two (2) calendar months of the Fund becoming aware that the member has left the service of the participating employer. In addition, Regulation 38 also requires pension funds to make provision to accept any amount or amounts transferred, to the Fund from another Fund for the benefit of a member or members, and such Funds must, within 4 months of a member joining the Fund, request a list of all paid up memberships certificates in respect of any retirement savings of that member. During the year under review, the Fund did not issue paid up certificates nor request a list paid up memberships from new members.	Knowledge as to the importance of preservation for retirement will not be totally visible to the member. This is triggered by the issuing and receiving of paid up certificates where the member can be further engaged or request advice on whether it will be prudent to transfer his/her benefit to the new Fund or consider alternatives. The paid up certificate offers them the opportunity for a period of time to consider these alternatives and make strategic decisions that enables their retirement.	Certificates and letters have been distributed to all impacted members.

The following instances of non-compliance with Acts, Legislation, Regulations and Rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were not rectified before the Board of Fund's approval of the financial statements:

<b>Nature and cause of non-compliance</b>	<b>Impact of non-compliance matter on the Fund</b>	<b>Corrective course of action to resolve non-compliance matter</b>
3. Ineligible member participation As noted in prior years, the Fund has ineligible members participating in the Fund. This matter is disclosed and will continue to be disclosed as a matter of non-compliance in the Statement of Responsibility by the Board of Fund section in the financial statements of the Fund until it is resolved.	Members being granted Fund benefits without being confirmed as permanent employees of the participating employers.	The Fund is currently conducting an assurance exercise on all membership records to determine and affirm membership. The process is anticipated to be finalised by 31 December 2021. Based on the outcome of the assurance exercise a legal process will be embarked upon to resolve the findings.

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE B  
STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**


These annual financial statements:

- were approved by the Board of Fund on 11 November 2021;
- are to the best of the Board members' knowledge and belief confirmed to be complete and correct;
- fairly represent the net assets of the Fund at 30 June 2021 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:



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**Ms. Caroline Mary Henry**  
Chairman  
11 November 2021



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**Mr. Jasper Martin Buys**  
Board Member  
11 November 2021



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**Ms. Molibudi Anah Makgopa**  
Board Member  
11 November 2021

11 November 2021

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE C  
STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER  
FOR THE YEAR ENDED 30 JUNE 2021**

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

<b>Specific instances of non-compliances</b>	<b>Remedial action taken</b>
Delayed divorce payments.	Payments made with late payment interest.
Non Compliance with Regulation 38.	Certificates and letters have been distributed to all impacted members.
Ineligible member participation in the Fund.	The Fund is currently conducting an assurance exercise on its membership.



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**Mogomoet Shafeeq Abrahams**  
Principal Officer  
11 November 2021



## Independent Auditor's Report

To the Board of Fund

### Eskom Pension and Provident Fund

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#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Eskom Pension and Provident Fund (the Fund) set out on pages 23 to 44, which comprise the statement of net assets and funds as at 30 June 2021 and the statement of changes in net assets and funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Fund for the year ended 30 June 2021 are prepared, in all material respects, in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Emphasis of Matter

We draw attention to the *Purpose and basis of preparation of financial statements* note to the financial statements, which describes the basis of preparation of the financial statements. The financial statements have been prepared for the purpose of the Fund's reporting to the Financial Sector Conduct Authority (the Authority) in terms of section 15(1) of the Pension Funds Act No. 24 of 1956, as amended (the Pension Funds Act of South Africa), and have been prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Fund and the Authority and should not be used by parties other than the Board of Fund or the Authority. Our opinion is not modified in respect of these matters.

##### Other Information

The Board of Fund is responsible for the other information. The other information comprises the information included in the Annual Financial Statements in terms of section 15 of the Pension Funds Act of South Africa, of the Fund for the period 1 July 2020 to 30 June 2021, but does not include the financial statements (schedules F, G and HA) and our auditor's report thereon (schedule D).

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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BDO South Africa Incorporated  
Registration number: 1995/002310/21  
Practice number: 905526  
VAT number: 4910148685

Chief Executive Officer: ME Stewart

A full list of all company directors is available on [www.bdo.co.za](http://www.bdo.co.za)

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Fund for the Financial Statements**

The Board of Fund is responsible for the preparation of the financial statements in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa and for such internal control as the Board of Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Fund is also responsible for compliance with the requirements of the Rules of the Fund and the Pension Funds Act of South Africa.

In preparing the financial statements, the Board of Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Fund.
- Conclude on the appropriateness of the Board of Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

We communicate with the Board of Fund regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



### Report on Other Legal and Regulatory Requirements

The Statement of Responsibility by the Board of Fund describes instances of non-compliance with laws and regulations, including those that determine the reported amounts and disclosures in the financial statements that have come to the attention of the Board of Fund and the corrective action taken by the Board of Fund. There are no additional instances of non-compliance with laws and regulations that came to our attention during the course of our audit of the financial statements.

**BDO South Africa Incorporated**  
Registered Auditors

*BDO SOUTH AFRICA INC.*

**LM September**  
Director  
Registered Auditor

26 November 2021

123 Hertzog Boulevard  
Foreshore  
Cape Town, 8001

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE E REPORT OF THE BOARD OF FUND FOR THE YEAR ENDED 30 JUNE 2021

#### 1. DESCRIPTION OF FUND

##### 1.1. Type of fund in terms of the Income Tax Act, 1962

In terms of section 1 of the Income Tax Act, 1962 the Fund is classified as a pension fund. The Fund is registered as a defined benefit pension fund.

##### 1.2. Benefits

The benefit structure offers members retirement, disability, death and withdrawal benefits.

Summary in terms of the rules of the Fund

Details of the benefits are described in the rules, which are available at the registered office of the Fund and on the website at [www.eppf.co.za](http://www.eppf.co.za).

Retirement Benefits

- Ill Health / Disability

A pension is calculated on pensionable emoluments and pensionable service up to actual retirement date plus 75% of the service that would have been completed from the retirement date to the pensionable age.

- Early Retirement

A member may retire early after reaching age 55. The pension is reduced by a penalty factor for each year before age 63.

- Normal Retirement

The compulsory age of retirement 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.

- Commutation

A member may commute up to one third of his/her annual pension at the retirement date. The lump sum is calculated using fixed commutation factors. The remainder of the pension benefit will be used to pay a monthly pension.

Withdrawal Benefit

Resignation/dismissal benefits represent either the repayment of employee contributions plus interest, or the prescribed actuarial value of the member's accrued benefit, whichever is the greater.

Death Benefits

- Death In Service

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 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.

Plus

A child pension of 30% (40% for two or more children) of the potential pension to which the member would have been entitled if the deceased member remained in service to age 65.

The monthly pension payable cannot exceed 100% of the pension to which the deceased member would have been entitled if the deceased member had remained in service until age 65.

-Death of a Pensioner

A lump sum of R3,000 is payable to the beneficiaries or the estate.

Plus

A pension is paid to the surviving spouse(s) equal to 60% of the deceased pensioner's pension at retirement before commutation including any subsequent increases.

Plus

A pension is paid at 30% (one eligible child) or 40% (two or more eligible children) of the deceased pensioner's pension at retirement before commutation including and subsequent increases.

If there is no spouse's pension payable the percentage payable to eligible children increase to 60% for a single child and 100% for two or more eligible children.

The Fund is a defined benefit pension fund with defined employer and employee contribution rates. In the event of an actuarial deficit, this will be funded by either increases in future contributions or reductions in benefits, as approved by



## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2021

the Board of Fund, in accordance with the Fund's rules.

#### 1.2.1. Unclaimed benefits

The strategy of the Fund towards unclaimed benefits is as follows:

Unclaimed benefits are dealt with in terms of rule 14.6 of the rules of the Fund. In terms of the provisions of this rule, a benefit including a death benefit that has not been claimed by or on behalf of a member or pensioner of the Fund within 2 years of the date on which the benefit became payable, will be transferred to an unclaimed benefits account ("Notional Account") to which shall be credited the full amount of the benefit due plus such interest as the Board of Fund, acting on the advice of the Fund's actuary, shall determine. The balance standing to the credit of this Reversion Account shall become payable by the Fund at the time when a valid claim is submitted to the Fund.

If a member who becomes entitled to a lump sum benefit dies before payment of the benefit to him or her is completed, the Fund shall pay such amount to the estate of the deceased former member. In the case of a member or pensioner, the benefit payable will be subject to the provisions of Section 37C of the Pension Funds Act, 1956.

In respect of unclaimed benefits, complete records as prescribed are maintained and all efforts are made by the Fund to trace the beneficiaries of any benefits.

#### 1.3. Contributions

##### 1.3.1 Description in terms of the rules of the Fund.

##### 1.3.1.1 Active members' contributions

Active members contribute at a rate of 7,3% of pensionable emoluments. Members may make additional voluntary contributions as per the rules of the Fund. There is a very small group of members who contribute at lower rates. At the current valuation there are 19 such members, 16 of whom contribute at 6,0% of annual pensionable salaries and 3 of whom contribute at 4,0% of annual pensionable salaries.

##### 1.3.1.2 Employers' contributions

Participating employers contribute at a rate of 13,5% of pensionable emoluments.

#### 1.4. Rule Amendments

##### 1.4.1. Amendments

Rule amendment No.	Description and motivation	Date of Board of Fund resolution	Effective date	Date registered by the Financial Sector Conduct Authority
0	In general, to consolidate the rules to include the provisions of previous amendments, to update the rules to reflect legislative changes and wording most appropriate for the administration practice of the Fund and to remove rules which have become irrelevant.	14 May 2021	1 April 2021	5 July 2021

#### 1.5. Reserves and specified accounts established in terms of the rules of the Fund

The Fund's rules make provision for reserves and specific accounts as listed below.

##### 1.5.1. Reserves

###### Data Contingency Reserve Account (Data Reserve)

This reserve makes provision for an amount determined by the Board of Fund on the advice of the Fund's actuary in respect of the risks to the Fund for incorrect or incomplete data relating to the Fund's liabilities. This reserve is currently not utilised.

###### Contingency Reserve Account (In-Service Solvency Reserve)

This reserve makes provision for the difference between the value of the Fund's accrued liabilities determined on a solvency basis and the value of the Fund's liabilities determined on the Fund's best estimate basis. The value standing to this account may be used by the Board of Fund on the advice of the actuary. This reserve is currently not utilised.

###### Contribution Shortfall Reserve Account (In-Service Contribution Reserve)

This reserve makes provision for an amount determined by the Board of Fund on advice of the Fund's actuary for the protection of the current benefit structure for members in respect of their future potential service in the Fund. This reserve is currently not utilised.

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2021

#### **Pension Increase Affordability Reserve**

##### **Pensioner Solvency Reserve**

This reserve will be utilised to provide future increases to pensioners as required by section 14B (4) of the Act. The reserve will be credited with amounts determined by the Board of Fund on the advice of the actuary.

##### **Pensioner Increase Affordability Reserve**

The Pension Funds Second Amendment Act 2001 that came into effect from 7 December 2001 requires South African retirement funds to provide pension increases that meet specified "Minimum Pension Increase" requirements, which must be reviewed at least once every three years. The Fund assesses the minimum pension increase requirements annually. The 30 June 2021 statutory actuarial valuation shows that, for the first time since the Pension Funds Second Amendment Act came into effect, the Fund's Notional Pensioner Accumulation Amount (the "NPAA") is fully funded implying that the Pension Increase Affordability Reserve can be established in its own right. This reserve is the excess of the NPAA over the pensioner liability on the solvency basis. The amount of the reserve as at 30 June 2021 is R2.98 billion. In terms of the requirements of the Pension Funds Second Amendment Act, the Trustees are required to carry out a CPI catch-up exercise. This test assesses, at individual pensioner level, whether each pensioner has received full inflation increases since their commencement date and determining the "catch-up" percentage required for each pensioner where this is not the case. These catch-up increases, where applicable, will be funded from the Pension Increase Affordability Reserve.

#### **Investment Reserve**

This reserve will be utilised to provide for the smoothing of interest rates on the accumulated member's contributions and contributions in terms of rule 5. The Board of Fund, on advice of the actuary, will calculate any amounts to be allocated to this reserve. This reserve is currently not utilised.

#### **1.5.2. Specified Accounts**

##### **Employer Surplus Account**

The employer surplus account shall be credited with any amount allocated in terms of section 15B of the Act to be used for the benefit of members in terms of a surplus apportionment scheme approved by the Authority. This account is currently not used.

##### **Member Surplus Account**

The member surplus account shall be credited with any amount allocated in terms of section 15B of the Act to be used for the benefit of members in terms of a surplus apportionment scheme approved by the Authority. This account is currently not used.

## **2. INVESTMENTS**

### **2.1. Investment strategy**

The Board of Fund has formulated an investment strategy contained in the Investment Policy Statement that complies with the provisions of Regulation 28 to the Pension Funds Act. In terms of this strategy the investments are managed according to the following principles:

#### **2.1.1. Investment objective**

The long term investment objective of the Fund is to earn a net real rand investment return of at least 4.5 percent – in other words, to earn at least an annual return of 4.5 percent after inflation (as measured by the South African Consumer Price Index), applicable taxes, and investment fees and costs. The net real return of 4.5 percent is determined through an Asset Liability Modelling exercise.

#### **2.1.2. Unclaimed benefits**

Amounts representing unclaimed benefit balances are invested as part of the normal investment operations of the Fund.

#### **2.1.3. Reserve accounts**

Amounts representing the value of the reserve accounts are invested as part of the normal investment operations of the Fund.

#### **2.1.4. Derivative Instruments**

The Board of Fund utilises derivative instruments as part of its investment strategy. The Board of Fund ensures that the following have been complied with:

- The exposure of the asset class does not exceed the maximum percentages as prescribed to the underlying asset

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2021

as set out in Regulation 28.

- The investment mandate is in place and reviewed by the Board of Fund on a regular basis to ensure compliance with the requirements as prescribed by Regulation 28 and the relevant Notice.
- The investments are monitored for compliance with the provisions of Regulation 28 and adherence to the investment mandate.

#### 2.1.5. Hedge funds

The Board of Fund utilises hedge funds and fund of hedge funds, as part of its investment strategy. The Board of Fund ensures that the following have been complied with:

- The exposure of the asset class does not exceed the maximum percentages as prescribed to the underlying asset as set out in Regulation 28.
- The investment mandate is in place and reviewed by the Board of Fund on a regular basis to ensure compliance with the requirements as prescribed by Regulation 28 and the relevant Notice.
- The investments are monitored for compliance with the provisions of Regulation 28 and adherence to the investment mandate.

#### 2.1.6. Private Equity Funds

The Board of Fund utilises private equity funds as part of its investment strategy. The Board of Fund ensures that the following have been complied with:

- The exposure of the asset class does not exceed the maximum percentages as prescribed to the underlying asset as set out in Regulation 28.
- The investment mandate is in place and reviewed by the Board of Fund on a regular basis to ensure compliance with the requirements as prescribed by Regulation 28 and the relevant Notice.
- The investments are monitored for compliance with the provisions of Regulation 28 and adherence to the investment mandate.

#### 2.1.7. Securities Lending Transactions

The Board of Fund utilises securities lending transactions as part of its investment strategy. The Board of Fund ensures that the securities lending transactions are in compliance with the relevant conditions as prescribed by the relevant FSCA Notice.

### 2.2. Management of investments

The Strategic Investment Committee directs and monitors investments and investment activities on behalf of the Board of Fund. This committee meets at least four times per year to review investment performance, asset allocation and investment strategy and regularly reports to the Board.

The Fund applies a core/satellite approach to portfolio structuring on the public markets portfolio; core to provide stability of returns and satellite to enhance returns above applicable benchmarks. Specialist portfolio mandates are awarded to asset managers after a thorough research and evaluation process. Where it is value enhancing and cost effective, certain portfolios are managed in-house. All portfolio mandates have robust performance and risk benchmarks by which performances are evaluated. At year-end, approximately 44% (2020 - 38%) of total investments were managed in-house.

All investment managers are remunerated on a fee basis and are paid at regular intervals in accordance with the terms of their contracts.

The fair value of the Fund's investments, administered by the investment administrators and asset managers at the end of the year was:

	2021 R'000	2020 R'000
Aberdeen Asset Managers Ltd	-	3 672
Aeon Investment Management (Pty) Ltd	969 015	809 768
Afena Capital (Pty) Ltd	-	1 258 761
Allianz Global Investments Europe GMBH	5 891 707	7 864 046
Aluwani Capital Partners (Pty) Ltd	4 055 555	3 528 643
Ashmore Group Plc	575 190	605 670
Benguela Global Fund Managers (Pty) Ltd	1 154 557	938 858
Black Rock Investment Management (UK) Ltd	7 370 831	6 421 857
Cachalia Capital (Pty) Ltd	-	229 583
Catalyst Fund Managers SA (Pty) Ltd	2 351 702	1 263 260
Coronation Fund Managers (Pty) Ltd	7 817 492	5 037 052
Drakens Capital (Pty) Ltd	527 866	578 618
Emerging Markets Investment Management Ltd	1 469 580	1 395 870
Excelsia Capital (Pty) Ltd	255 977	188 645
First Avenue Investment Management (Pty) Ltd	-	521

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE E  
REPORT OF THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

In house managed assets	72 763 550	55 287 156
Kagiso Asset Management (Pty) Ltd	1 982 341	2 465 223
Legacy Africa Fund Managers (Pty) Ltd	-	806 375
Lima Mbeu Investment Managers(Pty) Ltd	224 440	-
Matrix Fund Managers (Pty) Ltd	1 430 709	1 276 282
Mazi Capital (Pty) Ltd	5 474 750	4 237 479
Meago Asset Management (Pty) Ltd	1 929 240	948 019
Mergence Investment Managers (Pty) Ltd	1 319 083	1 071 957
Mianzo Asset Management (Pty) Ltd	1 709 393	1 299 057
Morgan Stanley Investment Management Ltd	5 997 806	11 744 403
Ninety One SA (Pty) Ltd	7 089 003	3 373 802
Old Mutual Investment Group (Pty) Ltd	2 346 924	1 839 813
Ngwedi Investment Managers (Pty) Ltd	326 171	-
Perpetua Investment Managers (Pty) Ltd	2 782 922	2 147 611
Robeco Institutional Asset Management B.V.	3 328 255	1 674 903
SEI Investments (Europe) Ltd	6 004 681	5 934 854
Sanlam Investments (Pty) Ltd	776 873	808 061
Stanlib Asset Management Ltd	1 990 186	1 686 855
State Street Global Advisors Limited	3 639 500	3 227 323
UBS Asset Management (UK) Ltd	5 872 220	6 363 930
Value Capital Partners (Pty) Ltd	1 047 601	772 181
Veritas Asset Management (Pty) Ltd	4 698 359	6 395 021
Vunani Fund Managers (Pty) Ltd	1 184 768	1 021 291
<b>Total value of investments managed</b>	<b>166 358 247</b>	<b>144 506 420</b>

**3. MEMBERSHIP**

	<b>Active members</b>	<b>Deferred pensioners</b>	<b>Pensioners</b>	<b>Other beneficiaries</b>	<b>Unclaimed benefits</b>
Number at the beginning of year	41 915	2 211	33 146	3 366	1 946
Adjustments	-	-	-	-	69
Additions	385	13	3 023	299	73
Transfers out	(73)	-	-	-	-
Withdrawals	(526)	-	-	-	-
Retirements	(872)	(183)	-	-	-
Retrenchments	(8)	-	-	-	-
Deaths and disability	(381)	(12)	(1 921)	-	-
Settled in full	-	-	(492)	(350)	(77)
<b>Number at the end of the year</b>	<b>40 440</b>	<b>2 029</b>	<b>33 756</b>	<b>3 315</b>	<b>2 011</b>
Number at end of year (South African citizens)	40 426	2 017	32 867	3 312	1 936
Number at end of year (non-South African citizens)	14	12	889	3	75

**Notes:**

(a) Pensioners include child pensioners receiving benefits. The total number of child pensioners eligible for benefits as listed under note 7.1 of Schedule HA (instalment lumpsums) is reflected as Other beneficiaries above.

(b) The adjustment represents corrections to the opening balances to align with actuarial data .

(c) Withdrawals include absconded members.

(d) Regulation 38 requires the Rules of the Fund to provide for members to become Paid Up when they leave service of the employer. The Fund is required to issue a Paid Up certificate. The Rules of the Fund were approved by the FSCA to comply with the Default Regulations on 15 October 2019 with effect from 1 March 2019. The Fund commenced with a system migration in December 2019 and the initial Phase was concluded on 30 April 2020. Phase 2 was concluded on 31 December 2020 and all members who now leave service other than as a result of retirement are presented with copies of their paid up membership certificates within two calendar months of the Fund becoming aware of such exit. Similarly, members joining the Fund are required to submit their Paid Up certificates within 4 months of joining the Fund.

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2021

#### 4. ACTUARIAL VALUATION

The annual financial statements summarise the transactions and net assets of the Fund, and take into account the liabilities to pay pensions and other benefits in the future. In accordance with the rules of the Fund, the actuarial position of the Fund, is examined and reported on by the actuary at intervals not exceeding three years.

The last triennial actuarial valuation was carried out as at 30 June 2018. The Board of Fund has resolved to file annual actuarial valuations, and accordingly the 30 June 2019 and 30 June 2020 valuations were treated as annual valuations and filed with the Authority as a voluntary annual valuation submissions on the statutory basis.

The 30 June 2021 is a triennial statutory valuation.

According to the actuary per the annual valuation performed as at 30 June 2021, the Fund's assets are sufficient to cover the accumulated liabilities on the best estimate basis, plus the required contingency reserves in respect of in-service members and pensioners. The Fund is therefore financially sound by this criterion.

The next triennial statutory actuarial valuation will be performed as at 30 June 2024.

#### 5. SURPLUS APPORTIONMENT

##### *Nil scheme*

The valuation of the Fund for surplus apportionment as at 30 June 2003 revealed that the Fund had no surplus to apportion. A "nil scheme" was subsequently submitted on 1 December 2004 and was noted by the Registrar (now Financial Services Conduct Authority) on 14 July 2005.

#### 6. HOUSING LOAN FACILITIES

The Fund has not granted housing loans or guarantees to members in terms of Section 19(5) of the Pension Funds Act.

#### 7. INVESTMENTS IN PARTICIPATING EMPLOYER

Investments in terms of section 19(4A) of the Act

The Fund has an investment of less than 5% of the total debt instruments issued by the participating employer Eskom Holdings SOC Limited. Details of investments held in the participating employer are provided in note 3.2 to the financial statements.

#### 8. SIGNIFICANT MATTERS

##### 8.1 Principal Officer

Mr Mogomoet Shafeeq Abrahams was appointed as the Principal Officer and Chief Executive of the Fund with effect from 1 April 2021, replacing Ms Linda Mateza who resigned on 31 March 2021.

##### 8.2 Eligibility of employees to participate as members of the Fund

The Rules describe an ELIGIBLE EMPLOYEE as an employee who:

- At the date of becoming a MEMBER, is under the Pensionable age;
- Is not a TEMPORARY EMPLOYEE or an employee on the London office staff of the employer; and
- If applicable in his/ her case, has completed the period of Service required in terms of Rule 11(1) to become an ELIGIBLE EMPLOYEE.

The Rules further describe a TEMPORARY EMPLOYEE to mean:

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

The Fund became aware of several fixed term contract employees of Eskom, Eskom Rotek Industries and the Fund who had been admitted as members of the Fund. The legal advice received by the Fund indicated that fixed term contract employees do not qualify to participate as members of the Fund. The Fund was further advised of the options available to it in law to regularise the position with regards to employees of Eskom, Eskom Rotek Industries and the Fund who had been erroneously admitted as members of the Fund, which options included applying to court for a declaratory order regularising the position of such ineligible employees, and the reversal of the purported membership together with contributions with the consent of the affected employees. In previous years, The Fund entered into Memorandum of Understandings with two former employees of the Fund. Subsequent to year end the Fund entered into a memorandum of understanding with a third former employee. These former employees who by virtue of their fixed term employment contracts were ineligible for membership of the Fund. These former Employees elected not to proceed by way of a

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2021

declaratory order and elected to have their purported membership of the Fund settled by way of a withdrawal.

The Fund is currently conducting a membership eligibility exercise on all membership records to determine and affirm its membership. The process is underway at Eskom Holdings SOC Limited.

#### 8.3 The former Eskom Group Chief Executive Officer pension pay-out

The former Eskom Group Chief Executive Officer (GCEO) was admitted to membership of the Fund with effect from 14 September 2015 on the basis of information received from Eskom indicating that he was a permanent executive employee in the "F" band. He remained a member of the Fund until he was retired in terms of Rule 28 of the Fund's Rules on 31 December 2016 following the purchase of additional years of service on his behalf by Eskom in terms of Rule 21(4). The cost of his early retirement and additional service was calculated as amounting to R30.1 million, which was paid to the Fund by Eskom.

The GCEO's eligibility for membership of the Fund, in light of new information indicating that he was employed on a fixed term contract of employment and his subsequent retirement from the Fund, was the subject-matter of court proceedings brought by Solidarity, the DA and the EFF. The court declared the GCEO ineligible for membership of the Fund in view of his fixed term contract of employment and further set aside his retirement from the Fund. It further directed him to repay the amounts paid to him by the Fund. The GCEO unsuccessfully sought leave to appeal the judgement of the High Court before the Supreme Court of Appeal and the Constitutional Court. The Fund is accordingly in the process of taking legal action to enforce the judgement relating to the repayment of the amounts paid to him by the Fund. The legal process to recover the amounts paid to the GCEO is ongoing. The exchange of legal documentation between the Fund and the former GCEO is reaching finality, after which a date will be applied for where the court will hear the arguments between the parties.

## 9. STATUS OF FUND

The Fund is a defined benefit pension fund. In terms of the Rules of the Fund the employers' contributions to the Fund are 13,5% of the members' pensionable emoluments and in the case of an actuarial deficit in the Fund, the Rules provide that contributions will be increased or benefits will be reduced.

The funding level has increased from 135% to 145% since the previous valuation. The Fund is financially sound in that its assets are sufficient to cover its accrued liabilities.

The going-concern basis has been adopted in preparing the annual financial statements. The Board of Fund has no reason to believe that the Fund will not be a going concern in the foreseeable future, based on forecasts and available cash resources. This view is endorsed by the Audit and Risk Committee. The annual financial statements support the viability of the Fund.

## 10. COVID - 19

Covid 19 continued to disrupt both the EPPF operations as well as investment markets with lockdown restrictions and intermitted relaxations being invoked by governments across the world in efforts to slow down infection rates and prevent the loss of lives. This continued to pose challenges to economic activity and investment markets across the world. However the availability of vaccines promises some optimism that a return to some sort of normality is possible in future.

The Fund's investment returns continued on its positive momentum from the previous year growing from R144,5 billion as at 30 June 2020 to R166,4 billion as at 30 June 2021.

## 11. SUBSEQUENT EVENTS

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

### Rule Amendments

On 5 July 2021, the FSCA approved the Fund's rule amendments. The amendments were approved by the Board on 14 May 2021 and are effective from 1 April 2021.

The main objective of the rule amendments was to consolidate the rules to include provisions of previous amendments, to update the rules to reflect legislative changes and wording most appropriate for the administration practice of the Fund and to remove rules which had become irrelevant.

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE E  
REPORT OF THE BOARD OF FUND (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

**11. SUBSEQUENT EVENTS (Continued)**

Ineligible Membership

On 20 September 2021, the Fund entered into a memorandum of understanding with a former employee, who by virtue of his fixed term employment contract, was not eligible for membership. The former employee elected not to proceed by way of a declaratory order and elected to have their purported membership of the Fund resolved by way of a refund of contributions.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE F  
STATEMENT OF NET ASSETS AND FUNDS  
AS AT 30 JUNE 2021

	Note	2021 R'000	2020 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>166 364 569</b>	<b>144 514 559</b>
Plant and equipment	2	6 322	8 139
Investments	3	166 358 247	144 506 420
<b>Current assets</b>		<b>682 219</b>	<b>611 739</b>
Transfers receivable	5	359	225
Accounts receivable	4	354 477	308 692
Arrear contributions	10	276 880	274 900
Cash at bank		50 503	27 922
<b>Total assets</b>		<b>167 046 788</b>	<b>145 126 298</b>
<b>FUNDS, SURPLUS AND LIABILITIES</b>			
<b>Funds and surplus account</b>			
Accumulated funds		154 075 634	138 758 678
- Normal retirement		148 163 238	132 650 071
- Additional voluntary contribution scheme		517 268	512 040
- Performance bonus scheme		5 395 128	5 596 567
<b>Total reserves</b>			
Reserve accounts	19	11 253 000	4 696 000
<b>Total funds and reserves</b>		<b>165 328 634</b>	<b>143 454 678</b>
<b>Non-current liabilities</b>			
Unclaimed benefits	8	244 519	218 563
<b>Current liabilities</b>		<b>1 473 635</b>	<b>1 453 057</b>
Transfers payable	6	30 466	41 311
Benefits payable	7	1 219 265	1 155 025
Accounts payable	9	183 278	208 601
Accruals	15	40 626	48 120
<b>Total funds and liabilities</b>		<b>167 046 788</b>	<b>145 126 298</b>



ESKOM PENSION AND PROVIDENT FUND

SCHEDULE G  
STATEMENT OF CHANGES IN NET ASSETS AND FUNDS  
FOR THE YEAR ENDED 30 JUNE 2021

		Normal retirement	Additional Voluntary Contribution Scheme	Performance Bonus Scheme	A Members' Individual Accounts and Accumulated funds	B Reserve accounts Refer note 19	A+B Total 2021	Total 2020
	Note	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Contributions received and accrued	10	3 739 271	45 569	82 579	3 867 419	-	3 867 419	3 836 565
Net investment income	11	24 293 012	14 658	151 797	24 459 467	-	24 459 467	2 226 262
Allocated to unclaimed benefits	8	(2 747)	-	-	(2 747)	-	(2 747)	(7 802)
Other income	12	22 088	-	-	22 088	-	22 088	23 484
Less:								
Administration expenses	13	(218 290)	-	-	(218 290)	-	(218 290)	(216 191)
<b>Net income before transfers and benefits</b>		<b>27 833 334</b>	<b>60 227</b>	<b>234 376</b>	<b>28 127 937</b>	<b>-</b>	<b>28 127 937</b>	<b>5 781 383</b>
<b>Transfers and benefits</b>		<b>(5 760 737)</b>	<b>(54 527)</b>	<b>(426 099)</b>	<b>(6 241 363)</b>	<b>-</b>	<b>(6 241 363)</b>	<b>(5 967 349)</b>
Transfer from other funds	5	-	349	10	359	-	359	1 157
Transfer to other funds	6	(241 558)	(1 993)	(32 548)	(276 099)	-	(276 099)	(338 548)
Benefits	7	(5 519 179)	(52 883)	(393 561)	(5 965 623)	-	(5 965 623)	(5 629 958)
<b>Net income/(loss) after transfers and benefits</b>		<b>22 072 597</b>	<b>5 700</b>	<b>(191 723)</b>	<b>21 886 574</b>	<b>-</b>	<b>21 886 574</b>	<b>(185 966)</b>
<b>Funds and reserves</b>								
Balance at the beginning of the year	19	132 650 071	512 040	5 596 567	138 758 678	4 696 000	143 454 678	143 655 976
Prior period adjustment	14	(9 055)	-	-	(9 055)	-	(9 055)	(15 332)
Transfers between reserve accounts	19	(6 546 812)	(472)	(9 716)	(6 557 000)	6 557 000	-	-
<i>Investment return allocated</i>								
Former members		(3 563)	-	-	(3 563)	-	(3 563)	-
<b>Balance at the end of the year</b>		<b>148 163 238</b>	<b>517 268</b>	<b>5 395 128</b>	<b>154 075 634</b>	<b>11 253 000</b>	<b>165 328 634</b>	<b>143 454 678</b>

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 1. PRINCIPAL ACCOUNTING POLICIES

The following are the principal accounting policies used by the Fund. These policies have been applied consistently to all years presented, unless otherwise specifically stated.

##### 1.1. PURPOSE AND BASIS OF PREPARATION OF ANNUAL FINANCIAL STATEMENTS

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

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

##### 1.2. PLANT AND EQUIPMENT

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

Subsequent costs are included in the assets' 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:

	Years
Motor vehicles	5
Furniture & fittings	5
Office equipment	5
Computer equipment	2-3

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.

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

##### 1.3. FINANCIAL INSTRUMENTS

###### Measurement

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, investments, accounts receivables and accounts payable.

Financial instruments are initially measured at cost as of trade date, which includes transaction costs.

Profit or loss on the sale / redemption of investments are recognised in the statement of changes in net assets and funds at transaction date.

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

###### 1.3.1. Investments

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

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2021

#### 1.3.1. *Investments (continued)*

##### **Bills and bonds**

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

##### *Listed bills and bonds*

The fair value of listed bills and bonds traded on active liquid markets is based on a 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 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 a 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 changes in net 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 changes in net 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 changes in net 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.

##### **Preference shares**

##### *Listed preference shares*

Preference shares are shares of a company's stock with dividends that are paid out to shareholders before ordinary stock dividends are issued. Preference shares have some of the characteristics of debt and equity. They behave like equity shares in that their prices can climb over time as they are traded, but are similar to debt because they pay investors fixed returns in the form of preference dividends. They are subsequently measured at fair value.

##### **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 for each policy, in line with the insurer's valuation practices.

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2021

#### 1.3.1. *Investments (continued)*

##### **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 manager with reference to the rules of each particular collective investment scheme, multiplied by the number of units.

##### **Derivative Market Instruments**

Derivative market instruments consists of interest rate swaps, futures, options and forward contracts.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured 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 the fair value is positive and as liabilities when the 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 evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) based on a valuation technique whose variables include only data from observable markets.

##### **Swaps**

Swaps are valued by means of discounted cash flow models, using the swap curve from a regulated exchange (JSE Debt Market) 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 employers**

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

##### **Hedge funds**

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

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

#### 1.3.2. **Accounts receivable**

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

#### 1.3.3. **Cash and cash equivalents**

Cash and equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of twelve months or less. Cash and cash equivalents are measured at fair value. The cash within the Investments financial statement line item is part of the investing activities of the Fund and is not maintained for the operational requirements of the Fund.

#### 1.3.4. **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.

#### 1.4. **RESERVES**

Reserve accounts comprise particular amounts of designated income and expenses as set out in the rules of the Fund or The Pension Funds Act and are recognised in the year in which such income and expenses accrue to the Fund.

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2021

#### 1.5. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND ACCRUALS

##### 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. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

##### 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.

##### 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 is certain and a reliable estimate of the amount can be made.

#### 1.6. 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 rules of the Fund. Contributions received are applied to fund benefits due in terms of the rules, and to meet expenses of the Fund.

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

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

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2021

#### 1.7. NET INVESTMENT INCOME

Net investment income comprises of dividends, interest, rentals, collective investment schemes - distribution, income from policies with insurance companies and adjustments to fair value, net of expenses incurred in managing investments.

##### *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.

##### *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. Property expenses are 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.

##### *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.

##### *Adjustments 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 year in which they arise.

##### *Expenses incurred in managing investments*

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

#### 1.8. BENEFITS

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

#### 1.9. UNCLAIMED BENEFITS

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

#### 1.10. TRANSFERS 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/arrangement of transfer of business by the Financial Services Conduct Authority, 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 the effective date of transfer adjusted for investment returns or late payment interest as guided by the application.

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

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2021

#### 1.11. ADMINISTRATION EXPENSES

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

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

#### 1.12. RELATED PARTIES

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

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

- the 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 year in respect of bad or doubtful debts due from related parties.

#### 1.13. ACCOUNTING POLICIES, CHANGE IN ACCOUNTING ESTIMATES AND ERRORS

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

#### 1.14. IMPAIRMENT

Asset impairment tests are applied annually to assets whose measurement basis is 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.

The recoverable amount 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.

#### 1.15. 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 currently cater for this.

#### 1.16. 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 are charged to the statement of changes in net assets and funds on a straight-line basis over the period of the lease.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2021

2. PLANT AND EQUIPMENT

2.1. Current year

	Computer equipment and software R'000	Office equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
<b>Gross carrying amount</b>					
Cost at beginning of year	11 789	1 515	7 551	308	21 163
Additions	2 246	-	-	305	2 551
Disposals	(2 040)	(33)	(198)	(308)	(2 579)
<b>At end of year</b>	<b>11 995</b>	<b>1 482</b>	<b>7 353</b>	<b>305</b>	<b>21 135</b>
<b>Accumulated depreciation and impairment</b>					
At beginning of year	(8 109)	(316)	(4 291)	(308)	(13 024)
Depreciation charges	(2 095)	(300)	(1 143)	(15)	(3 553)
Accumulated depreciation on disposals	1 273	33	150	308	1 764
<b>At end of year</b>	<b>(8 931)</b>	<b>(583)</b>	<b>(5 284)</b>	<b>(15)</b>	<b>(14 813)</b>
<b>Net carrying amount at end of year</b>	<b>3 064</b>	<b>899</b>	<b>2 069</b>	<b>290</b>	<b>6 322</b>

2.2. Prior year

	Computer equipment and software R'000	Office equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
<b>Gross carrying amount</b>					
At beginning of period	9 873	772	6 290	308	17 243
Additions	2 179	743	1 409	-	4 331
Other Movement	(263)	-	(148)	-	(411)
<b>At end of year</b>	<b>11 789</b>	<b>1 515</b>	<b>7 551</b>	<b>308</b>	<b>21 163</b>
<b>Accumulated depreciation and impairment</b>					
At beginning of period	(6 707)	(122)	(3 289)	(308)	(10 426)
Depreciation charges	(1 599)	(194)	(1 146)	-	(2 939)
Accumulated depreciation on disposals	196	-	144	-	340
Other movements	1	-	-	-	1
<b>At end of year</b>	<b>(8 109)</b>	<b>(316)</b>	<b>(4 291)</b>	<b>(308)</b>	<b>(13 024)</b>
<b>Net carrying amount at end of period</b>	<b>3 680</b>	<b>1 199</b>	<b>3 260</b>	<b>-</b>	<b>8 139</b>



ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2021

3. INVESTMENTS

3.1. Investment summary

	Note	A Local R'000	B Foreign R'000	A+B Total 2021 R'000	Total 2020 R'000	Fair value current year R'000	Categorised per Reporting Framework
Cash		10 414 573	1 487 614	11 902 187	7 092 005	11 902 187	At fair value through statement of changes in net assets and funds
Commodities		-	-	-	19 525	-	At fair value through statement of changes in net assets and funds
Debt instruments including Islamic debt instruments		29 715 779	-	29 715 779	27 364 692	29 715 779	At fair value through statement of changes in net assets and funds
Investment properties and Owner occupied properties*	3.3.	109 000	-	109 000	117 000	109 000	At fair value through statement of changes in net assets and funds
Equities (including demutualisation shares)		66 377 217	35 030 187	101 407 404	87 649 477	101 407 404	At fair value through statement of changes in net assets and funds
Collective investment schemes		-	13 887 985	13 887 985	13 341 466	13 887 985	At fair value through statement of changes in net assets and funds
Hedge funds		1 430 709	-	1 430 709	1 276 282	1 430 709	At fair value through statement of changes in net assets and funds
Private equity funds		2 587 860	2 746 245	5 334 105	5 359 777	5 334 105	At fair value through statement of changes in net assets and funds
Investment in participating employer(s)	3.2.	2 571 078	-	2 571 078	2 286 196	2 571 078	At fair value through statement of changes in net assets and funds
<b>Total</b>		<b>113 206 216</b>	<b>53 152 031</b>	<b>166 358 247</b>	<b>144 506 420</b>	<b>166 358 247</b>	

\* Property consist of an office block situated on Erf 21 Bryanston East. The land and buildings were revalued by an independent valuator, Natalie Azeredo (Professional valuer). The valuation was performed as at 30 June 2021. The valuator used the following assumptions in determining the fair value of the land and buildings: Competent property management is in place, reasonably stable economic conditions and stable interest rates which influence real estate values. Assumptions are made on expiry of leases for vacancies. During this void revenue period (property vacancy period) the property may be relet and fitted out for the new tenant. These capital costs as well as agency commission fees are calculated into the cash flow. The fair value was determined by reference to s13 of the JSE regulations regulating listed company property transactions as effective March 2013. If the land and buildings had been carried at the cost model, the value of the land and buildings would have been R63,413,133.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

3.2. Investment in participating employer/s

	At beginning of year R'000	Additions R'000	Market Movement R'000	At end of year R'000
Debt instruments	2 286 196	83 152	201 731	2 571 079
<b>Total</b>	<b>2 286 196</b>	<b>83 152</b>	<b>201 731</b>	<b>2 571 079</b>

3.3. Investment properties and owner occupied investments

3.3.1. Current year  
Instrument

	Address	Valuation method	Date of last valuation	Pledged as a guarantee	At beginning of year R'000	Fair value adjustments R'000	At end of year R'000
<b>Investment Properties</b>							
Office Complex	EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	Discounted cash flow	2021/06/30	No	117 000	(8 000)	109 000
<b>Total of properties</b>					<b>117 000</b>	<b>(8 000)</b>	<b>109 000</b>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

3.3.2. Previous year  
 Instrument

	Address	Valuation method	Date of last valuation	Pledged as a guarantee	At beginning of year	Fair value adjustments	At end of year
					R'000	R'000	R'000
<b>Investment Properties</b>							
Office Complex	EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	Discounted net income	2020/06/30	No	119 000	(2 000)	117 000
<b>Total of properties</b>					<b>119 000</b>	<b>(2 000)</b>	<b>117 000</b>

4. ACCOUNTS RECEIVABLE

	2021 R'000	2020 R'000
Accrued investment income	88 505	68 597
Pensioner payroll (prepaid)	246 065	222 644
Prepaid expenses	4 347	4 036
Other receivables	5 090	3 639
Recovery of ineligible member payout - Mr B Molefe	10 470	9 776
<b>Total</b>	<b>354 477</b>	<b>308 692</b>

Recovery of Ineligible member Payout: Refer to Schedule E, Significant Matters point, 8.3 Interest calculated at the funds rate of return to the value of R694 (R'000) was added to the outstanding amount.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

5. TRANSFERS FROM OTHER FUNDS

	Effective date	No. of members	A At beginning of year R'000	B Transfers approved R'000	C Return on Transfers R'000	D Assets transferred R'000	A+B+C-D At end of year R'000
<b>In terms of Section 14</b>							
Agterskot	04/06/2019	13	104	-	-	(104)	-
The Preservation Pension Fund	04/04/2019	1	121	-	-	(121)	-
Alexander Forbes	01/09/2020	1	-	127	-	-	127
<b>Individual transfers in</b>	22/07/2020	1	-	232	-	-	232
<b>Total</b>		<b>16</b>	<b>225</b>	<b>359</b>	<b>-</b>	<b>(225)</b>	<b>359</b>
Transfers approved (B)							359
Return on transfers (C)							-
<b>Statement of changes in net assets and funds</b>							<b>359</b>

6. TRANSFERS TO OTHER FUNDS

	Effective date	No. of members	A At beginning of year R'000	B Transfers approved R'000	C Return on Transfers R'000	D Assets transferred R'000	A+B+C-D At end of year R'000
<b>Individual transfers out</b>	Various	135	41 311	276 099	-	(286 944)	30 466
<b>Total</b>		<b>135</b>	<b>41 311</b>	<b>276 099</b>	<b>-</b>	<b>(286 944)</b>	<b>30 466</b>
Transfers approved (B)							276 099
Return on transfers (C)							-
<b>Statement of changes in net assets and funds</b>							<b>276 099</b>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

7. BENEFITS

7.1. Benefits - current members

	A At beginning of year R'000	B Benefits for current period R'000	C Return allocated R'000	D Payments R'000	E Transferred to unclaimed benefits R'000	A+B+C-D-E At end of year R'000
Monthly Pensions	129 423	4 012 376	-	(4 045 030)	-	96 769
Lump sums on retirements						
- Pensions commuted	150 945	943 437	-	(1 003 046)	(190)	91 146
Lump sums before retirement						
- Death and disability benefits	117 465	274 697	-	(104 458)	(17 341)	270 363
- Withdrawal benefits	171 365	489 649	-	(493 623)	(22 520)	144 871
Divorce payments	15 521	184 095	-	(163 880)	-	35 736
Other						
Instalment lump sums	570 306	44 762	16 324	(51 012)	-	580 380
Interest on late payment of benefits	-	283	-	(283)	-	-
<b>Total</b>	<b>1 155 025</b>	<b>5 949 299</b>	<b>16 324</b>	<b>(5 861 332)</b>	<b>(40 051)</b>	<b>1 219 265</b>
Benefits for current year (B)						5 949 299
Return allocated (C)						16 324
<b>Statement of changes in net assets and funds</b>						<b>5 965 623</b>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2021

8. UNCLAIMED BENEFITS

	2021 R'000	2020 R'000
Balance at the beginning of the year	218 563	191 962
Transferred from benefits payable	40 051	47 357
Adjustment - Opening balance correction*	(1 531)	-
Investment income allocated	2 747	7 802
Less:		
• Benefits paid	(15 311)	(28 558)
<b>Balance at the end of the year</b>	<b>244 519</b>	<b>218 563</b>

\* During the current year the Fund automated the recording of the unclaimed benefit values, this lead to a difference in balances that were recorded in the prior period.

9. ACCOUNTS PAYABLE

	2021 R'000	2020 R'000
Contributions refundable to Eskom Holdings SOC Limited*	39 527	36 999
PAYE	40 350	74 531
Investment expenses payable	64 053	65 477
Operational suppliers	31 386	24 667
Amounts refundable to ineligible members *	7 962	6 927
<b>Total</b>	<b>183 278</b>	<b>208 601</b>

\* For further details on "Contributions refundable to Eskom Holdings SOC Limited and Amounts refundable to ineligible member", refer to Schedule E, Significant Matters, point 8.2. Interest calculated at the funds rate of return to the value of R3 563 (R'000) was added to the contributions refundable to Eskom SOC Limited (R3 512 (R'000) and ineligible members R51 (R'000).

10. CONTRIBUTIONS

	A At beginning of year R'000	B Towards retirement R'000	D Contributions received R'000	A+B-D At end of year R'000
Member contributions received and accrued	74 838	1 312 270	(1 291 111)	95 997
Employer contributions received and accrued	180 527	2 427 001	(2 429 985)	177 543
Additional voluntary contributions - members	19 535	45 569	(61 764)	3 340
Performance bonus scheme member contributions	-	28 981	(28 981)	-
Performance bonus scheme employer contributions	-	53 598	(53 598)	-
<b>Total</b>	<b>274 900</b>	<b>3 867 419</b>	<b>(3 865 439)</b>	<b>276 880</b>

Towards retirement	3 867 419
Towards reinsurance and expenses	-

<b>Statement of Changes in Net Assets and Funds</b>	<b>3 867 419</b>
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ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2021

11. NET INVESTMENT INCOME

	2021 R'000	2020 R'000
Income from investments	5 701 111	4 690 158
• Dividends	3 127 048	3 327 252
• Interest	1 986 591	1 317 817
• Rentals	11 162	11 522
• Collective investment schemes distribution	576 310	33 567
Net profit on sale/ redemption of investments	7 783 714	5 663 718
Fair value adjustment on investments	11 651 807	(7 554 515)
	25 136 632	2 799 361
Less: Expenses incurred in managing investments	(677 165)	(573 099)
<b>Total</b>	<b>24 459 467</b>	<b>2 226 262</b>

The Fund has an in house investment management capability and during the current and previous years direct administration expenses relating to this capability of R84,7mil (2020: R80,9mil) have been allocated to expenses incurred in managing investments (refer note 13).

12. OTHER INCOME

	2021 R'000	2020 R'000
Net Securities lending fees	21 166	23 431
Board fees received	53	53
Profit on sale of fixed assets	175	-
Interest on ineligible member payout	694	-
<b>Total</b>	<b>22 088</b>	<b>23 484</b>

13. ADMINISTRATION EXPENSES

	2021 R'000	2020 R'000
Actuarial fees	1 907	1 644
Audit services	5 939	5 554
Audit fees - external	4 317	2 116
Audit fees - Internal	1 622	3 438
Consultancy fees and legal fees	22 534	24 836
Depreciation	3 541	2 938
Fidelity Insurance	1 136	1 859
FSCA levies	1 795	1 866
Other Expenses	114 074	125 876
Bank charges	2 617	2 263
Member interaction and related costs	469	5 861
IT services and rental	59 199	52 271
Membership, development and other administration expenses	15 671	23 624
Travel expenses	72	1 571
Telephone, postage, printing and stationery	4 289	4 755
Project costs	31 757	31 640
Trustee election costs	-	3 891
Governance expenses	7 068	7 346
Staff expenses	143 221	124 189
Principal Officer expenses	1 819	1 018
Inhouse Investment Management Expenses	(84 744)	(80 935)
<b>Total</b>	<b>218 290</b>	<b>216 191</b>

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2021

During the financial year the fund incurred once-off project expenditure amounting to R31,8mil. Included in this, is R7,9mil relating to the pension administration system data assurance and migration costs; and R20,8mil non-recurring legal fees relating to the member eligibility assurance exercise of which the Fund expects to recover R10,4mil from Eskom SOC Limited relating to the legal fees.

In order to improve the comparability of investment expenses, during the year the Fund decided to reallocate the costs of inhouse investment management to expenses incurred in managing investments (see note 11). Accordingly administration expenses amounting R84,7 million (2020: R80,9mil) was reallocated.

#### 13.1. Governance expenses

	2021 R'000	2020 R'000
Board of Fund remuneration	4 709	4 364
External expert fees	1 788	1 619
External expert meeting allowances	543	686
Travel, training and other expenses	28	677
<b>Total</b>	<b>7 068</b>	<b>7 346</b>

External experts are appointed to support the Board of Fund in fulfilling its fiduciary responsibilities and serve on the following committees: Human Resource and Remuneration committee, Strategic investment committee and the Medical panel.

#### 13.2. Staff expenses

	2021 R'000	2020 R'000
Remuneration	96 789	88 003
Contributions to retirement fund	14 726	14 839
Training expenses	3 521	2 561
Provision for bonuses	16 008	12 269
Long term incentive provision	7 500	3 000
Levies and insurance	1 138	967
Recruitment costs	3 539	2 550
<b>Total</b>	<b>143 221</b>	<b>124 189</b>

Included in Remuneration for the period is a legal settlement with a former employee amounting to R3,5mil.

#### 13.3. Principal Officer expenses

	2021 R'000	2020 R'000
Principal Officer expenses - Remuneration	1 039	925
Principal Officer expenses - Allowances	6	6
Principal Officer expenses - Contributions to retirement fund	108	87
Principal Officer expenses - Incentive remuneration	666	-
<b>Total</b>	<b>1 819</b>	<b>1 018</b>

The Principal Officer's expenses have been allocated at a rate of 30% of the Chief Executive's remuneration excluding incentives. This represents an estimated time based allocation of the duties and responsibilities of the Principal Officer. On 1 April 2021 Mr. Mogomoet Shafeeq Abrahams was appointed as the Chief Executive and Principal Officer, replacing Ms. Linda Mateza who resigned on 31 March 2021.



## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2021

#### 14. PRIOR PERIOD TRANSACTIONS

	2021 R'000	2020 R'000
Accumulated funds adjustment +	(9 055)	-
Contribution refunds *	-	(10 650)
Tax adjustment *	-	(4 682)
<b>Total</b>	<b>(9 055)</b>	<b>(15 332)</b>

+ During 2020 the processing of additional benefits were frozen due to the implementation of the PAS. The accumulated Fund of R9mil relates to the processing of these delayed transactions. Implementation of the system required a freezing of transaction process resulted in delayed processing of R9mil relating to voluntary contributions and performance bonuses.

\* 2020 Contribution refunds: The Fund entered into Memoranda of Understanding with two former employees of the Fund in which their membership was reversed and contributions refunded accordingly. The Fund received a declaratory order from the court reversing the purported membership of the former Eskom Group CFO Mr Anoj Singh. Applicable contributions were refunded to Mr Singh and Eskom Holdings SOC Limited.

#### 15. ACCRUALS

	2021 R'000	2020 R'000
Leave pay accruals	6 999	6 332
Incentive bonus accrual	33 627	41 788
	<b>40 626</b>	<b>48 120</b>

#### 16. RISK MANAGEMENT POLICIES

##### Risk management framework

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 Fund assets will not be sufficient to meet liabilities i.e. the funding level falling below 100%.

The Board has developed a robust investment policy statement which sets out the Fund's investment philosophy and strategy. The strategy has been developed in the context of long term capital market expectations as well as multi year projections of actuarial liabilities of the Fund. The investment policy statements incorporates the Fund's risk budget which takes cognisance of the Fund's liabilities and provides the framework within which investment risk is managed. The risk budget provides the Board with indicators of how the assets are performing relative to liabilities and therefore would enable the Board to make appropriate decisions should there be signs of possible solvency concerns. This is in addition to the independent actuary's valuation of the Fund which provides the Board with the funding status of the Fund on an annual basis.

The Fund conducts a detailed asset liability modelling study (ALM) every three years and annual interim mini ALMs in order to assess whether the long term investment strategy and asset allocation remains adequate for the Fund's liabilities. The results of this exercise are taken into account when the investment policy statement is reviewed annually to ensure that it remains relevant.

The Board obtains written assurance on an annual basis from the Fund Actuary as well as an independent peer review actuary that certifies whether the Fund's investment strategy is adequate taking into account the Fund's liabilities.

SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2021

16. RISK MANAGEMENT POLICIES (continued)

- **Credit risk**

Credit risk is the risk that a counterparty will fail to meet its obligations in accordance with agreed terms. This could mean failure to pay interest or the principal or both.

As the Fund invests in fixed income instruments it manages this risk through ensuring that only investment grade counterparties are invested with. Also, through diversification and continuous monitoring of the credit worthiness of the counterparties that it deals with.

- **Legal risk**

The legal risk is the risk of financial or reputational loss due to lack of adherence to regulatory, statutory or legal obligations applicable to the Fund. The Fund has an internal legal function capacitated with qualified lawyers who review all the Fund's legal agreements to ensure that the Fund's interests are protected. There is also a compliance function in place.

- **Liquidity/cash flow risk**

Liquidity risk involves not having liquid assets to meet liabilities as they fall due, or being unable to realize assets on a reasonable basis when cash is required to pay benefits. The Fund's asset allocation and investment strategy allows for sufficient assets in liquid form to ensure that the cash flow requirements are met as required. Also, most of the Fund's investments are in listed instruments traded in public markets which enables it to trade and raise cash in a relatively short space of time when required.

- **Currency risk**

Currency risk refers to the fact that some of the Fund's investments are denominated in US Dollar and other currencies while the liabilities of the Fund are in Rands and therefore there is exposure to foreign exchange fluctuations. The Fund's investments in foreign assets is limited to the allowable limits prescribed in Regulation 28 of the Pension Funds Act. The majority of such investments are in companies listed in public markets and are denominated in US Dollars. The Board ensures that the Fund's foreign investments are managed by reputable and regulated asset managers which are reviewed and due diligence on an ongoing basis. In the long term the foreign currency denominated investments provide diversification and growth benefits for the Fund.

- **Market risk / Price risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices or interest rates. The investment policy statement, investment strategy and risk budget of the Fund ensures that exposure to the various asset classes is sufficiently diversified and spread in order to minimize the adverse impact of this risk. Where required, and in order to address market volatility, the fund implements hedging strategy to protect the assets of the Fund.

- **Interest rate risk**

The Fund's fixed income investments are exposed to and react to changes in interest rates. The investment strategy of the Fund is to spread the duration/term of the fixed income across the investment term in order to minimize the impact of the volatility of interest rates over time.

- **Asset manager risk**

The risk exists that a particular asset manager employed by the Fund could underperform its benchmark, resulting in poor relative returns. This manager-specific risk is reduced by investing with more than one manager. The contract that exists between the Fund and each individual investment manager appointed to manage a portion of the Fund's assets is typically in the form of an investment management agreement. This document sets out the terms and conditions of the agreement that will exist between the Fund and the investment manager. An important part of this mandate is the section that sets out the specific limitations and conditions under which the funds will be managed by the appointed investment manager. Examples of such limitations and restrictions are the use of derivatives for unauthorised or inappropriate purposes, investment in asset classes not permitted by the mandate, cash exposure limits or credit ratings limits. Breaches of mandate will be examined at least quarterly and reported in a suitable format, such as in a compliance report. Serious or regular breaches result in the investment portfolio transfer to other asset managers.

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE HA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

**17. RELATED PARTY TRANSACTIONS**

During the current financial period, 30% of the Chief Executive's remuneration excluding incentives amounting to R1,819,000 (2020: R1,018,000) was allocated to Principal Officer expenses.

Board members who are employed by the participating employers make contributions to the Fund and receive benefits in line with the Rules.

During the financial year, Board members' and external experts remuneration amounting to R7,1 million (2020: R7,3 million) was incurred.

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

- The participating employers made contributions to the Fund for members' retirement to the value of R2,5 billion (2020: R2,5 billion) and refunded R661 million (2020: R542 million) medical aid contributions for pensioners.
- The Fund has investments in the participating employer to the value of R2,6 billion (2020: R2,3 billion).
- The participating employers had outstanding contributions of R277 million at year end (2020: R275 million).

The following transactions occurred between the Fund and its Board of Fund, Outside Experts and Participating Employers:

<b>Related party</b>	<b>Relationship</b>	<b>Description</b>	<b>Transactions 2021 R'000</b>	<b>Transactions 2020 R'000</b>
Eskom Holdings SOC Limited	Participating Employer	Contributions for employer appointed Board members	1 352	1 109
Eskom Holdings SOC Limited	Participating Employer	Member contributions for employer appointed Board members	769	623
Board of Fund	Board Members	Pension payments	1 665	2 887
Board of Fund	Board Members	Board members remuneration paid to individuals	4 709	4 346
Board of Fund	Board Members	Board members remuneration paid to participating employer	-	18
Outside experts	Outside experts appointed by Board of Fund	Outside experts fees paid to individuals	2 331	2 305
JM Maisela	Previous Chairman	Fees for appearance at the Zondo Commission	105	-
Eskom Holdings SOC Limited	Participating Employer	Net redemption of bonds.	-	129 415
Eskom Holdings SOC Limited	Participating Employer	Purchase of additional bonds	83 152	-

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

<b>Participating employers</b>	<b>Contributions</b>	<b>Fund expenses</b>
Eskom Holdings SOC Limited	2 229 356	4 529
Eskom Rotek Industries SOC Limited	239 517	-
Eskom Pension and Provident Fund	11 725	-
<b>Total</b>	<b>2 480 598</b>	<b>4 529</b>

Eskom Holdings SOC Limited has undertaken to subsidise a portion of the costs relating to the member eligibility assurance exercise to a maximum of R10mil inclusive of vat. To date the Fund has invoiced Eskom a total of R4,5mil exclusive of vat.

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2021

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

	<b>2021 R'000</b>
Remuneration	16 045
Contributions to retirement fund	1 831
Incentive remuneration	11 850
Sign on bonus	500
<b>Total amount contributed</b>	<b>30 226</b>

Executive management transactions includes the Principal Officer remuneration noted under 13.3.

Executive management remuneration has increased 17% (2020: R25 768) mainly due to more executives becoming eligible for the incentive bonus scheme.

#### 18. OPERATING LEASE COMMITMENTS

	<b>2021 R'000</b>	<b>2020 R'000</b>
Within one year	27 174	25 694
Between one and five years	82 518	53 623
After five years	4 712	-
<b>Total</b>	<b>114 404</b>	<b>79 317</b>

The Fund has the following operating leases:

Five year operating lease with EB Sphere (Pty) Ltd for software and remote processing services. The lease expires in April 2025.

An operating lease with Maitland Group South Africa Limited for an investment administration system. The lease can be terminated on a three month notice period given by either party.

A lease with Barra International LLC for data processing and reporting services relating to investment risk management. The lease expired in February 2021 and was renewed for a further 5 years until 28 February 2026.

A lease with Bloomberg for investment information which will expire in June 2022.

A lease with StatPro Limited for investment information which will expire on 31 March 2022.

An annual lease with TreasuryOne CTS (Pty) Limited for a treasury system which will expire on 30 November 2023.

A lease with MMT Inland (Pty) Limited for the provision of Microsoft licenses on an annual renewable basis.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

19. SURPLUS AND RESERVE ACCOUNTS

	Normal Retirement	Additional Voluntary Contributions	Performance Bonus Scheme	Accumulated Funds	D+E Reserve Accounts Total	D Pensioner solvency reserve	E Pensioner increase affordability reserve
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
At beginning of year	132 650 071	512 040	5 596 567	138 758 678	4 696 000	4 696 000	-
Prior period adjustment	(9 055)	-	-	(9 055)	-	-	-
Contributions received and accrued	3 739 271	45 569	82 579	3 867 419	-	-	-
Net investment income	24 293 012	14 658	151 797	24 459 467	-	-	-
Allocated to unclaimed benefits	(2 747)	-	-	(2 747)	-	-	-
Other income:	22 088	-	-	22 088	-	-	-
- Net Securities lending fees	21 166	-	-	21 166	-	-	-
- Board fees received	53	-	-	53	-	-	-
- Profit on sale of fixed assets	175	-	-	175	-	-	-
- Interest on ineligible member payout	694	-	-	694	-	-	-
Less:	(218 290)	-	-	(218 290)	-	-	-
- Administration costs	(218 290)	-	-	(218 290)	-	-	-
<b>Net income before transfers and benefits</b>	<b>160 474 350</b>	<b>572 267</b>	<b>5 830 943</b>	<b>166 877 560</b>	<b>4 696 000</b>	<b>4 696 000</b>	-
<b>Transfers and benefits</b>	<b>(5 760 737)</b>	<b>(54 527)</b>	<b>(426 099)</b>	<b>(6 241 363)</b>	-	-	-
Transfers from other funds	-	349	10	359	-	-	-
Transfers to other funds	(241 558)	(1 993)	(32 548)	(276 099)	-	-	-
Benefits	(5 519 179)	(52 883)	(393 561)	(5 965 623)	-	-	-
<b>Net income after transfers and benefits</b>	<b>154 713 613</b>	<b>517 740</b>	<b>5 404 844</b>	<b>160 636 197</b>	<b>4 696 000</b>	<b>4 696 000</b>	-
Transfer between reserve accounts	(6 546 812)	(472)	(9 716)	(6 557 000)	6 557 000	3 609 000	2 948 000
Net investment return	(3 563)	-	-	(3 563)	-	-	-
<b>At end of year</b>	<b>148 163 238</b>	<b>517 268</b>	<b>5 395 128</b>	<b>154 075 634</b>	<b>11 253 000</b>	<b>8 305 000</b>	<b>2 948 000</b>

## ESKOM PENSION AND PROVIDENT FUND

### REPORT OF THE VALUATOR FOR THE YEAR ENDED 30 JUNE 2021

## ESKOM PENSION AND PROVIDENT FUND

### SCHEDULE HB REPORT OF THE VALUATOR

FINANCIAL YEAR: 30 June 2021

#### Particulars of financial condition of the Fund as at 30 June 2021

An annual actuarial valuation was carried out as at 30 June 2021. 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 – R165 328 million.
2. The actuarial value of the net assets for the purposes of comparison with the accrued liabilities of the Fund – R165 328 million.
3. The actuarial present value of promised retirement benefits – R102 964 million vested, and R0 non-vested.
4. Contingency reserve account balances total – R11 253 million.

At 30 June 2021 the individual contingency reserve balances are as follows:

Solvency Reserve – Active members: nil  
Solvency Reserve – Pensioners: R8 305 million  
Contribution Reserve: nil  
Pension Increase Affordability Reserve: R2 948 million

5. The projected unit credit 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. An additional provision was made to fund in advance for the annual pensioner bonus in respect of current pensioners.
6. The key financial assumptions are that investment returns will exceed salary inflation by 5.9% per annum (5.5% 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 7.2% per annum (8.6% at the previous 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 an excess relative to the fixed contribution rate payable in terms of the rules. At the valuation date this excess amounted to 3.55% of pensionable salaries (compared with an excess of 2.76% at the previous statutory valuation).
8. In my opinion the Fund was in a sound financial condition as at 30 June 2021 for the purposes of the Pension Funds Act, 1956.

Prepared by me:



Liesel V Ryan  
**VALUATOR**

Fellow of the Actuarial Society of South Africa  
In my capacity as the valuator of the Fund and as an Associate Director of Towers Watson (Pty) Ltd, a Willis Towers  
Watson company.  
15 November 2021

## SCHEDULE I

To the Board of Fund and the Registrar of Pension Funds

### Report of the Independent Auditor of Eskom Pension and Provident Fund of Factual Findings

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We have performed the procedures agreed with the Registrar of Pension Funds (the “Registrar”) and set out below with respect to the audited financial statements (“annual financial statements”) and other information in the general ledger and management information comprising the accounting records of the Eskom Pension and Provident Fund (the “Fund”) for the year ended 30 June 2021 . Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 Engagements to perform agreed-upon procedures regarding financial information. Our procedures were performed solely to assist the Registrar in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Pension Funds Act of South Africa (the Act), regulations and rules of the Fund were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Registrar.

#### Procedures and findings

Our procedures performed are set out in the numbered paragraphs (not bold) in the attached table, which forms part of our report, together with our findings thereon. Unless otherwise indicated, all balances, lists, schedules etc. referred to in the table relate to the accounts/balances reflected in the annual financial statements of the Fund for the year ended 30 June 2021.

Because the procedures do not constitute an audit, a review or other assurance engagement performed in accordance with the IAASB’s International Standards we do not express any assurance. Had we performed additional procedures, or had we performed an audit, a review, or other assurance engagement, other matters might have come to our attention that would have been reported.

#### Restriction on use and distribution

Our report is solely for the purpose set out in the first paragraph of this report and for the information of the Registrar and accordingly may not be suitable for any other purpose and distributed to other parties. This report relates only to the information specified and does not extend to the annual financial statements of the Fund taken as a whole.

**BDO South Africa Incorporated**  
Registered Auditors

*BDO South Africa Inc.*

**LM September**  
Director  
Registered Auditor

26 November 2021

123 Hertzog Boulevard  
Foreshore  
Cape Town, 8001

## Procedures and Findings

	Procedures	Findings
	<b>Statement of Net Assets and Funds</b>	
<b>1</b>	<b>Investments</b>	
1.1	Inspect the list of investment balances reflected in the general ledger of the Fund as at 30 June 2021 for any investments in accordance with the terms of section 19(4) of the Act.	
1.1.1	Agree details of the written confirmations obtained from the investment managers/insurers to the investment balances reflected in the general ledger.	Details of the written confirmations obtained from the investment managers/issuers were agreed to the investment balances reflected in the general ledger.
1.1.2	Where investments held in the participating employer exceed 5% of the total assets as reflected in the financial statements, inspect the appropriate approval of the Registrar.	Not applicable, the Investment held in the participating employers is less than 5% (1.54%) on 30 June 2021.
1.2	Obtain the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate between the Fund and the investment administrators, and perform the following procedures on a sample of 10 mandates (comprising the 3 largest by value of investments at year end and 7 other randomly selected mandates):	<p>We obtained the investment policy statement.</p> <p>We obtained the mandates for the following portfolios:</p> <ul style="list-style-type: none"> <li>• EPPF Inflation Linked</li> <li>• SWIX Top 40 Index Tracker Fund</li> <li>• Coronation Fund Managers (Pty) Ltd</li> <li>• Allianz Global Investments Europe GMBH</li> <li>• Veritas Asset Management LLP</li> <li>• EPPF Core Equity A</li> <li>• EPPF Money Market 2</li> <li>• Benguela Global Fund Managers (Pty) Ltd</li> <li>• Perpetua Investment Managers (Pty) Ltd</li> <li>• Vunani Fund Managers (Pty) Ltd</li> </ul>



Procedures		Findings																																																							
1.2.1	Inspect whether the underlying investments are in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate.	<p>The underlying investments were in compliance with the signed investment policy statement.</p> <table border="1"> <thead> <tr> <th>Asset Manager</th> <th>Scrip Lending allowed</th> <th>Hedge Fund allowed</th> <th>Private Equity allowed</th> <th>Derivatives allowed</th> </tr> </thead> <tbody> <tr> <td>EPPF Inflation linked</td> <td>Not specified</td> <td>Not specified</td> <td>Not Allowed</td> <td>Allowed</td> </tr> <tr> <td>SWIX Top 40 Index Tracker Fund</td> <td>Not allowed</td> <td>Not specified</td> <td>Allowed</td> <td>Allowed</td> </tr> <tr> <td>Coronation</td> <td>Not allowed</td> <td>Not specified</td> <td>Not specified</td> <td>Allowed</td> </tr> <tr> <td>Allianz Global Investments Europe GHBH</td> <td>Not Allowed</td> <td>Allowed</td> <td>Allowed</td> <td>Allowed</td> </tr> <tr> <td>Veritas Asset management LLP</td> <td>Not allowed</td> <td>Allowed</td> <td>Not specified</td> <td>Allowed</td> </tr> <tr> <td>EPPF Core Equity A</td> <td>Not allowed</td> <td>Not specified</td> <td>Allowed</td> <td>Allowed</td> </tr> <tr> <td>EPPF Money Market 2</td> <td>Not specified</td> <td>Not specified</td> <td>Allowed</td> <td>Allowed</td> </tr> <tr> <td>Benguela Global Fund Managers Pty Ltd</td> <td>Not allowed</td> <td>Not specified</td> <td>Allowed</td> <td>Allowed</td> </tr> <tr> <td>Perpetua Investment Managers Pty Ltd</td> <td>Not Allowed</td> <td>Not specified</td> <td>Allowed</td> <td>Allowed</td> </tr> <tr> <td>Vunani Fund managers Pty Ltd</td> <td>Not Allowed</td> <td>Not specified</td> <td>Allowed</td> <td>Allowed</td> </tr> </tbody> </table>	Asset Manager	Scrip Lending allowed	Hedge Fund allowed	Private Equity allowed	Derivatives allowed	EPPF Inflation linked	Not specified	Not specified	Not Allowed	Allowed	SWIX Top 40 Index Tracker Fund	Not allowed	Not specified	Allowed	Allowed	Coronation	Not allowed	Not specified	Not specified	Allowed	Allianz Global Investments Europe GHBH	Not Allowed	Allowed	Allowed	Allowed	Veritas Asset management LLP	Not allowed	Allowed	Not specified	Allowed	EPPF Core Equity A	Not allowed	Not specified	Allowed	Allowed	EPPF Money Market 2	Not specified	Not specified	Allowed	Allowed	Benguela Global Fund Managers Pty Ltd	Not allowed	Not specified	Allowed	Allowed	Perpetua Investment Managers Pty Ltd	Not Allowed	Not specified	Allowed	Allowed	Vunani Fund managers Pty Ltd	Not Allowed	Not specified	Allowed	Allowed
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1.2.2	Inspect whether the investment mandate and the investment policy statement provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed.	<p>The investment mandate and the investment policy statement did provide for investments in unlisted securities and private equity funds.</p> <p>The investment mandate and the investment policy statement did provide for derivatives, hedge funds and security lending transactions, where applicable. Refer to point 1.2.1.</p>																																																							
1.2.3	Inspect whether the collateral and counterparty requirements as prescribed are complied with.	The collateral and counterparty requirements in respect of scrip lending were in accordance with the requirements of the Fund's investment policy statement.																																																							
1.2.4	<p>For segregated portfolios, confirm directly with the investment administrators:</p> <p>(a) whether scrip lending took place during the year and, if so,</p> <p>(b) whether there was collateral provided by the counterparties for any scrip lending activities and, if so,</p> <p>(c) the percentage exposure covered by the collateral.</p> <p>Report on the amount for a).</p>	<p>The direct confirmations received from the investment administrators indicated that:</p> <p>(a) Scrip lending took place during the year. Refer to the table below for scrip lending amounts as at 30 June 2021 and</p> <p>(b) collateral was provided by the counterparties for any scrip lending activities; and</p> <p>(c) Collateral provided covered percentages of the exposure as set out in the following table as at 30 June 2021</p> <table border="1"> <thead> <tr> <th>Institution</th> <th>Market Value of Scrip R'000</th> <th>% Collateral</th> </tr> </thead> <tbody> <tr> <td>Standard Bank</td> <td>10 502 800</td> <td>107%</td> </tr> <tr> <td>Nedbank</td> <td>3 080 117</td> <td>112%</td> </tr> </tbody> </table>	Institution	Market Value of Scrip R'000	% Collateral	Standard Bank	10 502 800	107%	Nedbank	3 080 117	112%																																														
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	Procedures	Findings
<b>2</b>	<b>Member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds)</b>	
2.1	Obtain a list of member individual accounts per participating employer that agrees in total to the Statement of Net Assets and Funds as at 30 June 2021.	We obtained a listing of members forming part of the Additional Voluntary Contribution Scheme (“AVCS”) and Performance Bonus Scheme (“PBS) and agreed these lists to the amounts reflected in the statement of Net Assets and Funds in the Annual Financial Statements (“AFS”) as at 30 June 2021.
2.2	Select a random sample of the lesser of 25 or 10% of the number of members (from participating employers selected in 8.1 below) from the list of members and perform the following procedures:	We selected a sample of 25 members across the PBS and AVCS.
2.2.1	Compare the member and employer contributions received and allocated for the members selected as reflected on the administrator’s system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the year under review).	The member and employer contributions, as applicable, received and allocated for the members selected as reflected on the administrator’s system agreed to information supplied by the participating employers for the three months selected.
2.2.2	Compare the member and employer contribution rates for the members selected as reflected on the administrator’s system, to the rules of the Fund, for a randomly selected period of three months (including the last month of the year under review).	The member and employer contribution rates, as applicable, for the members selected as reflected on the administrator’s system agreed to the rules of the Fund for the three months selected.
2.2.3	In respect of unitised investment products, for the three months selected in 2.2.1 and 2.2.2, calculate the conversion of the contributions at the unit price per the administration system on the dates that the contributions were invested and compare the units recalculated to the administration system units for the selected members. Inspect that the units were added to the existing units for that member.	Not applicable, this is a non-unitised Fund.
2.2.4	In respect of unitised investment products, calculate the conversion of units at the at the end of the year, as at year-end unit price per the administration system and agree the calculated amount to the member’s fund credit amount recorded in each member’s record.	Not applicable, refer to point 2.2.3.
2.2.5	In respect of unitised investment products, compare the unit price(s) as per investment manager/actuary/other authorised party at the year-end to the unit prices on the administration system used to calculate each member’s credits at year-end.	Not applicable, refer to point 2.2.3.

	Procedures	Findings
2.2.6	In respect of non-unitised investment products, compare the interim and/or final return allocated to each individual member's account in the administrator's records for the year under review to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator.	The final return allocated to each individual member's account in the administrator's record agreed to the return approved in accordance with a resolution of the Board of Fund.
2.3	Obtain a list of members who switched investment portfolios during the year from the Fund/administrator, select a random sample of the lesser of 25 or 10% of members who switched between investment portfolios during the year and perform the following procedures:	Not applicable there is no member level investment choice or life stage model.
2.3.1	Inspect evidence that the portfolios were switched in accordance with notification of the member's instruction/ investment strategy (including life stage models) of the Fund and within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.	Not applicable, refer to point 2.3.
2.3.2	Inquire as to whether any fees relating to switches were deducted, and if so, inspect evidence of the approval by the Board of Fund and/or in terms of a service level agreement or client mandate.	Not applicable, refer to point 2.3.
2.4	For investment products obtain the Asset Liability Match (ALM) reconciliation per investment portfolio, excluding the reserve accounts, for member individual accounts from the administrator, and perform the following procedures:	Not applicable, the AVCS and PBS are not backed by specific investment portfolios.
2.4.1	Compare the investments per product on the ALM reconciliation to the investment certificates in total.	Not applicable, refer to point 2.4.
2.4.2	Compare the member individual accounts on the ALM reconciliation per investment portfolio to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds.	Not applicable, refer to point 2.4.
2.4.3	Inspect whether the total mismatch (in Rand) for all portfolios was within the range as prescribed by the Registrar.	Not applicable, refer to point 2.4.

	Procedures	Findings
<b>3</b>	<b>Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)</b>	
3.1	Select a sample of the lesser of 25 or 10% of the number of members from the list of members provided by the administrator and perform the following procedures for each member selected:	We selected all members.
3.1.1	Compare the member contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the year under review).	The member contributions received and allocated for all members as reflected on the administrator's system agreed to information supplied by the participating employers for the twelve months.
<b>4</b>	<b>Surplus apportionment scheme</b>	
4.1	If a surplus apportionment scheme was approved by the Registrar in the current year or if allocation and/or payments to members were made during the year, perform the following procedures:	Not applicable as there are no surplus apportionment scheme approved by the Registrar or surplus due to former member in the current year.
4.1.1	<u>Active members:</u> Select a random sample of the lesser of 25 or 10% of number of active members to whom surplus has been apportioned in the approved surplus apportionment scheme and perform the following procedures:	Not applicable, refer to point 4.1.
4.1.1.1	Agree the original surplus amount allocated to the selected member to the individual allocation on the member records per the administration system.	Not applicable, refer to point 4.1.
4.1.1.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	Not applicable, refer to point 4.1.
4.1.2	<u>Former members and pensioners:</u> Select a random sample of the lesser of 25 or 10% of number of former members and pensioners as defined by the surplus apportionment scheme from the surplus schedules attached to the approved surplus apportionment scheme and perform the following procedures:	Not applicable, refer to point 4.1.
4.1.2.1	Agree the original surplus amount allocated to the selected member and/or pensioner to the individual allocation on the member records per the administration system.	Not applicable, refer to point 4.1.

Procedures		Findings
4.1.2.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Pension Funds Act and allocated to the member records in the administration system.	Not applicable, refer to point 4.1.
4.1.2.3	Agree the total of the amount calculated in 4.1.2.1 and 4.1.2.2 to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation.	Not applicable, refer to point 4.1.
<b>5 Member and employer surplus accounts</b>		
5.1	Obtain the analysis of the transactions in the member and/or employer surplus account per the annual financial statements, and perform the following procedure:	The Fund does not utilize a member or employer surplus account.
5.1.1	Inspect that the transactions are permitted in terms of the registered rules of the Fund and/or the Act.	Not applicable, refer to point 5.1.
<b>6 Reserves</b>		
6.1	Obtain the list of reserves and other related accounts (e.g. pensioner accounts) and the movements per the financial statements and/or in the actuarial valuation, and perform the following procedures:	
6.1.1	Inspect whether the reserve and other related accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation are in accordance with the registered rules of the Fund.	The reserve and other accounts held by the Fund were in accordance with the registered rules of the Fund.
6.1.2	Inspect that the movements in reserves as disclosed in the annual financial statements are permitted in terms of the registered rules of the Fund and/or the Act.	The movements in reserves as disclosed in the annual financial statements were permitted in terms of the registered rules of the Fund, except the Pensioner Increase Affordability Reserve. This reserve is in terms of the Pension Funds Second Amendment Act 2001 and was developed this year as it was the first time that the Fund's Notional Pensioner Accumulation Amount (the "NPAA") is fully funded. The movements are in terms of the actuary's recommendations and the Act, but the rules of the Fund had not been updated to take account of this reserve.
<b>7 Other assets, liabilities and guarantees</b>		
7.1	Obtain the list of housing loans granted to members by the Fund in terms of section 19(5) of the Act as at 30 June 2021, and perform the following procedure:	Not applicable there were no housing loans granted by the Fund.
7.1.1	Agree the total loans on the above list to the corresponding account in the annual financial statements.	Not applicable, refer to point 7.1.
7.2	From the list in 7.1, randomly select a sample of the lesser of 25 or 10% of the number of members' housing loans granted and perform the following procedures:	Not applicable, refer to point 7.1.

Procedures		Findings
7.2.1	Inspect evidence that the value of the loan provided does not exceed the amount permitted by the rules and the home loan agreement.	Not applicable, refer to point 7.1.
7.2.2	Inspect evidence that the loan has been granted in terms of Section 19(5) (a).	Not applicable, refer to point 7.1.
7.2.3	Inspect evidence that repayments are being made in accordance with the loan agreement.	Not applicable, refer to point 7.1.
7.2.4	Inspect the interest charged on the outstanding loan and compare the rate used to the prescribed rate.	Not applicable, refer to point 7.1.
7.2.5	If the Fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, inquire whether the Fund was registered as a credit provider under the National Credit Act, 2005 (the NCA).	Not applicable, refer to point 7.1.
7.3	Obtain the list of housing loan guarantees and select a sample of the lesser of 25 or 10% of the number of housing loan guarantees and perform the following procedures:	Not applicable, there were no housing loan guarantees granted by the Fund.
7.3.1	For the sample selected, determine that each selected guarantee did not exceed the gross value of the benefit that the member would become entitled to had they withdrawn, as at the year end, in terms of the Act, the loan agreement and/or the rules of the Fund.	Not applicable, refer to point 7.3.
7.3.2	Inspect evidence that the guarantee has been granted in terms of Section 19(5)(a).	Not applicable, refer to point 7.3.
7.4	Obtain a list of other loans per the general ledger of the Fund as at 30 June 2021 and perform the following procedure:	Not applicable, there were no other loans granted during the financial year.
7.4.1	Confirm that no loans were granted and/or investments made as prohibited in terms of section 19(5)B.	Not applicable, refer to point 7.4.
<b>Statement of Changes in Net Assets and Funds</b>		
<b>8 Contributions</b>		
8.1	Select a sample of the lesser of 25 or 10% of the number of participating employers or pay points (whichever is the lower) from a list of participating employer/pay-points supplied by the Fund/administrator, select three months and perform the following procedures:	We selected one participating employer.
8.1.1	Compare, in total, the contributions received by or on behalf of the Fund to the remittance advices from the participating employer/pay-point.	We selected the following three months: August 2020, January 2021 and April 2021.  The contributions received by or on behalf of the Fund agreed to the remittance advice from the participating employer/pay-point.

	Procedures	Findings
8.1.2	Inspect the bank statements for the date on which the cash was received to determine whether the contributions were deposited with a registered bank in accordance with section 13A of the Act and whether late payment interest has been raised in terms of regulation 33, where applicable.	Contributions were deposited with a registered bank in accordance with section 13A of the Act.
8.2	Select a sample of the lesser of 25 or 10% of the number of participating employers or pay points which reflect arrear contributions (whichever is the lower) at year-end from a list supplied by the Fund/administrator and perform the following procedure:	We selected all participating employers.
8.2.1	Inspect the accounting records of the Fund to determine whether amounts disclosed as arrear contributions at year-end have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where the amounts were received after the prescribed period, report the date of receipt and where they were not received, indicate as such.	Amounts disclosed as arrear contributions on 30 June 2021 have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. We however noted a historic over-payment balance of R983 156 which is still under investigation by the fund.
<b>9</b>	<b>Benefits</b>	
9.1	Obtain a list from the administration system of lump sum benefits reflected as expenses in the Fund's Statement of Changes in Net Assets and Funds for the year under review and perform the following procedure:	
9.1.1	Compare the list to the respective general ledger benefit expense accounts reconciliation.	The list agreed to the respective general ledger benefit expense accounts reconciliation.
9.2	Select a sample of the lesser of 25 benefits or 10% of the total number of benefits from the list and perform the following procedures:	We selected a sample of 45 benefits from the list.
9.2.1	Compare the benefit per selected member to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.	The benefit paid agreed to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.
9.2.2	For death benefits, where a portion of the benefit had been reinsured by the Fund, inspect a bank deposit or an accrual raised for the recovery from the insurer.	Not applicable, the Fund does not reinsure for death benefits.

Procedures	Findings
<p>9.2.3 <u>For a defined benefit fund and hybrid funds with a defined benefit underpin</u> Inspect that the calculation of the benefit payment was done by the actuary in accordance with the requirements of the rules of the Fund and/or the Act.</p> <p><u>For a defined contribution fund</u> Agree the opening fund credit for the member to the opening fund credit report and determine whether contributions were added every month until the date of exit (either by Rand amount or in the case of unitised funds, by units). Agree the balance paid out to the member (inclusive of late payment interest where applicable) to the fund credit report or administration system as at the date of exit.</p>	<p><u>For a defined benefit fund and hybrid funds with a defined benefit underpin</u> The calculation of the benefit payment by the actuary was done in agreement with the requirements of the rules of the Fund.</p> <p><u>For a defined contribution fund</u> In respect of AVCS and PBS, where applicable, the opening fund credit for the member agreed to the opening fund credit report and contributions were added every month until the date of exit. The balance paid out to the member (inclusive of late payment interest where applicable) agreed to the fund credit report or administration system as at the date of exit.</p>
<p>9.3 Obtain a list of all benefits not yet paid at year-end, select a sample of the lesser of 25 benefits or 10% of the total number of benefits from the list and perform the following procedure:</p>	<p>We selected the entire population.</p>
<p>9.3.1 Agree whether the benefits that are older than the period as set out in the Act or a shorter period defined by the Rules are classified as unclaimed benefits.</p>	<p>The benefits that were older than the period as set out in the Act were classified as unclaimed benefits.</p>
<p><b>10 Transfers</b></p>	
<p>10.1 Compare the list of total section 14 transfers to and from the Fund to the corresponding accounts in the general ledger.</p>	<p>There were no section 14 transfers from the Fund for the financial year.</p> <p>The list of total section 14 transfers to the Fund agreed to the corresponding account in the general ledger.</p>
<p>10.2 From the list of section 14 transfers paid/received and accrued to and from the Fund throughout the year select a sample of the lesser of 25 or 10% of the number of transfers in and the lesser of 25 or 10% of the number of transfers out, and perform the following procedures:</p>	<p>There were no section 14 transfers from the Fund for the financial year.</p> <p>We selected the only Section 14 transfer to the Fund.</p>
<p>10.2.1 Agree the sample of section 14 transfers to and from the Fund to:</p> <ul style="list-style-type: none"> <li>a) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or</li> <li>b) the section 14(8) documentation as prescribed.</li> </ul>	<p>The section 14 transfer to the Fund agreed to the section 14(1) documentation as approved by the Registrar in respect of each transfer.</p>
<p>10.2.2 Inspect whether the transfers to and from the Fund were received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from application date for section 14(8) transfers and whether the growth and investment return had been allocated from the effective date of the transfer to the date of final settlement.</p>	<p>The transfer to the Fund was received within 60 days of Registrar approval for section 14(1) transfer.</p>



	Procedures	Findings
10.2.3	In respect of unitised funds, select a sample of the lesser of 25 or 10% of the number of members transferred from other funds and recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase).	Not applicable, this is a non-unitised Fund.
10.3	<b>Individual transfers</b> Obtain the list of individual transfers throughout the year ended 30 June 2021, select a sample of the lesser of 25 or 10% of the number of individual transfers, and perform the following procedures:	We selected the only individual transfer in and a sample of 14 individual transfers out.
10.3.1	Agree the transfers to the approved recognition of transfer documentation.	The transfers agreed to the approved recognition of transfer documentation.
10.3.2	<b>For individual transfers in selected</b> In respect of unitised funds, recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt investment return was added from the date of receipt to the date of purchase).	Not applicable, this is a non-unitised Fund.
<b>11</b>	<b>Pensioners paid</b>	
11.1	Obtain a copy of the list of pensioners and amounts paid for the year end from the administration system and/or, for outsourced pensioners, confirmation from the insurer and perform the following procedure:	
11.1.1	Agree the total pensions paid for the year ended 30 June 2021 to the corresponding account reconciliation to the general ledger balance.	The total pensioners paid agreed to the corresponding account reconciliation to the general ledger balance for the year ended 30 June 2021.
11.2	Select a sample of the lesser of 25 or 10% of the number of pensioners paid directly from the fund from the above list and perform the following procedures:	We selected a sample of 25 pensioners.
11.2.1	Inspect the pensioner increases for authorisation by the Board of Fund.	The pension increases were authorised by the Board of Fund
11.2.2	Inspect evidence obtained by the administrator/Fund supporting the fact that the pensioners selected exist.	The evidence indicated that the pensioners selected existed.
11.3	Where the Fund has purchased an annuity in the name of the Fund, obtain a written confirmation from the annuity provider summarising movements from opening market value to closing market value and perform the following procedures:	Not applicable, there are no purchased annuities in the name of the Fund.
11.3.1	Agree the closing market value of the annuity to the annual financial statements.	Not applicable, refer to point 11.3.

	Procedures	Findings
11.3.2	Agree the pensioner payment per the confirmation from the insurer to the pensions paid disclosed in the notes to the annual financial statements.	Not applicable, refer to point 11.3.
	<b>General</b>	
12.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the year ended 30 June 2021, that the Fund's fidelity insurance cover extends after year-end and report the date to which the subsequent fidelity insurance cover extends.	The Fund's fidelity insurance cover was in place throughout the year ended 30 June 2021. The Fund's fidelity insurance cover extends to 30 June 2022.
12.2	Confirm with the Fund's GLA insurer as to whether the GLA policy has lapsed at year ended 30 June 2021.	Not applicable, the Fund does not utilize GLA insurance.
12.3	Obtain the most recent statutory valuation signed and submitted by the valuator as at 30 June 2021 and perform the following procedures:	We obtained the last statutory valuation as at 30 June 2021 which will be submitted to the FSCA for approval.
12.3.1	Report the funding status of the Fund per the report (whether the Fund was under-funded or fully funded).	Per the report, the Fund was fully funded.
12.3.2	Where the Fund is under-funded, obtain evidence as to whether a scheme, as required in terms of section 18 of the Act in South Africa, has been approved by the Registrar.	Not applicable, refer to point 12.3.1.

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS  
AT 30 JUNE 2021**

**INVESTMENTS**

	Notes	Direct Investments	Non-compliant Collective investment schemes Note M1	Total	Local	Foreign	Foreign Africa	Total Foreign	Total percentage of foreign exposure	TOTAL as per Regulation 28 (Schedule IB)
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Cash (including cash at bank)	A	11 316 583	636 107	11 952 690	10 465 076	1 277 215	210 399	1 487 614	12,45	11 952 690
Debt instruments including Islamic debt Instruments	C	29 715 779	-	29 715 779	29 715 779	-	-	-	-	29 715 779
Investment and owner occupied properties	D	10 557 931	194 850	10 752 781	10 284 477	460 835	7 469	468 304	4,36	10 752 781
Equities	E	91 594 581	13 033 880	104 628 461	56 201 741	45 296 184	3 130 536	48 426 720	46,28	104 628 461
Derivative Market instruments		-	-	-	-	-	-	-	-	-
Investments in participating employers	H	2 571 078	-	2 571 078	2 571 078	-	-	-	-	2 571 078
Other assets		-	-	-	-	-	-	-	-	-
Hedge Funds	J	1 430 709	-	1 430 709	1 430 709	-	-	-	-	1 430 709
Private Equity Funds	K	5 334 104	23 148	5 357 252	2 587 859	23 148	2 746 245	2 769 393	51,69	5 357 252
<b>Total investments</b>		<b>152 520 765</b>	<b>13 887 985</b>	<b>166 408 750</b>	<b>113 256 719</b>	<b>47 057 382</b>	<b>6 094 649</b>	<b>53 152 031</b>	<b>31,94</b>	<b>166 408 750</b>

During March 2020 the Fund's exposure to foreign investments exceeded the limit of 30% as a result of market movements (soft breach). The Fund has not made any further foreign investments and has 12 months, from the date of the incident, to correct the breach. In November 2020 the Fund repatriated approximately R8,3 billion from offshore to reduce the foreign exposure. As a result, by the second quarter of the financial year the Fund's foreign exposure was at 29% in line with the Reserve bank limits.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

A CASH

Instrument	Fair Value R'000
<b>Local</b>	
<b>Local notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments</b>	<b>10 465 076</b>
<i>Total of issuers not exceeding 5%</i>	8 791 915
A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument	-
<i>Total of issuers not exceeding 5%</i>	1 619 743
Any positive net balance in a margin account with an exchange	-
<i>Total of issuers not exceeding 5%</i>	53 418
<b>Foreign</b>	
<b>Foreign balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments</b>	<b>851 507</b>
Any balance or deposit held with a foreign bank	-
<i>Total of issuers not exceeding 5%</i>	851 507
Any balance or deposit held with an African bank	-
<b>Total</b>	<b>11 316 583</b>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

C DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS

Instrument	Local or foreign	Secured/ Unsecured	Issued/ Guaranteed	Redemption value R'000	Fair value R'000
<b>Government debt:</b>					
Debt instruments issued by the government of the Republic and any debt or loan guaranteed by the Republic					
<i>Total of issuers not exceeding 5%</i>					25 722 085
<b>Debt instruments issued or guaranteed by the government of a foreign country:</b>					
<i>Total of issuers not exceeding 5%</i>					3 049
<b>Bank debt :</b>					
Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-					
Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed					
<i>Total of issuers not exceeding 5%</i>					2 908 394
Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed					
<i>Total of issuers not exceeding 5%</i>					72 651
<b>Not listed on an exchange</b>					
<b>Corporate debt (excluding debentures):</b>					
Debt instruments issued or guaranteed by an entity that has equity listed on an exchange					
Listed on an exchange					
	Local	Secured	Issued		993 778
Total					993 778
<b>Not listed on an exchange</b>					
<b>Total debt instruments including Islamic debt instruments</b>					<b>29 715 779</b>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

D INVESTMENT AND OWNER OCCUPIED PROPERTIES

Instrument	Fair value R'000
<b>Owner occupied properties</b>	
<i>Total of issuer/entity less than 5% of total assets</i>	109 000
Total owner occupied properties	<u>109 000</u>
<b>Total</b>	<u><u>109 000</u></u>

Instrument	Local/ Foreign	Issued shares	Holding number	Ordinary/ Preference shares	Holding %	Fair value R'000
<b>Shares and linked units in property companies, or units in a collective investment scheme in property, listed on an exchange:</b>						
<b>Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed</b>						
Total of issuers not exceeding 5%						8 522 404
<b>Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed</b>						
Total of issuers not exceeding 5%						1 781 637
<b>Issuer market capitalisation of less than R3 billion, or an amount or conditions as prescribed</b>						
Total of issuers not exceeding 5%						144 890
<b>Total</b>						<u><u>10 448 931</u></u>
<b>Total</b>						<u><u>10 557 931</u></u>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

E EQUITIES

Instrument	Local/ Foreign	Issued shares	Ordinary/ Preference shares	Holding number	Holding in issuer/ entity %	Fair value R'000
<b>Listed equities</b>						
<b>Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed</b>						
<i>Total of issuers not exceeding 5%</i>						<u>82 827 145</u>
<b>Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed</b>						
<i>Total of issuers not exceeding 5%</i>						<u>4 091 381</u>
<b>Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed</b>						
<i>Total of issuers not exceeding 5%</i>						<u>4 676 055</u>
<b>Total equities</b>						<u><u><b>91 594 581</b></u></u>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

F SECURITIES LENDING

Securities on lend	Maximum of Fair value of security	Transaction date	Collateral	Fair value R'000	No. of shares lent	Name of counterparty	Scrip custodian	Manufactured dividend R'000
<b>Equities – Top 100 of companies (by market cap) listed on an exchange</b>	<b>75%</b>							
Equity		30 Jun 21		1 755 036	26 097	Standard Bank	Nedbank	196 782
Equity		30 Jun 21		3 080 117	55 436	Nedbank	Nedbank	43 126
Bonds		30 Jun 21		8 747 765	7 441 176	Standard Bank	Nedbank	-
<b>Total</b>				<b>13 582 918</b>				<b>239 908</b>

Included in the value above are the following script lending transactions:

Name of lender	Description	% of total assets	Value of transaction R'000
Standard Bank	Equity and Bond on Loan	6,00	10 502 801
Nedbank	Equity on Loan	2,00	3 080 117
<b>Total</b>			<b>13 582 918</b>



ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

H INVESTMENTS IN PARTICIPATING EMPLOYER/S

Instrument	Listed or not listed	Issued/ Guaranteed	Fair value R'000
<b>Debt instruments</b>			
<i>Total of issuers not exceeding 5%</i>			2 571 078
<b>Subtotal</b>			<u>2 571 078</u>
<b>Total for investments in participating employers</b>			<u>2 571 078</u>

J HEDGE FUNDS

Instrument	Period into contract	Total value of commitment R'000	Current value of commitment R'000
<b>Hedge Funds</b>			
Matrix Fixed Income Fund		-	1 430 709
<b>Total Hedge funds commitment</b>		<u>-</u>	<u>1 430 709</u>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

K PRIVATE EQUITY FUNDS

Instrument	Local or Foreign	Structure	Category 2 approval	FAIS approval number	Holding	Term of contract	Number of permitted drawdowns as per contract	Number of permitted drawdowns exercised	Number of drawdowns exceeded (if any)	Total value of commitment	Current value of commitment
					%					R'000	R'000
Private Equity Fund BUSAMED PROPRIETY LTD	Local	Other	No	N/A	19,30 %	10 years	Unlimited		N/A	540 681	236 084
GAMMATEK	Local	Partnerships	Yes	4307	24,00 %	10 years	Unlimited		N/A	44 496	47 400
HOUSING IMPACT FUND SA	Local	Partnerships	Yes	45255	1,68 %	10 years	Unlimited		N/A	150 000	85 464
PAPE FUND 3 GENERAL PARTNER.	Local	Partnerships	Yes	46337	14,30 %	10 years	Unlimited		N/A	150 000	92 032
VAN SCHAICK BOOK STORES	Local	Other	Yes	N/A	14,50 %	10 years	Unlimited		N/A	100 000	45 730
CAPITALWORKS PRVTE EQUITY	Local	Partnerships	Yes	45888	3,89 %	10 years	Unlimited		N/A	50 000	6 626
CAPITALWORKS PRVTE EQUITY 2	Local	Partnerships	Yes	45890	21,41 %	10 years	Unlimited		N/A	200 000	191 808
CAPITALWORKS PRVTE EQUITY 3	Local	Partnerships	Yes	45891	22,51 %	10 years	Unlimited		N/A	450 000	63 021
ETHOS PVTE EQT FUND V	Local	Partnerships	Yes	9254	9,38 %	10years with extension	Unlimited		N/A	100 000	7 715
ETHOS PVTE EQUITY FUND VI	Local	Partnerships	Yes	9254	7,93 %	10 years	Unlimited		N/A	185 000	95 856
STANLIB INFRST PVEQT FD 1	Local	Partnerships	Yes	719	6,75 %	10 years	Unlimited		N/A	100 000	137 574
THUSO PRIV MARK FD I PART	Local	Partnerships	Yes		99,50 %	10 years	Unlimited			2 000 000	139 802
TRINITAS PRIVATE EQT FUND	Local	Partnerships	Yes	43242	7,48 %	10 years	Unlimited		N/A	50 000	55 992
ETHOS MID MARKET FUND I	Local	Partnerships	Yes	46595	22,98 %	10 years	Unlimited		N/A	350 000	159 863
KLEOSS FUND 1	Local	Partnerships	Yes	45656	12,54 %	10 years	Unlimited		N/A	75 000	53 757
LEREKO-METIER CAPT GROWTH	Local	Partnerships	Yes	23261	2,23 %	10 years	Unlimited		N/A	100 000	1 673
MEDU III CAPITAL FUND	Local	Partnerships	Yes	40187	23,26 %	10 years	Unlimited		N/A	150 000	169 921
OMPE FUND IV PARTNERSHIP	Local	Partnerships	Yes	45255	2,71 %	8 years	Unlimited		N/A	100 000	70 188
SCH EDU INV IMP FUND SA	Local	Partnerships	Yes	45255	14,00 %	10 years	Unlimited		N/A	200 000	143 242
VANTAGE CAPITAL FUND 1 TR	Local	Partnerships	Yes	28711	11,50 %	10years with extension	Unlimited		N/A	20 000	463
VANTAGE MEZZANINE FUND 1	Local	Partnerships	Yes	25807	11,50 %	10 years	Unlimited		N/A	50 000	935

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021**

VANTAGE MEZZANINE FUND 2	Local	Partnerships	Yes	25807	5,40 % 10 years	Unlimited	N/A	100 000	73 940
VANTAGE MEZZANINE FUND 3	Local	Partnerships	Yes	45610	10,63 % 10 years	Unlimited	N/A	187 600	50 857
BRAIT IV	Local	Partnerships	Yes	820	6,04 % 10 years	Unlimited	N/A	75 000	36 409
SPHERE HLD PROPRIETRY LTD	Local	Partnerships	Yes		20,42 % No expiry	Unlimited	N/A	249 966	288 967
THE MPANDE PROPERTY FUND	Local	Partnerships	Yes	43242	43,53 % 10 years	Unlimited		350 000	73 239
IHS FUND II SA FEEDER LP	Local	Partnerships	Yes	35579	6,95 % 10 years	Unlimited	N/A	100 000	71 921
NOVA PIONEER SCH FOR INNOVATORS	Local	Partnerships	Yes		100,00 % 10 years	Unlimited		27 147	27 147
VANTAGE GREENX FUND ADVISORS II AFRICA DEVELOPMENT PARTNERS 3	Foreign	Partnerships	Yes		2,27 % 10 years	Unlimited	N/A	-	53 978
CAPITAL ALLIANCE PRIVATE EQ 4	Foreign	Partnerships	Yes	49839	5,96 % 10 years	Unlimited	N/A	428 363	291 375
HELIOS PRIVATE EQUITY	Foreign	Partnerships	Yes	45737	0,78 % 10 years	Unlimited	N/A	92 812	84 664
HELIOS PRIVATE EQTY FND 3	Foreign	Partnerships	Yes	45737	2,69 % 10 years	Unlimited	N/A	428	756 730
NINETY ONE AF PR EQ 2 LP	Foreign	Partnerships	Yes	587	8,48 % 10 years	Unlimited	N/A	356 969	159 781
CAPITAL ALLIANCE P E III	Foreign	Partnerships	Yes	49839	1,86 % 10 years	Unlimited	N/A	92 812	29 801
NEOMA AFRICA FUND	Foreign	Partnerships	Yes	44310	2,00 % 10 years	Unlimited	N/A	85 672	5 454
NEOMA AFRICA FUND 3	Foreign	Partnerships	Yes	44310	4,03 % 10 years	Unlimited	N/A	571 150	276 165
VANTAGE MEZZ3 PAN AF SUB-FUND PA	Foreign	Partnerships	Yes	45610	3,40 % 10 years	Unlimited	N/A	74 249	88 930
PAN AFRICAN INFRA DEV FUND	Foreign	Partnerships	Yes	31473	0,79 % 15 years	Unlimited	N/A	71 394	62 780
LANGO REAL ESTATE LIMITED	Foreign	Partnerships	Yes		12,81 % 10 years	Unlimited		571 150	585 868
NOVARE AFRICA PROPERTY FD 2	Foreign	Partnerships	Yes	41836	9,95 % 10 years	Unlimited	N/A	499 756	253 599
ALPINVEST SEC FD OFFSHORE FDR V	Foreign	Partnerships	Yes		0,83 % 10 years	Unlimited	N/A	356 969	97 120
<b>Total Private Equity Funds commitment</b>								<u>9 656 614</u>	<u>5 334 104</u>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

**M REGULATION 28 NON-COMPLIANT INVESTMENTS**

**M1 NON-COMPLIANT COLLECTIVE INVESTMENT SCHEMES**

**Foreign**

SGMF Pacific Basin ex-Japan equity USD Institutional	0,12	184 394
SGMF European EX-UK Equity USD Institutional	0,31	476 480
SGMF Japan Equity USD Institutional	0,18	271 774
SGIF Global Select Equity Fund USD Institutional	1,00	2 709 235
SGMF UK Equity USD Institutional	0,13	197 827
SGMF US Large Companies Equity USD Institutional	1,03	1 574 172
Ashmore The Africa Emerging Markets Fund	0,38	575 190
BlackRock Institutional Cash Series USD Liquidity Fund	0,12	180 906
SSgA Liquidity PLC USD Liquidity LV NAV Fund OEF USD	0,03	40 568
Blackrock Developed World Index Sub Fund	3,19	4 881 859
SGMF Emerging Markets Equity USD Institutional	0,39	590 799
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-1	0,14	211 151
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0815	0,14	209 732
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0116	0,11	170 770
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0216	0,12	184 116
DUET AFRICA OPPORTUNITIES FUND - IC	0,96	1 429 012
		<b>13 887 985</b>

**Total Non-compliant collective investment schemes**

**13 887 985**

The Fund's assets disclosed as non-compliant collective investment schemes have been disclosed as such because the Fund has not obtained the audit certificates from the investment manager's auditors as these are not available. The Fund has obtained a regulation 28 certificate from the investment manager and the look through to the underlying investments is shown in Schedule IB.

**Total certified Regulation 28 non-compliant investments**

**13 887 985**

The Fund's assets disclosed as non-compliant insurance policies have been disclosed as such because the Fund has not obtained the audit certificates from the insurer auditors as these are not available. The Fund has obtained a regulation 28 certificate from the insurer and the look through to the underlying investments as shown in Schedule IB.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

O ENTITY / COUNTERPARTY EXPOSURE

Credit / Counterparty risk

Counterparty	Direct investment in counterparty	Deposit/liquid asset with counterparty	Total per counterparty	Exposure to counterparty as a % of the fair value of the assets of the fund
	R'000	R'000	R'000	
<b>Banks</b>	-	<b>14 087 608</b>	<b>14 087 608</b>	<b>8,47%</b>
Absa Bank	-	1 301 770	1 301 770	0,78%
FirstRand Bank	-	1 378 711	1 378 711	0,83%
Investec Bank	-	1 126 471	1 126 471	0,68%
Standard Bank	-	1 672 652	1 672 652	1,01%
Nedbank	-	3 745 119	3 745 119	2,25%
The Hongkong and Shanghai Banking Corporation Limited	-	36 950	36 950	0,02%
Rand Merchant Bank	-	3 945 544	3 945 544	2,37%
State Street	-	851 507	851 507	0,51%
Discovery Bank	-	28 884	28 884	0,02%
<b>Asset managers - local</b>	-	<b>46 198</b>	<b>46 198</b>	<b>0,03%</b>
Prime Money Market	-	18 392	18 392	0,01%
Stanlib Instit Money Market	-	26 761	26 761	0,02%
Sanlam Money Market	-	1 045	1 045	-%
<b>Asset managers - foreign</b>	<b>13 887 985</b>	-	<b>13 887 985</b>	<b>8,35%</b>
SGMF Pacific Basin ex-Japan equity USD Institutional	184 394	-	184 394	0,11%
SGMF European EX-UK Equity USD Institutional	476 480	-	476 480	0,29%
SGMF Japan Equity USD Institutional	271 774	-	271 774	0,16%
SGMF UK Equity USD Institutional	2 709 235	-	2 709 235	1,62%
SGMF UK Equity USD Institutional	197 827	-	197 827	0,12%
SGMF US Large Companies Equity USD Institutional	1 574 172	-	1 574 172	0,94%
Ashmore The Africa Emerging Markets Fund	575 190	-	575 190	0,34%
BlackRock Institutional Cash Series USD Liquidity Fund	180 906	-	180 906	0,11%
Blackrock Developed World Index Sub Fund	4 881 859	-	4 881 859	2,92%
SGMF Emerging Markets Equity USD Institutional	590 799	-	590 799	0,35%
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-1	211 151	-	211 151	0,13%
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0815	209 732	-	209 732	0,13%
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0116	170 770	-	170 770	0,10%
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0216	184 116	-	184 116	0,11%
Duet Africa Opportunites	1 469 580	-	1 469 580	0,88%
<b>Participating employers</b>				
ESKOM HOLDINGS SOC LTD	2 571 078	-	2 571 078	1,54%

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

<u>16 459 063</u>	<u>14 133 806</u>	<u>30 592 869</u>	<u>18,31 %</u>
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ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

Market risk

EQUITY HOLDINGS	Fair value at end of year	Total fair value equity holdings and open instruments	Market movement by 5%
Investment	R'000	R'000	R'000
NASPERS LIMITED-N SHS	7 404 504	7 404 504	370 225
ANGLO AMERICAN PLC	3 588 108	3 588 108	179 405
FIRSTRAND LIMITED	2 604 097	2 604 097	130 205
MTN GROUP LIMITED	2 399 874	2 399 874	119 994
BRITISH AMERICAN TOBACCO PLC	2 104 602	2 104 602	105 230
IMPALA PLATINUM HOLDINGS LTD	2 081 131	2 081 131	104 057
STANDARD BANK GROUP LIMITED	1 806 152	1 806 152	90 308
PROSUS	1 703 699	1 703 699	85 185
SIBANYE STILLWATER LTD	1 343 284	1 343 284	67 164
ABSA GROUP LIMITED	1 314 466	1 314 466	65 723
<b>Total value of 10 largest equity holdings</b>	<b>26 349 917</b>	<b>26 349 917</b>	<b>1 317 496</b>
<b>Total movement as % of non-current assets plus bank</b>			<b>0,79 %</b>

OTHER FINANCIAL INSTRUMENTS

Instrument	Holding
Instrument	R'000
I2050	6 523 743
I2046	6 518 440
I2038	2 545 124
FUTNED	2 395 809
R2048	2 033 564
NRP	1 676 720
GRT	1 647 477
STDC01	1 475 001
MTFIB3	1 430 709
<b>Total value of 10 largest other instruments</b>	<b>27 650 527</b>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
AT 30 JUNE 2021

P RECONCILIATION BETWEEN THE INVESTMENTS IN SCHEDULE HA AND SCHEDULE IA

	Fair value current period (as per Schedule HA 3.1) R'000	Cash at bank R'000	Property split (Schedule IAD) R'000	Non-compliant CIS R'000	Total R'000
Cash	11 902 187	50 503	-	-	11 952 690
Debt instruments including Islamic debt instruments	29 715 779	-	-	-	29 715 779
Investment properties and Owner occupied properties*	109 000	-	10 448 931	194 850	10 752 781
Equities	101 407 404	-	(10 448 931)	13 669 988	104 628 461
Investment in participating employer (s)	2 571 078	-	-	-	2 571 078
Hedge funds	1 430 709	-	-	-	1 430 709
Private equity funds	5 334 105	-	-	23 147	5 357 252
Collective investment schemes	13 887 985	-	-	(13 887 985)	-
<b>Total investments</b>	<b>166 358 247</b>	<b>50 503</b>	<b>-</b>	<b>-</b>	<b>166 408 750</b>



**ESKOM PENSION AND PROVIDENT FUND**
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2021**

		Fair value R'000
<b>A</b>	<b>Total assets (Schedule IA -Total investments)</b>	166 408 750
<b>B1</b>	<b>Less:</b> Reg 28 compliant investments (certificate received from issuing entity):-	-
<b>B.1.1</b>	Collective Investment Schemes (Reg 28(8)(b)(i))	-
<b>B.1.2</b>	Linked Policies (Reg 28(8)(b)(ii))	-
<b>B.1.3</b>	Non-Linked policies (Reg 28(8)(b)(iii))	-
<b>B.1.4</b>	Entity regulated by FSCA (Reg 28(8)(b)(iv))	-
<b>B2</b>	<b>Less:</b> Reg 28 excluded investments	-
<b>B2.1</b>	Insurance Policies ( Reg 28(3)(c))	-
<b>C</b>	<b>Less:</b> Investments not disclosed /data not available for disclosure [Refer to schedule IAN]	-
<b>D</b>	<b>TOTAL ASSETS FOR REGULATION 28 DISCLOSURE</b>	<b>166 408 750</b>

Categories of kinds of assets	%	Fair value R'000	Fair value %
<b>1 CASH</b>		<b>11 952 690</b>	<b>7,18%</b>
<b>1.1 Notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments</b>	<b>100%</b>	<b>10 465 076</b>	<b>6,26%</b>
(a) Notes and coins; any balance or deposit in an account held with a South African bank;		8 791 914	5,25%
Nedbank	25%	3 290 839	1,98%
Other Issuers	25%	5 501 075	3,31%
(b) A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument		1 619 743	0,97%
SARB	25%	489 865	0,29%
other Issuers	25%	1 129 878	0,68%
(c) Any positive net balance in a margin account with an exchange		53 418	0,29%
Margin@JSE	25%	53 418	0,03%
(d) Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets		-	0,03%
<b>1.2 Balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments</b>	<b>SARB max. limits</b>	<b>1 487 614</b>	<b>0,89%</b>
(a) Any balance or deposit held with a foreign bank		1 487 614	0,89%
StateStreet Bank & Trust Company	5%	1 381 044	0,83%
Other Issuers	5%	106 570	0,06%
(b) Any balance or deposit held with an African bank		-	0,00%
(c) A money market instrument issued by a foreign bank including an Islamic liquidity management financial instrument		-	0,00%
<b>2 DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS</b>		<b>29 715 779</b>	<b>17,86%</b>
<b>2.1 Inside the Republic</b>	<b>100%</b>	<b>29 715 779</b>	<b>17,86%</b>
(a) Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	100%	25 722 084	15,46%
(b) Debt instruments issued or guaranteed by the government of a foreign country	75%	3 049	0,00%
The Republic of Namibia	10%	3 049	0,00%
(c) Debt instruments issued or by a South African bank against its balance sheet	75%	2 996 868	1,80%

Carried forward		11 955 738	7,18%
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**ESKOM PENSION AND PROVIDENT FUND**
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2021**

Categories of kinds of assets		%	Fair value R'000	Fair value %
Brought forward			11 955 738	7,18%
c(i)	Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	2 845 179	1,71%
	First Rand Bank	25%	1 418 507	0,85%
	Other Issuers	25%	1 426 672	0,86%
c(ii)	Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	63 216	0,04%
	African Bank	15%	45 754	0,03%
	Other Issuers	15%	17 462	0,01%
c(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	75%	72 651	0,04%
	Harcourt	10%	52 628	0,03%
	Other Issuers	10%	20 023	0,01%
c(iv)	Not listed on an exchange	25%	15 822	0,01%
	Standard Bank	5%	6 433	0,00%
	Other Issuers	5%	9 389	0,01%
(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange, or debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed	50%	651 105	0,39%
d(i)	Listed on an exchange	50%	651 105	0,39%
	Transnet Soc Limited	10%	166 239	0,10%
	Other Issuers	10%	484 875	0,29%
d(ii)	Not listed on an exchange	25%	-	0,00%
(e)	Other debt instruments:-	25%	342 673	0,21%
e(i)	Listed on an exchange	25%	342 673	0,21%
	Blue Diamond X Investments	5%	67 134	0,04%
	Other Issuers	5%	275 539	0,17%
e(ii)	Not listed on an exchange	15%	-	0,00%
	SARB max. limits			
2.2	<b>Foreign</b>		-	<b>0,00%</b>
(a)	Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	SARB max. limits	-	0,00%
(b)	Debt instruments issued or guaranteed by the government of a foreign country	SARB max. limits	-	0,00%
(c)	Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-	SARB max. limits	-	0,00%
c(i)	Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max. limits	-	0,00%
c(ii)	Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB max. limits	-	0,00%
c(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB max. limits	-	0,00%
c(iv)	Not listed on an exchange	SARB max. limits	-	0,00%
(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange	SARB max. limits	-	0,00%
d(i)	Listed on an exchange	SARB max. limits	-	0,00%
d(ii)	Not listed on an exchange	SARB max. limits	-	0,00%
Carried forward			15 946 393	9,58%

**ESKOM PENSION AND PROVIDENT FUND**
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2021**

Categories of kinds of assets		%	Fair value R'000	Fair value %
Brought forward			15 946 393	9,58%
(e)	Other debt instruments	SARB max. limits	-	0,00%
e(i)	Listed on an exchange	SARB max. limits	-	0,00%
e(ii)	Not listed on an exchange	SARB max. limits	-	0,00%
<b>3</b>	<b>EQUITIES</b>		<b>104 628 461</b>	<b>62,87%</b>
3.1	<b>Inside the Republic</b>	75%	<b>56 201 741</b>	<b>33,77%</b>
(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	75%	56 201 066	33,77%
a(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	52 100 452	31,31%
	Naspers	15%	7 404 504	4,45%
	Other Issuers	15%	44 695 948	26,86%
a(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	3 885 634	2,33%
	A E C I Ltd	10%	287 257	0,17%
	Other Issuers	10%	3 598 377	2,16%
a(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	75%	214 980	0,13%
	Grand Parade Investemts Ltd	5%	39 058	0,02%
	Other Issuers	5%	175 922	0,11%
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%	675	0,00%
	Leisurenet Ltd	2,5%	480	0,00%
	Other Issuers	2,5%	195	0,00%
3.2	<b>Foreign</b>		<b>48 426 720</b>	<b>29,10%</b>
(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	SARB max. limits	43 969 272	26,42%
a(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max. limits	42 152 142	25,33%
	Microsoft Corp	15%	1 555 491	0,93%
	Other Issuers	15%	40 596 651	24,40%
a(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB max. limits	1 662 737	1,00%
	Semafo	10%	109 715	0,07%
	Other Issuers	10%	1 553 023	0,93%
a(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB max. limits	154 393	0,09%
	First City Monument Bank	5%	66 304	0,04%
	Other Issuers	5%	88 089	0,05%
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%	4 457 448	2,68%
	Dashen Brewery	2,5%	1 010 920	0,61%
	Other Issuers	2,5%	3 446 528	2,07%
<b>4</b>	<b>IMMOVABLE PROPERTY</b>		<b>10 752 781</b>	<b>6,46%</b>
4.1	<b>Inside the Republic</b>	25%	<b>10 284 477</b>	<b>6,18%</b>
(a)	Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange	25%	10 175 477	6,11%
a(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	8 383 858	5,04%
Carried forward			120 574 855	72,45%

**ESKOM PENSION AND PROVIDENT FUND**
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2021**

Categories of kinds of assets	%	Fair value R'000	Fair value %
<b>Brought forward</b>		<b>120 574 855</b>	<b>72,45%</b>
Nepi RockCastle	15%	1 676 720	1,01%
Other Issuers	15%	6 707 137	4,03%
a(ii) Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	1 646 730	0,99%
Hyprop Investments Ltd	10%	336 537	0,20%
Other Issuers	10%	1 310 193	0,79%
a(iii) Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	144 889	0,09%
Fairvest Property Holdings Ltd	5%	71 863	0,04%
Other Issuers	5%	73 027	0,05%
(b) Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange	75%	109 000	0,07%
Community Property	5%	109 000	0,07%
<b>4.2 Foreign</b>	<b>25%</b>	<b>468 304</b>	<b>0,28%</b>
(a) Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange	25%	468 304	0,28%
a(i) Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	325 611	0,20%
China Jinmao Holdings Group	15%	51 201	0,03%
Other Issuers	15%	274 409	0,16%
a(ii) Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	142 693	0,09%
Grit Real Estate	10%	142 693	0,09%
a(iii) Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	-	0,00%
(b) Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange	15%	-	0,00%
<b>5 COMMODITIES</b>		<b>-</b>	<b>0,00%</b>
<b>5.1 Inside the Republic</b>	<b>10%</b>	<b>-</b>	<b>0,00%</b>
(a) Kruger Rands and other commodities on an exchange, including exchange traded commodities	10%	-	0,00%
a(i) Gold (including Kruger Rands)	10%	-	0,00%
a(ii) Other commodities	5%	-	0,00%
<b>5.2 Foreign</b>	<b>10%</b>	<b>-</b>	<b>0,00%</b>
(a) Gold and other commodities on an exchange, including exchange traded commodities	10%	-	0,00%
a(i) Gold	10%	-	0,00%
a(ii) Other commodities	5%	-	0,00%
<b>6 INVESTMENTS IN THE BUSINESS OF A PARTICIPATING EMPLOYER INSIDE THE REPUBLIC IN TERMS OF:-</b>		<b>2 571 078</b>	<b>1,55%</b>
(a) Section 19(4) of the Pension Funds Act		2 571 078	1,55%
(b) To the extent it has been allowed by an exemption in terms of section 19(4A) of the Pension Funds Act		-	0,00%
<b>7 HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)</b>	<b>95%</b>	<b>-</b>	<b>0,00%</b>
<b>8 HEDGE FUNDS, PRIVATE EQUITY FUNDS AND ANY OTHER ASSET NOT REFERRED TO IN THIS SCHEDULE</b>		<b>6 787 961</b>	<b>4,08%</b>
<b>Carried forward</b>		<b>131 327 635</b>	<b>78,92%</b>

**ESKOM PENSION AND PROVIDENT FUND**
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2021**

Categories of kinds of assets		%	Fair value R'000	Fair value %
Brought forward			131 327 635	78,92%
8.1	<b>Inside the Republic</b>	15%	<b>4 018 568</b>	<b>2,41%</b>
(a)	Hedge fund	10%	1 430 709	0,86%
a(i)	Funds of hedge funds	10%	-	0,00%
a(ii)	Hedge funds	10%	1 430 709	0,86%
	Matrix Fixed Income Hedge Fund	2,5%	1 430 709	0,86%
(b)	Private equity funds	10%	2 587 859	1,56%
b(i)	Funds of private equity funds	10%	2 587 859	1,56%
	Sphere Holdings Proprietary Ltd	5%	288 967	0,17%
	Other Issuers	5%	2 298 892	1,38%
b(ii)	Private equity funds	10%	-	0,00%
(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2,5%	-	0,00%
8.2	<b>Foreign</b>	15%	<b>2 769 393</b>	<b>1,66%</b>
(a)	Hedge fund	10%	-	0,00%
a(i)	Funds of hedge funds	10%	-	0,00%
a(ii)	Hedge funds	10%	-	0,00%
(b)	Private equity funds	10%	2 769 393	1,66%
b(i)	Funds of private equity funds	10%	2 769 393	1,65%
	Helios Private Equity Fund	5%	841 394	0,51%
	Other Issuers	5%	1 904 851	1,14%
b(ii)	Private equity funds	10,0%	-	0,00%
(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2,5%	-	0,00%
	F/C S&P500 EMINI FUT SEP21	2,5%	6 711	0,00%
	Other Issuers	2,5%	16 437	0,01%
<b>TOTAL ASSETS – REGULATION 28</b>			<b>166 408 750</b>	<b>100,00%</b>

**ESKOM PENSION AND PROVIDENT FUND**

**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28  
AS AT 30 JUNE 2021**

**INVESTMENT SUMMARY (Regulation 28)**

	<b>Local</b>	<b>Fair value</b>	<b>Foreign</b>	<b>Fair value</b>	<b>Africa</b>	<b>Fair value</b>	<b>Total</b>
	<b>R'000</b>	<b>%</b>	<b>(Excluding Africa)</b>	<b>%</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>
			<b>R'000</b>				
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments	10 465 076	6,29	1 277 215	0,77	210 399	0,13	11 952 690
2 Debt instruments including Islamic debt instruments	29 715 779	17,86	-	-	-	-	29 715 779
3 Equities	56 201 741	33,77	45 296 184	27,22	3 130 536	1,88	104 628 461
4 Immovable property	10 284 477	6,18	460 835	0,28	7 469	-	10 752 781
6 Investment in the business of a participating employer	2 571 078	1,55	-	-	-	-	2 571 078
8 Hedge Funds, private equity funds and any other assets not referred to in this schedule	4 018 568	2,41	23 148	0,01	2 746 245	1,65	6 787 961
<b>TOTAL</b>	<b>113 256 719</b>	<b>68,06</b>	<b>47 057 382</b>	<b>28,28</b>	<b>6 094 649</b>	<b>3,66</b>	<b>166 408 750</b>

## Independent Auditor's Reasonable Assurance Report on Assets Held in Compliance with Regulation 28 of the Pension Funds Act No. 24 of 1956, as amended

To the Board of Fund

### Eskom Pension and Provident Fund

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#### Report on Compliance of Schedule IB with Regulation 28 of the Act

We have undertaken our engagement in accordance with Section 15 of the Pension Funds Act No. 24 of 1956, as amended (the Act) in order to provide the Board of Fund of Eskom Pension and Provident Fund (the Fund) with a reasonable assurance opinion that Schedule IB "Assets held in compliance with Regulation 28" (the Schedule) on pages 72 to 77 at 30 June 2021 is prepared in all material respects in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) of the Act, and the Fund has complied, in all material respects, with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) as at 30 June 2021.

#### The Board of Fund's Responsibility for the Schedule

The Board of Fund is responsible for ensuring that the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) and for compliance of the Fund with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

#### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The Firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Auditor's Responsibility

Our responsibility is to express an opinion on whether the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) and whether the Fund complies with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) based on performing a reasonable assurance engagement.

We performed our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000 (Revised)) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) and whether the Fund complies with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9).

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain sufficient appropriate evidence that the Schedule is prepared in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) and that the Fund complies with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9). The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9), whether due to fraud and error. In making those risk assessments we consider internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

### Summary of Work Performed

We completed our audit of the annual financial statements of the Eskom Pension and Provident Fund for the year ended 30 June 2021, prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, on which we issued an unmodified opinion on 26 November 2021. That audit was performed in accordance with International Standards on Auditing. Where appropriate, we have drawn on evidence obtained regarding information contained in the Schedule that has been extracted from the Fund's underlying accounting records that were the subject of our audit engagement on the annual financial statements and forms the subject matter of this engagement.

We have performed such additional procedures as we considered necessary which included:

- Evaluating whether confirmations from financial institutions are in support of the records made available to us;
- Inspecting the required documentation in terms of Regulation 28(8)(b) for investments excluded from total assets in terms of Regulation 28(8)(b));
- Evaluating whether the investments are classified correctly per the categories of Schedule IB based on information obtained about the nature of investments from the financial institutions;
- Recalculating the percentages of assets held in relation to total assets; and
- Comparing the percentages calculated to the prescribed limits.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion.

### Opinion

In our opinion, the Schedule IB "Assets held in compliance with Regulation 28" at 30 June 2021 is prepared in all material respects in accordance with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) of the Act, and the Fund has complied, in all material respects, with Regulation 28 (3)(a), (3)(c), (3)(e)-(j), (4), (8) and (9) as at 30 June 2021.

### Restriction on use

Without modifying our opinion we emphasise that Schedule IB is designed to meet the information needs of the Board of Fund for the purpose of reporting to the Financial Sector Conduct Authority (FSCA). As a result our report is not suitable for another purpose. Our report is presented solely for the information of the Board of Fund for the purpose of reporting to the FSCA.

**BDO South Africa Incorporated**  
Registered Auditors

*BDO SOUTH AFRICA INC.*

**LM September**  
Director  
Registered Auditor

**26 November 2021**

123 Hertzog Boulevard  
Foreshore  
Cape Town, 8001