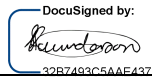
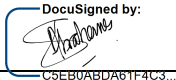
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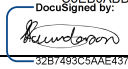
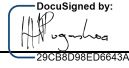




Eskom Pension and Provident Fund

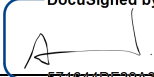
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Policy Reference Number	EPPFIMU01
Version Number	1.1
Effective Date	July 2023
Review Date	August 2024
Policy Owner	Chief Investment Officer
Signature	
Policy Sponsor	Chief Executive / Principal Officer
Signature	
Date Approved	Aug-30-2023

KEY STAKEHOLDERS IN IMPLEMENTING AND MONITORING THIS POLICY

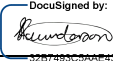
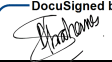
Stakeholder	Designation	Approval
Executive Management	Chief Executive/Principal Officer	
Investment Management Unit	Chief Investment Officer	
Corporate Secretariat	Company Secretary	
Finance	Chief Financial Officer	

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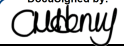
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RECOMMENDED BY POLICY OWNER

I hereby acknowledge that we have reviewed this Policy and it is not duplicated or in conflict with any other policies.


Role	Designation	Approval Signature	Date
Policy Owner	Chief Investment Officer	DocuSigned by:  <small>3287493C37AE437...</small>	Aug - 31- 2023
Policy Sponsor	Chief Executive/Principal Officer	DocuSigned by:  <small>C5EB0ABDA81F4C3...</small>	Aug - 31 - 2023

FINAL APPROVAL

Role	Designation	Approval Signature	Date
Strategic Investment Committee Chairperson	Mr SE Shweni	DocuSigned by:  <small>079A067FDE65403...</small>	Sep-01-2023
Chairman of the Board	Ms CM Henry	DocuSigned by:  <small>7A5A6C865C02477...</small>	Sep-01-2023


SUMMARY OF VERSION CONTROL

Version Number	Effective Date	Summary Changes
1.1	1 July 2023	Consolidating the Funds Sustainability Framework/Strategy into one policy.

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1. DEFINITIONS AND ABBREVIATIONS

In the Policy the following terms and abbreviations shall have the meanings assigned to them below.

Term	Definition or Abbreviation
B-BBEE	Broad-Based Black Economic Empowerment
BIODIVERSITY	Nature provides ecosystem services, which benefit businesses and society. The assets that underpin these services are called natural capital. Biodiversity is the variety of living components that make up natural capital. It has a role in ensuring the resilience of natural capital assets and securing them for the future. Its loss reduces the quantity, quality and resilience of ecosystem services and can present risks to investors across many sectors.
BOARD	The Board of Trustees of the Fund
CE/PO	The Chief Executive / Principal Officer of the Fund
CRISA	Code for Responsible Investing in South Africa
DI	Development Impact
EPPF OR FUND	The Eskom Pension and Provident Fund
ESG	ESG stands for Environmental Social and Governance, and refers to key factors that are used to measure the sustainability performance of an investment in a business or company.
EPPF	Eskom Pension and Provident Fund
EXCO	Executive Committee of the Eskom Pension & Provident Fund
FSC	Financial Sector Code
FSCA	Financial Sector Conduct Authority
Fund	Eskom Pension and Provident Fund
IPCC	Intergovernmental Panel on Climate Change
IMF	International Monetary Fund
IMU	Investment Management Unit
IPS	Investment Policy Statement
MATERIALITY	Materiality is defined as the relevance or importance placed on context-specific identified issues and factors that have a direct or indirect impact on the Fund’s ability to create, preserve or erode economic, environmental or social value for itself, its stakeholders and society at large.
NDP	National Development Plan
Paris Accord	The Paris Agreement (Accord) sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C. It also aims to strengthen countries’ ability to deal with the impacts of climate change and support them in their efforts.
Policy	Sustainability Policy
PRI	Principles of Responsible Investing
SDGs	Sustainably development goals

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2. INTRODUCTION

The Eskom Pension and Provident Fund (the "Fund") is a registered pension and provident fund operating under the Pension Funds Act 24 of 1956 (the "Act"). It focuses on retirement fund operations and investment management. As a large institutional investor, the Fund adopts a long-term, responsible, and sustainable investment approach to benefit its members. The Fund aims to secure retirement benefits while considering investment-related risks in a changing national and global environment.

The Fund's Sustainability Policy (the "Policy") emphasizes the capacity to meet present needs without compromising future generations. It takes a holistic view of social, economic, and environmental factors to promote resilience, equity, and prosperity. Sustainable development entails utilizing renewable resources, reducing waste and pollution, and promoting social and economic justice. The goal is to harmonize human needs with the natural world in an equitable manner.


Although sustainability reporting has evolved, most reporting fails to account for environmental and social resource limits at various levels. Globally, several planetary boundaries, critical for Earth's stability, have already been crossed. Climate change and environmental factors pose material risks and opportunities for the Fund's investments, as evidenced by events like droughts, floods, and wildfires.

Recognizing the urgency, the Fund believes that merely sustaining the status quo is insufficient. It aims to actively preserve and regenerate the environment and life on Earth, considering the concept of regeneration. Regeneration integrates justice, climate action, biodiversity, and human dignity to address the climate crisis and other systemic challenges within a generation. The Fund acknowledges that sustainability and regeneration should extend beyond investment strategies to encompass all Fund processes and practices.

3. RELATED FUND POLICIES

The following policies of the Fund are relevant to this Policy:

- Climate Change Policy (upon approval by the Board)
- Engagement Policy and Engagement Plan
- Proxy Voting Policy

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- Impact Investing Policy
- Investment Policy Statement (IPS)
- B-BBEE Policy for EPPF Investments

This policy and the related fund policies should be read and implemented in conjunction with one another and legislation.

4. CONTEXT

In today’s world, investment-related risks are changing at exponential speed, both in nature as well as in frequency and impact. Ongoing climate change, increasing environmental crises and a mass-scale extinction of species, growing inequality, limited or no access to housing, water, food, education, and healthcare for a growing number of people as well as large-scale polarization around race, religion or gender, are just a few examples. All are expressions of problems that find their origin in failing systems. The political, economic, financial and social systems that have brought us to where we are today may no longer serve us going forward. Together our current economic, financial, and societal systems lie at the basis of the 3 grand challenges of our time:

1. *Environmental (and specifically climate change)*
2. *Social Injustice*
3. *Economic Disparity*


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Social Injustice	Environmental	Economic disparity
<ul style="list-style-type: none"> • Inequality • Poverty • Gender oppression and exclusion • Lack of transformation • Access to quality education and training • Lack of skills development • Access to healthcare • Corruption • Exclusive spatial development • Access to basic services (water, sanitation, energy, etc.) • Lack of governance 	<ul style="list-style-type: none"> • Climate change • Biodiversity disruption • Pollution • Toxic waste • Deforestation • Ozone layer damage • Lack of governance 	<ul style="list-style-type: none"> • Financial exclusion • Financial insecurity • Low economic growth • Spatial divide • Energy insecurity • Lack of collaboration • Lack of data availability/resources • Lack of infrastructure • Lack of relevant global competitive and future ready skills • Lack of governance

While the above-mentioned problems are increasingly playing out in many countries worldwide, in this EPPF Sustainability Policy their manifestation and impact will mainly be considered from a South African perspective given the fact that the Fund’s members largely operate within the South African financial, business, political, environmental and social environment. However, the same beliefs and principles as set out in this Policy will be applied in considering SA and offshore assets as far as possible and relevant whilst taking specific jurisdictional considerations into account. Where relevant, global developments and trends will also be used as knowledge and input to allow the Fund to steer forward in a way that takes into account both these bigger (reporting and sustainability) unfolding realities, and the necessity of developing relevant local and global solutions.

5. OUTDATED VALUES, STRUCTURES AND PRACTICES

The capitalist economy has generated substantial wealth but at significant social and environmental costs globally. The current corporate modus operandi, built on certainty, control, standardization, and efficiency, has contributed to these challenges. However, these structures are remnants of the industrial age and inadequate for addressing today's complex and evolving (eco)systems. In South Africa, these systems have contributed to extreme inequality and socio-demographic challenges. To tackle these issues, a holistic systems

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perspective is needed, focusing on the values, beliefs, and structures underpinning societal systems.

Transitions involve fundamental changes in culture, structure, and practices within societal systems. The Fund recognizes its role in navigating these transitory times and acknowledges the need to question existing unsustainable practices while creating and anchoring alternative values and structures. The Fund aims to question, reform and rebuild practices and structures that offer potential solutions for the ecological and social crises.

Addressing the root causes of systemic challenges necessitates transforming values, processes, and accounting tools. The Fund believes that transparent disclosure across all levels of the business system is crucial for achieving societal transitions. Reporting helps make the invisible visible and can generate momentum for addressing challenges. Transparency and accountability improve decision-making by disclosing performance metrics, impact on various capitals, risk and innovation, governance and strategy, incentives and compensation, and business models for sustainable value creation. This approach enables a long-term, holistic perspective on value creation.


The Sustainability Policy comprises two key components. Firstly, it outlines the guiding values for the Fund's sustainability approach. Secondly, it paves the way for updating existing structures and practices with revised tools in day-to-day investment management activities. These components work together to dismantle old ways and establish a new order.

6. STRUCTURE OF THE EPPF SUSTAINABILITY POLICY

The EPPF Sustainability Policy constitutes the foundation of the Fund's vision and purpose. And the Fund's activities will increasingly evolve around sustainable and regenerative investment opportunities to achieve its vision and purpose.

Separate policies with respect to the identified focus areas will detail strategic plans to implement the Fund's vision and purpose.

In addition, yet underlying all these policies, are the core values that shape who we are as a Fund, and who we are becoming in order to achieve our vision and mission. Below we will identify the values and behaviours that we believe will help us drive the change towards becoming a Fund that contributes to addressing today's grand challenges within South Africa

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in a sustainable way. Values that will ultimately allow the Fund to create and preserve value/retirement benefits for our beneficiaries.

7. EPPF CORE VALUES

The Eskom Pension and Provident Fund (EPPF) is guided by a set of core values and a purpose that shape its operations and strategic objectives. Our core values (CARE):


- Customer-Centricity:
- Accountability:
- Resourcefulness:
- Excellence:

Each of these values reiterate the EPPF’s awareness that our success is driven by Human Beings who form part of our internal & external communities. CARE is part of the intentional fingerprint that the EPPF Family is happy to leave on everything.

This Policy is created to help the Fund achieve better outcomes for its members by considering long-term sustainability factors that should impact investment performance. By integrating sustainability principles into the Fund’s investment strategies, the Fund can identify opportunities that align with members’ values and deliver sustainable returns over time. Additionally, the Policy promotes transparency, accountability, and responsible investment practices, which is intended to enhance trust and confidence among members, leading to stronger overall performance and member satisfaction.

8. EPPF PURPOSE

The EPPF’s purpose is to effectively manage the retirement benefits of its members, providing them with financial security and peace of mind during their retirement years. The Fund aims to:


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1. **Safeguard Members' Interests:** The EPPF is committed to ensuring that the retirement benefits of its members are well-managed and protected. It employs sound investment strategies and prudent risk management practices.
2. **Deliver Sustainable Returns:** The Fund strives to generate sustainable investment returns to support its members' retirement needs. It aims to achieve competitive and long-term financial performance while considering responsible investing principles.
3. **Provide Excellent Service:** The EPPF is dedicated to delivering excellent service to its members, beneficiaries, and stakeholders. It aims to provide clear communication, accessibility, and support throughout the retirement journey.
4. **Promote Responsible Investing:** The EPPF recognizes the importance of responsible investing and aims to integrate environmental, social, and governance (ESG) factors into its investment decision-making process. It seeks to contribute positively to society and the environment through its investments.
5. **Collaborate and Innovate:** The EPPF actively seeks collaborations and partnerships to drive innovation, enhance its operations, and explore new opportunities. It fosters an environment that encourages continuous improvement and adaptability to changing market conditions.

By upholding its core values and pursuing its purpose the EPPF aims to provide its members with a secure and prosperous retirement, contribute to the sustainable development of South Africa, and be a responsible steward of its members' assets.

We envision a thriving South Africa, fuelled by a sustainable and regenerative economy and society that supports all humans' potential to thrive individually and collectively, in balance with and respecting all non-human life and the living earth.

Investing responsibly not only contributes to creating a healthier economy and society but also leads to better long-term performance for our members. By considering environmental, social, and governance factors, responsible investments can mitigate risks, identify opportunities, and generate sustainable returns, ultimately benefiting the members of the Fund in terms of their financial well-being and retirement outcomes.

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The Fund aims to make a meaningful contribution to South Africa’s social and economic development through high-impact investments that proactively contribute to

- i. providing competitive benefits to its beneficiaries, and
- ii. limiting the effects of Climate Change, Social Injustice and Economic Disparity within South Africa.

The Fund furthermore seeks to adhere to various codes and standards relating to Sustainable Investing:


Code for Responsible Investing in South Africa (CRISA): CRISA provides guidance on the integration of ESG factors into investment decision-making processes. It emphasizes the importance of responsible investment practices, active ownership, and transparent reporting.

King IV Report on Corporate Governance: While not specifically focused on pension funds, the King IV Report provides principles and recommended practices for effective corporate governance. Pension funds can use these guidelines to enhance their governance structures and promote responsible investing.

Financial Sector Code (FSC): The FSC is a transformation charter aimed at promoting economic empowerment in the financial sector, including pension funds. It encourages funds to prioritize transformation initiatives, such as supporting historically disadvantaged individuals in management, ownership, and procurement.

United Nations-supported Principles for Responsible Investment (PRI): Although not a South African-specific code, the PRI is widely recognized globally. It provides a framework for integrating ESG factors into investment decision-making and ownership practices. Many South African pension funds have become signatories to the PRI, committing to its principles.

South African Stewardship Code: Currently in development, the South African Stewardship Code aims to provide guidelines for institutional investors to actively engage with investee companies and promote responsible and sustainable business practices.

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9. EPPF SUSTAINABLE STRATEGIES


9.1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY

The EPPF is committed to leading by example and fulfilling its fiduciary duty to manage assets in the best interests of all members and beneficiaries. This involves investing contributions responsibly while seeking optimal financial returns and contributing to positive outcomes for members, stakeholders, and the environment. The Fund adopts a long-term investment view, recognising that ESG factors are integral to maximizing long-term value and sustainability. By considering financial, environmental, and social returns, the Fund aims to enhance its reputation and differentiate itself in the market.

Acknowledging the evolving environmental and socio-economic landscape, the Fund takes a proactive and resilient approach to ESG, responding to issues before they pose financial risks. As a 'universal owner,' the EPPF strives to improve long-term financial performance by promoting sustainable economies and markets, thus mitigating economic risks related to sustainability challenges. The Fund is also committed to addressing socio-economic imbalances in South Africa, supporting initiatives like the Financial Sector Charter and Black Economic Empowerment Charters. It actively seeks investments that contribute to historically disadvantaged individuals' management, ownership, skills development, and procurement, unlocking economic potential and fostering sustainable businesses.

ESG considerations are deeply embedded in the Fund's day-to-day activities and investment decision-making processes. The commitment to ESG is carefully integrated with the investment strategy, aligning ambition with practicality at the Fund, investment manager, and underlying investment levels. By prioritizing ESG integration, the EPPF ensures that responsible investment practices are an integral part of its operations, aiming for sustainable and impactful outcomes.

The Fund and its asset managers adhere to the following ESG principles, incorporated into investment processes, engagement activities, and proxy voting:

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Environmental:


- Contribute to environmental protection and pollution reduction.
- Adopt climate action, considering mitigation approaches to address climate change and adapting to changing conditions.

Social:

- Support social and economic transformation through broad-based black economic empowerment.
- Increase employment of black professionals, particularly black women, promoting equal pay for equal work.
- Respect and support the protection of human rights, fair labour conditions, and worker health and safety.

Governance:

- **Board Composition:** Assess the company's board of directors for a balanced mix of independent directors.
- **Executive Compensation:** Evaluate the company's compensation structure for alignment with performance and risk management.
- **Shareholder Rights:** Consider the company's protection of shareholder rights and their ability to participate in key decisions.
- **Risk Management:** Assess the company's risk management practices and internal controls.
- **Audit and Financial Reporting:** Evaluate the quality and transparency of the company's financial reporting and auditing processes.
- **Ethics and Responsibility:** Consider the company's commitment to ethical conduct and corporate responsibility.
- **Board Diversity:** Assess the diversity of the company's board in terms of gender, ethnicity, and skill sets.
- **Engagement and Dialogue:** Evaluate the company's willingness to engage in meaningful dialogue with shareholders.
- **Regulatory Compliance:** Ensure the company complies with relevant laws, regulations, and governance codes.


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The Fund and its asset managers are committed to utilising various approaches to guide their pursuit of superior risk-adjusted returns and a more active approach to ESG management. This involves the holistic integration of ESG across the entire organization.

Considering that different investments have varying levels of ESG risk and opportunity, influenced by factors such as strategy, location, industry, and performance, a single approach to ESG is not feasible across all asset classes.

Therefore, within the Fund's investment mandate and individual asset class objectives, an ESG integration approach is adopted, which is risk-based and tailored to each specific investment.


Asset Class	Commitments
Tracker mandates	<ul style="list-style-type: none"> • Voting on proxies and engaging with management and directors of underlying investments on material ESG issues.
Quantitative mandates	<ul style="list-style-type: none"> • Assessing how asset managers incorporate ESG factors into quantitative models and investment decisions as part of the asset manager selection and management process and on-going monitoring of performance.
Listed Equity	<ul style="list-style-type: none"> • Asset managers are required to integrate ESG issues into active ownership practices. • To better understand both ESG risks and opportunities, asset managers should make use of ESG tools, metrics, analysis, and research when assessing and monitoring shares and constructing portfolios. • Voting on proxies and engaging with management and directors of underlying investments on material ESG issues.
Listed Bonds/ Fixed-Income	<ul style="list-style-type: none"> • When evaluating the credit risk of listed bonds through research, assessments, forecasted financials and relative value/spread analysis, assets managers should consider ESG factors. • Apply ESG considerations to bonds that are unlisted and when setting debt covenants.
Hedge Funds	<ul style="list-style-type: none"> • Explicit and systematic incorporation of ESG issues in investment analysis and decisions, to better manage risks and improve returns. • Voting on proxies and engaging with management and directors of underlying investments on material ESG issues.

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Listed Property	<ul style="list-style-type: none"> Asset managers should actively engage property management and asset management around material ESG issues. Asset managers are required to integrate ESG issues into active ownership practices. To better understand both ESG risks and opportunities, asset managers should make use of ESG tools, metrics, analysis, and research when assessing and monitoring properties and constructing portfolios. Voting on proxies and engaging with management and directors of underlying investments on material ESG issues.
Alternative Investments (Private Equity, Unlisted Bonds, Real Assets, Development Impact)	<ul style="list-style-type: none"> Before investing in any alternative investment, asset managers should undertake a thorough due diligence to ensure that material ESG issues are considered. Investments should be actively engaged around ESG issues to enhance long-term company performance and maximise returns.

The Fund has outsourced most of its asset investment to third-party managers who are held to the same ESG standards as the Fund's internal asset managers. Each third-party manager undergoes an ESG due diligence process during selection, appointment, and monitoring, ensuring alignment with the Fund's ESG requirements. This includes:

- Considering ESG factors before making investment decisions.
- Being active owners, integrating ESG considerations into investment processes and engaging with investee companies on material ESG issues.
- Adhering to the Fund's reporting requirements, providing formal reports on ESG integration and its impact on portfolios.
- Working towards integrating the principles of CRISA and PRI.
- Ensuring transparency and disclosure of ESG policies in investment processes.
- Assessing alignment with Sustainable Development Goals (SDGs) during investment processes.
- Disclosing any conflicts of interest every six months.

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10. PROXY VOTING AND ENGAGEMENT STRATEGY

Given its broad sector mandate, the Fund is exposed to various ESG risks and opportunities. Disinvestment is not always a straightforward option, making it crucial for investee companies to adhere to strong ESG practices in material areas. The Fund will identify key ESG engagement priorities and incorporate them into active ownership activities and engagement measures.

Proxy voting is an important aspect of the Fund's approach. It involves voting shares at investee companies' shareholders meetings, attending meetings, and holding asset managers accountable for voting. The Fund follows a Proxy Voting and Engagement Policy that aims to protect long-term shareholder value by promoting good practices among investee entities.


The Fund also has a Corporate Engagement Policy that outlines expectations for engagement with stakeholders. This policy is periodically reviewed to align with changes in legislation and industry trends. Asset managers are required to have their own engagement plans detailing appropriate processes for engaging with investee companies.

In line with best practices, the Fund emphasizes the importance of ongoing engagement, responsible proxy voting, and effective stakeholder communication to drive positive ESG outcomes and promote sustainable value creation.

11. IMPACT STRATEGY

Both in its approach to providing competitive benefits to its beneficiaries, and in its contribution and support of the country's social and economic development through its responsible investment strategy, the Fund is one of the leading institutional funds in the country. It aims to contribute to South Africa's socio-economic development through a Developmental Impact (DI) strategy that achieves competitive financial returns for its beneficiaries, as well as, and by means of, contributing to the upliftment of the communities in which they live. The DI mandate is driven by the Fund's desire to enhance national and global objectives. This is achieved through supporting the South African governments' mandate, under the National Development Plan (NDP), as well as government objectives outlined under their commitments made in support of achieving the 2030 Sustainable Development Goals (SDGs). Thus, the Fund has identified focus areas of impact and will focus on progress in achieving the SDGs identified below in its activities.

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Nevertheless, the Fund realises that the goals cannot be achieved in isolation and that a holistic approach and a deep understanding of the interconnectedness of the 17 goals together is needed to make progress on any single one of the goals:

EPPF core focused SDG


- 5 - Gender Equality
- 9 - Industry Innovation and Infrastructure
- 7 - Affordable and Clean Energy
- 8 - Decent Work and Economic Growth



Figure 2 EPPF SDGs

The careful selection of impactful investments is essential to achieving the Fund’s vision and purpose. It is also worth noting that other portfolios within the Fund will also try to target these SDGs where possible and will not just be limited to the DI portfolio.

To achieve the objectives of the DI mandate, the Fund has defined certain investment areas of focus and the associated impact criteria which will be used to measure performance. The Fund recognises that the impact criteria to measure performance need to be context based. This means that performance of the company, sector, locality, or region invested in will be discussed in the context of the limits and demands placed on the environmental and social

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resources applicable to that level (sector, local, regional, global). The Impact Policy sets out further details regarding the overarching guidelines and methodologies on selection of investments and development of context-based impact criteria. Except where explicitly stated otherwise, the generic methods and processes set out in the Impact Policy will apply across the 3 strategic areas listed below.

The impact criteria should be reviewed periodically, and where needed updated, by the Exco and submitted to the SIC and Board for review and approval to ensure it remains relevant to current regulatory frameworks and international best practice, as well as to a changing impact investment landscape. As such, the implementation of the appropriate impact criteria and adherence thereto throughout the Fund’s activities rests at the Board level.

The various means of working towards achieving the Fund’s purpose are laid out in its three strategies which include the various subtopics such as **Broad Based Black Economic Empowerment, Job Creation, Economic Stimulus and Gender Equality**.


12. CLIMATE CHANGE STRATEGY

Climate change will have significant physical and economic impacts on many different aspects of human activity, as identified by bodies such as the Intergovernmental Panel on Climate Change (IPCC), the IMF and the Bank of England. It will result in changes to weather and living environments, consumer demands and societal expectation presenting new investment risks as well as opportunities. Climate change is a systemic issue which affects all asset types and sectors. South Africa is a signatory to the Paris accord and has also made commitments as a country towards a decarbonisation path. As such, as an asset owner with diversified, global portfolios, climate change will impact the Fund’s returns, asset valuations and asset allocation processes.

The EPPF Climate Change Strategy is the Fund’s confirmation and affirmation of its role in limiting and managing climate-change-related risks through its investments.

13. SOCIAL INJUSTICE STRATEGY

Social injustice occurs when an individual or group with wealth, power, or authority gives preferential treatment to its own group over members of another group, resulting in disadvantages to that individual or group. It can result in missed opportunities regarding

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education, work, housing, health care as well as a whole range of indirect effects and consequences. Racism, gender and class discrimination are a few common causes of social injustice. The Fund is committed to addressing all forms of discrimination that lies at the basis of social injustice both by means of the development and application of meaningful impact criteria with respect to its investments, and in its own daily operations.


The EPPF Social Injustice Strategy is the Fund's confirmation and affirmation of its role in limiting and addressing the consequences of social injustice through its investments. The following policy address these:

Broad Based Black Economic Empowerment Policy

The B-BBEE Policy also refers to gender diversity issues and women empowerment in the asset management industry.

14. ECONOMIC DISPARITY STRATEGY

As one of the largest pension funds in South Africa, the Fund is committed to addressing the economic imbalances of the past by contributing to accelerating the participation of disadvantaged individuals and groups to become meaningful players in the economy. In addition, the Fund aims to promote a just society by challenging injustice, valuing diversity and recognizing that all people share a common humanity and therefore have a right to equitable treatment, support for their human rights and a fair allocation of community resources. It believes that it has an important role to play in influencing the transformation of the country's financial sector, specifically the areas in which it operates, including asset management and private equity. The broad objectives of the Fund are to advance transformation in the financial sector by using the Fund's influence and assets it owns. One of the ways in which this takes shape is by application of the Broad-Based Black Economic Empowerment (B-BBEE) Codes. The EPPF Economic Disparity Strategy is the Fund's confirmation and affirmation of its role in limiting as well as addressing the consequences of economic disparity through its investments, advocacy, developing partnerships as well as its own operational practices.

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15. GOVERNANCE, EXECUTION AND ACCOUNTABILITY

The Fund has implemented governance structures that ensure proper support and implementation of its Sustainability Policy, and the underlying components. The governance structure identifies key roles and responsibilities to create ownership of carrying out its investment activities in a manner that is overall sustainable in the long term. Overall accountability for the execution of this Sustainability Policy lies with the Board of Trustees. The Fund’s Chief Investment Officer will own responsibility for executing the Policy and for driving Sustainability integration efforts across the various asset classes. All Fund investment professionals will be responsible for ensuring that investment processes are executed in a manner that are socially and environmentally sustainable, responsible, and aligned with the Sustainability Policy.


16. DISCLOSURE AND REPORTING

We are committed to monitoring and reporting on our sustainable investing and specific activities in each of the three strategic categories. The Fund will have the following reporting responsibilities:

- Submitting an annual report to the PRI, who will in turn publish a Responsible Investing Report that is publicly available on their website
- Reporting on all aspects of the Sustainability Policy to the members and stakeholders in its annual reports;
- Reporting on all aspects of the Sustainability Policy to the FSCA annually in accordance with the Guidance Note 1 of 2019;
- Providing the Fund’s Sustainability Policy to the members and stakeholders upon request;
- Disclosing the Fund’s Sustainability Policy on its website.

17. POLICY REVIEW

The Board will review the policy on an annual basis and monitor progress against objectives set out in this Sustainability Policy to identify areas where improvement of strategy, policies,

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principles, practices, and activities are necessary. The Board will take into consideration that societal transitions are long-term processes in evaluating progress on set objectives.

Over and above the annual review, the following events shall constitute grounds for review of the policy:

A material amendment to any related legislation which does or may have an effect on the contents of this Policy;

A resolution by the Board requiring a review.

18. NON-COMPLIANCE

Breaches of the Sustainability Policy will be seen in a very serious light. Non-conformance with the Sustainability Policy will be subject to disciplinary action in terms of the applicable EPPF disciplinary processes and procedures. Regarding external partners like asset managers and other service providers, violation of the policy could result in termination of the relationship.

19. APPROVAL

Approved and adopted by the Board as the Sustainability Policy for the Eskom Pension and Provident Fund.

Appendix 1	Climate Change Policy
Appendix 2	B-BBEE Policy for Investments
Appendix 3	Impact Policy