

ANNUAL FINANCIAL STATEMENTS

IN TERMS 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 2019 to 30 JUNE 2020

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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 2020

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 2019 to 30 June 2020
Prior year: 1 July 2018 to 30 June 2019

BOARD OF FUND

Full name	E-mail Address	Capacity	Date appointed/ re-appointed	Date resigned / Term expiry
Ms. Japhtaline Mantuka Maisela	mantuka@khumolema.com	E , I & C *	1 June 2020	30 June 2020
Ms. Caroline Mary Henry	Caroline@eppf.co.za	E , I & C *	1 July 2020	
Dr. Cynthia Tduetso Khumalo	khumalet@eskom.co.za	E	1 June 2020	30 June 2020
Ms. Thembeke Flaviona Madlala	MadlalTF@eskom.co.za	M	1 June 2016	31 May 2020
Mr. Ndabezikhona Khehla Shandu	ShanduNK@eskom.co.za	M	1 June 2020	
Mr. Allen John Morgan	AllenM@imalinvest.co.za	M	1 June 2016	31 May 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. Paulina Ndlela	NdlelaPA@eskom.co.za	M	1 June 2016	31 May 2020
Mr. Dennis Mandla Maleka	MalekaDM@eskom.co.za	E	1 June 2016	31 May 2020
Mr. Muvenda Rufus Khomola	khomolmr@eskom.co.za	E	1 December 2016	31 May 2020
Ms. Tembisa Cinga Mahiti	MatshiC@eskom.co.za	E	2 January 2020	30 June 2020
Mr. Deon Reyneke	deon@solidarity.co.za	M	2 March 2018	13 February 2020
Ms. Liza Brown	Liza@eppf.co.za	E	1 June 2020	
Mr. Elias Masilela	elias.masilela@dnaeconomics.com	E & I	12 November 2018	30 September 2019
Mr. Ngoko Huma	HumaN@eskom.co.za	E	12 November 2018	31 May 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	I	1 July 2020	
Mr. Sincedile Ebenezer Shweni	Sincedile@eppf.co.za	E	1 June 2020	
Ms. Hasha Thothalema	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)
2 August 2019	Executive Boardroom, Khumo House, EPPF Office Park, Bryanston East	Yes
6 September 2019	Executive Boardroom, Khumo House, EPPF Office Park, Bryanston East	Yes
7 October 2019	Executive Boardroom, Khumo House, EPPF Office Park, Bryanston East	Yes
22 November 2019	Executive Boardroom, Khumo House, EPPF Office Park, Bryanston East	Yes
5 December 2019	Executive Boardroom, Khumo House, EPPF Office Park, Bryanston East	Yes
13 March 2020	Executive Boardroom, Khumo House, EPPF Office Park, Bryanston East	Yes
22 May 2020	Via Microsoft Teams	Yes
26 May 2020	Via Microsoft Teams	Yes
12 June 2020	Via Microsoft Teams	Yes
15 June 2020	Via Microsoft 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 2020**
FUND OFFICERS
Principal Officer

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed	Date resigned
Linda Soga Mateza	Private Bag X50, Bryanston, 2021	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	(+27) 11 709 7579	linda@eppf.co.za	1 September 2019	

Deputy Principal Officer

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
Mogomoet Shafeeq Abrahams	Private Bag X50, Bryanston, 2021	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	(+27) 11 709 7579	shafeeq@eppf.co.za	1 May 2019

Monitoring Person*

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed	Date resigned
Mogomoet Shafeeq Abrahams	Private Bag X50, Bryanston, 2021	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	(+27) 11 709 7579	shafeeq@eppf.co.za	1 May 2019	31 August 2019
Linda Soga Mateza	Private Bag X50, Bryanston, 2021	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	(+27) 11 709 7579	linda@eppf.co.za	1 September 2019	

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

PROFESSIONAL SERVICE PROVIDERS
Actuary/Valuator

Full name	Postal address	Physical address	Telephone number	E-mail address	Date appointed
Liesel Ryan (BSc, FASSA) Willis Towers Watson	Postnet Suite 154, Private Bag X1, Melrose Arch, Johannesburg, 2076	1st Floor Illovo Edge, 1 Harries Road, Illovo, Johannesburg, 2196	(+27) 11 912 9000	liesel.ryan@willistowerswatson.com	1 January 2019

Auditor

Full name	Postal address	Physical address	Telephone number	E-mail address
Clinton Mitchelson (CA) SA Registered Auditor PricewaterhouseCoopers Inc	Private Bag X36, Sunninghill, 2157	4 Lisbon Lane, Waterfall City, Jukskei View. 2090	(+27) 11 797 4000	clinton.mitchelson@pwc.com

Benefit Administrator

Full name	Postal address	Physical address	Telephone number	Registration number in terms of section 13B
Self Administered	Private Bag X50, Bryanston, 2021	Isivuno House, EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	(+27) 11 709 7400	12/8/564/2

ESKOM PENSION AND PROVIDENT FUND**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 30 JUNE 2020****PROFESSIONAL SERVICE PROVIDERS (continued)****Custodian and/or Nominee**

Full name	Postal address	Physical address	Telephone number	FSP approval no
Nedbank Nominees Ltd	P O Box 1144, Johannesburg, South Africa, 2000	2nd Floor, 16 Constantia Boulevard, Constantia Kloof, 1709	(+27) 11 294 4444	9363
Northern Trust Global Services SE	50 Bank Street, Canary Wharf, London E14 5NT	50 Bank Street, Canary Wharf, London E14 5NT	+44 207 982 2000	44089
State Street Bank and Trust Company	Liesbeek House, River Park Office Complex, Mowbray, CapeTown, 7700	Liesbeek House, River Park Office Complex, Mowbray, CapeTown, 7700	(+27) 21 681 2001	42671

ESKOM PENSION AND PROVIDENT FUND
**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 30 JUNE 2020**
PROFESSIONAL SERVICE PROVIDERS (continued)
Asset Managers

Full name	Postal address	Physical address	Telephone number	FAIS registration number
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	P O 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	12 Throgmorton Avenue, London, EC2N 2DL	(+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
Duet Asset Management Ltd	27 Hill Street, Mayfair, London, EC2N 2DL, United Kingdom	27 Hill Street, Mayfair, London, EC2N 2DL, United Kingdom	(+44) 20 3077 6147	45458

ESKOM PENSION AND PROVIDENT FUND
**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 30 JUNE 2020**
PROFESSIONAL SERVICE PROVIDERS (continued)

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 , Clarewont, 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
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 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	7th Floor, 25 Cabot Square, Canary Wharf, London, E144QA	+44 20 7677 7678	9752
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
Pan-African Asset Management (Pty) Ltd	Private Bag X9962, Sandton, 2146	6 On Blackpool Road, Bryanston, 2021	(+27) 11 463 0303	620

ESKOM PENSION AND PROVIDENT FUND**SCHEDULE A
REGULATORY INFORMATION (continued)
FOR THE YEAR ENDED 30 JUNE 2020****PROFESSIONAL SERVICE PROVIDERS (continued)**

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 Ltd	PO Box 786273, Sandton, 2146, South Africa	1 Merchant Place, Cnr Fredman Dr & Rivonia Rd, Sandton, 2196	(+44) 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, EC2A 1BR, United Kingdom	1st Floor Alphabeta, 14-18 Finsbury Square, London, EC2A 1BR, United Kingdom	(+44) 20 3810 8000	9796
Sanlam Investments (Pty) Ltd	Africa Re Centre, 5th Floor, Hospital Rd, 00200 Nairobi, Kenya	Africa Re Centre, 5th Floor, Hospital Rd, 00200 Nairobi, Kenya	(+254) (0) 20 496 7000	579
Stanlib Asset Management Ltd	PO Box 202, Melrose Arch, 2076	17 Melrose Boulevard, Melrose Arch, 2196	(+27) 11 448 5127	719
State Street Global Advisors Limited	20 Churchill Place, Canary Wharf, London E14 5HJ	20 Churchill Place, Canary Wharf, London E14 5HJ	(+97) 144 372 806	42670
UBS Asset Management (UK) Ltd	5 Broadgate, London, EC2M 2QS	5 Broadgate, London, EC2M 2QS	(+44) 20 7901 5096	30475
Value Capital Partners (Pty) Ltd formally Legae Peresec Holdings (Pty) Ltd	P O Box 650361, Benmore, 2010	8th Floor, 173 Oxford Road, Rosebank, 2196	(+27) 11 722 7572	532
Veritas Asset Management	1st Floor, 90 Long Acre, London, WC2E 9RA	1st Floor, 90 Long Acre, London, WC2E 9RA	(+44) 20 3758 9900	45383
Vunani Fund Managers	6th Floor, Letterstedt House, Newlands, 7700 Cape Town	7th Floor, Letterstedt House, Newlands, 7700 Cape Town	(+21) 670 4900	608

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 2020

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 and 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 13 to 41 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, PricewaterhouseCoopers Inc, 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 10 to 12.

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:

Nature and cause of non-compliance	Impact of non-compliance matter on the Fund	Corrective course of action taken to resolve non-compliance matter
1. During the year under review two board vacancies arose, which were not filled in the regulated 90 day period.	None, as all Board of Fund meetings had the relevant quorum present.	The participating employer, Eskom Holdings SOC Limited, replaced the employer-appointed Board member vacancy on 2 January 2020 (94 days later). An employee-elected Board member resigned during the Trustee election process and was replaced on 1 June 2020 (109 days later).
2. As a result of the replacement of the membership administration system divorce benefits received from non member spouses during the period January to February 2020 were not processed within the regulated 60 day period.	Late payment interest was paid	Benefit payments were made after 30 April 2020.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE B

STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2020

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:

Nature and cause of non-compliance	Impact of non-compliance matter on the Fund	Corrective course of action to resolve non-compliance matter
3. Ineligible members who participated in the Fund.	Refer to note 8.2 on Schedule E (page 18).	Refer to note 8.2 Schedule E (page 18).
4. 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.	On 15 October 2019, the Rules of the Fund were approved by the FSCA, with effect from 1 March 2019, to comply with Regulation 38. The Fund subsequently commenced with a system migration in December 2019 and the initial phase was concluded on 30 April 2020. Phase 2 is currently in progress and is scheduled to be completed by 31 December 2020. All members who exit before retirement from this date, will be presented with paid up membership certificates within two (2) calendar months of the Fund becoming aware of such exit. Members joining the Fund will be required to submit a list of all paid up membership certificates in respect of their retirement savings within 4 months of joining the Fund.

These annual financial statements:

- were approved by the Board of Fund on 13 November 2020;
- 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 2020 as well as the results of its activities for the year then ended; and
- are signed on behalf of the Board of Fund by:



Ms. Caroline Mary Henry
Chairman



Mr. Jasper Martin Buys
Board Member



Mr. Sincedile Ebenezer Shweni
Board Member

13 November 2020

ESKOM PENSION AND PROVIDENT FUND

**SCHEDULE C
STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER
FOR THE YEAR ENDED 30 JUNE 2020**

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.



**Linda Soga Mateza
PRINCIPAL OFFICER**

13 November 2020



SCHEDULE D

Independent Auditor's Report

To the Board of Fund of the Eskom Pension and Provident Fund

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 21 to 41, which comprise the statement of net assets and funds as at 30 June 2020 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 2020 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 – Financial reporting framework and restriction on use

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 2019 to 30 June 2020, 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.

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

*PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
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Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg. no. 4950174682



knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

PricewaterhouseCoopers Inc.
PricewaterhouseCoopers Inc.
Director: C. Mitchelson
Registered Auditor
Johannesburg
7 December 2020

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE E REPORT OF THE BOARD OF FUND FOR THE YEAR ENDED 30 JUNE 2020

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.

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 Fund 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 pension to which the member would have been entitled if 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

SCHEDULE E
REPORT OF THE BOARD OF FUND (continued)
FOR THE YEAR ENDED 30 JUNE 2020

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 41 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 resolution	Effective date	Date registered by the Financial Sector Conduct Authority
2	Rule amendment to comply with Regulation 38 and 39 to the Pension Fund Act 1956 as well as provisions of the Act.	06/09/2019	01/03/2019	09/10/2019

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.

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.

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.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2020

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 18. 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.

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 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.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2020

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 38% (2019 - 39%) 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:

	2020 R'000	2019 R'000
Aberdeen Asset Managers Ltd	3 672	-
Aeon Investment Management (Pty) Ltd	809 768	865 790
Afena Capital (Pty) Ltd	1 258 761	1 598 301
Allianz Global Investments Europe GMBH	7 864 046	7 331 611
Aluwani Capital Partners (Pty) Ltd	3 528 643	3 463 042
Ashmore Group Plc	605 670	648 117
Benguela Global Fund Managers (Pty) Ltd	938 858	1 027 255
Black Rock Investment Management (UK) Ltd	6 421 857	4 401 770
Cachalia Capital (Pty) Ltd	229 583	240 276
Catalyst Fund Managers SA (Pty) Ltd	1 263 260	2 111 175
Coronation Fund Managers (Pty) Ltd	5 037 052	5 168 202
Drakens Capital (Pty) Ltd	578 618	549 563
Duet Asset Management Ltd	1 395 870	1 313 970
Excelsia Capital (Pty) Ltd	188 645	210 986
First Avenue Investment Management (Pty) Ltd	521	2 103 458
In house managed assets	55 287 156	56 449 646
Kagiso Asset Management (Pty) Ltd	2 465 223	2 787 102
Legacy Africa Fund Managers (Pty) Ltd	806 375	899 275
Matrix Fund Managers (Pty) Ltd	1 276 282	971 408
Mazi Capital (Pty) Ltd	4 237 479	5 023 069
Meago Asset Management (Pty) Ltd	948 019	1 555 215
Mergence Investment Managers Ltd	1 071 957	1 197 644
Mianzo Asset Management (Pty) Ltd	1 299 057	1 447 200
Morgan Stanley Investment Management Ltd	8 773 595	7 846 652
Ninety One SA (Pty) Ltd	3 373 802	4 120 768
Old Mutual Investment Group (Pty) Ltd	1 839 813	2 087 630
Pan-African Asset Management (Pty) Ltd	-	1 507 273
Perpetua Investment Managers (Pty) Ltd	2 147 611	2 471 715
RMB Morgan Stanley Ltd	2 970 808	148
Robeco Institutional Asset Management B.V.	1 674 903	1 489 410

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2020

SEI Investments (Europe) Ltd	5 934 854	6 073 160
Sanlam Investments (Pty) Ltd	808 061	839 903
Stanlib Asset Management Ltd	1 686 855	2 770 445
State Street Global Advisors Limited	3 227 323	2 922 964
UBS Asset Management (UK) Ltd	6 363 930	3 663 783
Value Capital Partners (Pty) Ltd	772 181	420 570
Veritas Asset Management	6 395 021	6 075 995
Vunani Fund Managers	1 021 291	1 001 852
Total value of investments managed	144 506 420	144 656 343

3. MEMBERSHIP

	Active members	Deferred pensioners	Pensioners	Other beneficiaries	Unclaimed benefits
Number at the beginning of year	43 570	2 376	33 299	3 075	1 977
Adjustments	-	-	2	-	(2)
Additions	285	23	1 772	469	18
Transfers in	3	-	-	-	-
Transfers out	(142)	-	-	-	-
Withdrawals	(633)	-	-	-	-
Retirements	(938)	(188)	-	-	-
Deaths and disability	(230)	-	(1 363)	-	-
Settled in full	-	-	(564)	(178)	(47)
Number at the end of the year	41 915	2 211	33 146	3 366	1 946
Number at end of year (South African citizen)	41 901	2 199	32 242	3 362	1 871
Number at end of year (non-South African citizen)	14	12	904	4	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 includes 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 will be concluded on 31 December 2020 and henceforth, all members who leave service other than as a result of retirement will be 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 will be 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 2020

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 2020 valuation is treated as an annual valuation and filed with the Authority as a voluntary annual valuation submission on the statutory basis. An annual actuarial valuation was performed as at 30 June 2020. According to the actuary per the annual valuation performed as at 30 June 2020, 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 2021.

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 EMPLOYERS

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 participating employers are provided in note 3.2 to the financial statements.

8. SIGNIFICANT MATTERS

8.1 Principal Officer

Ms Linda Soga Mateza was appointed as the Principal Officer and Chief Executive of the Fund with effect from 1 September 2019.

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. The Fund has entered into Memorandum of Understandings with two former employees of the Fund 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 declaratory order and elected to have their purported membership of the Fund settled by way of a withdrawal. The Fund received a declaratory order from the court to reverse the purported membership of the former Eskom Group CFO Mr Anoj Singh. Applicable contributions were refunded to Eskom and Mr Singh.

The Fund is currently conducting an assurance exercise on all membership records to determine and affirm

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE E

REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2020

membership. The process is underway at Eskom Holdings. The assurance exercise in respect of membership records of EPPF and Eskom Rotek Industries has been completed.

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 judgment 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 (primarily affidavits) between the Fund and the former GCEO is reaching finality. After this exchange of legal documentation, a date will be applied for where the court will hear the arguments between the parties. The Fund remains cash neutral on the matter.

8.4 Remuneration of employer appointed Board members

On 19 November 2018 the Board of Fund took a decision to remunerate employer appointed Board members in their personal capacities. The Employer appointed Board members did not declare their interest in the matter or recuse themselves from voting as required by Rule 4.1(14) of the Fund Rules.

On 7 October 2019 a special meeting of the Board of Fund was held to rescind the remuneration decision of 19 November 2018. The employer-appointed members of the Board of Fund declared their interest and recused themselves from the meeting in line with the Fund Rules.

8.5 Trustee Elections

The Fund successfully conducted elections with the new Board of Fund being appointed on the 1 June 2020.

8.6 Negative media coverage

During the year under review the Fund attracted some negative media coverage by an online publication. The Fund lodged a complaint with the Press Council about the report. The Press Council upheld our complaint on the grounds that the reporter should have given the Fund "right of reply" – that is, a chance to explain the matter in our terms – and the publication was ordered to publish a prominent apology.

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 115% to 135% since the previous valuation and there is currently a surplus. 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.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE E REPORT OF THE BOARD OF FUND (continued) FOR THE YEAR ENDED 30 JUNE 2020

10. COVID - 19

During the year, the President of South Africa declared a national state of disaster as a result of the global COVID-19 pandemic. The COVID-19 virus has had a severe impact on the financial markets. In March 2020, the investments of the Fund were severely impacted resulting in negative returns of 8.86%. However the Fund's investment performance subsequently improved. As at 30 June 2020, the one year investment return had improved to 0.84%. Although there was a decline in the Fund's investment values, the Fund's going concern status was not impacted by this. The Fund had a funding level of 135% as at 30 June 2020.

The Fund implemented business continuity plans to ensure operations continue to run and services get delivered to members. The Fund's investments are being monitored and reviewed.


The Fund notes Communication 11 of 2020 from the Financial Sector Conduct Authority ("FSCA"). In light of the unprecedented financial challenges that COVID-19 presents, the Fund recognises the possible impact on the ability of the participating employers and members to make payments of contributions in terms of section 13A of the Pension Funds Act, 1956. If the need arises the Board of Fund will consider the options available to it.

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:

Chairman of Board of Fund

On 1 July 2020, Ms Caroline Henry was appointed as a Board member and elected as Chairman by the Board of Fund on 15 July 2020.



Ms. Caroline Mary Henry
Chairman

Mr. Jasper Martin Buys
Board Member

Mr. Sincedile Ebenezer Shweni
Board Member

13 November 2020

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE F
STATEMENT OF NET ASSETS AND FUNDS
AS AT 30 JUNE 2020

	Note	2020 R'000	2019 R'000
ASSETS			
Non-current assets		144 514 559	144 663 160
Plant and equipment	2	8 139	6 817
Investments	3	144 506 420	144 656 343
Current assets		611 739	580 846
Transfers receivable	5	225	-
Accounts receivable	4	308 692	255 918
Arrear contributions	10	274 900	301 108
Cash at bank		27 922	23 820
Total assets		145 126 298	145 244 006
FUNDS, SURPLUS AND LIABILITIES			
Funds and surplus account			
Accumulated funds		138 758 678	123 422 976
- Normal retirement		132 650 071	116 861 631
- Additional voluntary contribution scheme		512 040	645 494
- Performance bonus scheme		5 596 567	5 915 851
Total reserves			
Reserve accounts	19	4 696 000	20 233 000
Total funds and reserves		143 454 678	143 655 976
Non-current liabilities			
Unclaimed benefits	8	218 563	191 962
Current liabilities		1 453 057	1 396 068
Transfers payable	6	41 311	-
Benefits payable	7	1 155 025	1 222 458
Accounts payable	9	208 601	123 017
Accruals	15	48 120	50 593
Total funds and liabilities		145 126 298	145 244 006

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE G
STATEMENT OF CHANGES IN NET ASSETS AND FUNDS
FOR THE YEAR ENDED 30 JUNE 2020

		Normal retirement	Additional Voluntary Contribution Scheme	Performance Bonus Scheme	Accumulated funds	Reserve accounts Refer note 19	Total 2020	Total 2019
	Note	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Contributions received and accrued	10	3 706 534	45 458	84 573	3 836 565	-	3 836 565	3 806 867
Net investment income	11	2 226 262	-	-	2 226 262	-	2 226 262	6 023 328
Allocated to unclaimed benefits	8	(7 802)	-	-	(7 802)	-	(7 802)	(9 479)
Other income	12	23 484	-	-	23 484	-	23 484	27 088
Less:								
Administration expenses	13	(297 126)	-	-	(297 126)	-	(297 126)	(260 993)
Net income before transfers and benefits		5 651 352	45 458	84 573	5 781 383	-	5 781 383	9 586 811
Transfers and benefits		(5 256 592)	(78 682)	(632 075)	(5 967 349)	-	(5 967 349)	(5 569 259)
Transfer from other funds	5	-	1 157	-	1 157	-	1 157	61
Transfer to other funds	6	(338 548)	-	-	(338 548)	-	(338 548)	(398 650)
Benefits	7	(4 918 044)	(79 839)	(632 075)	(5 629 958)	-	(5 629 958)	(5 170 670)
Net loss after transfers and benefits		394 760	(33 224)	(547 502)	(185 966)	-	(185 966)	4 017 552
Funds and reserves								
Balance at the beginning of the year	19	116 861 631	645 494	5 915 851	123 422 976	20 233 000	143 655 976	139 672 574
Prior period transactions	14	(15 332)	-	-	(15 332)	-	(15 332)	(34 150)
Transfers between reserve accounts	19	15 658 384	(121 384)	-	15 537 000	(15 537 000)	-	-
Investment return allocated								
Surplus and reserves accounts	19	(249 372)	21 154	228 218	-	-	-	-
Balance at the end of the year		132 650 071	512 040	5 596 567	138 758 678	4 696 000	143 454 678	143 655 976

**SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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.

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

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

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

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

1.3.1. Investments

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

Bills and bonds

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

Listed bills and bonds

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

Unlisted bills and bonds

A market yield is determined by using appropriate yields of existing bonds and bills that best fit the profile of the instrument being measured and based on the term to maturity of the instrument. Adjusting for credit risk, where appropriate, a discounted cash flow model is then applied, using the determined yield, in order to calculate the fair value.

Investment property

A property held for long-term yields or capital appreciation that is 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.

Private Equity

Private equity investments are investments in equity capital that is not quoted on a public exchange. Private equity investments are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

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.

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

1.3.1. Investments (continued)

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.

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.

Exchange traded funds

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

Derivative Market Instruments

Derivative market instruments consist of interest rate swaps.

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 fair value is positive and as liabilities when fair value is negative. The fund does not classify any derivatives as hedges in a hedging relationship.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is 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 (BESA) to discount fixed and variable rate cash flows, as well as to calculate implied forward rates used to determine the floating interest rate amounts. The net present values of the fixed leg and variable leg of the swap are offset to calculate the fair value of the swap.

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

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

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.

1.3.5. Investments unsettled trades

Unsettled trades for purchase and sale of investments are disclosed as part of investments.

1.4. RESERVES

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

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. The allocation of contributions towards expenses is governed by the rules of the Fund and actuarial recommendations.

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

Any 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.

1.7. NET INVESTMENT INCOME

Net investment income comprises of dividends, interest, rentals, collective investment schemes - distribution, income from policies with insurance companies and adjustment 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.

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

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.

Adjustment to fair value

Gains or losses arising from changes in the fair value of financial assets at fair value through the statement of changes in net assets and funds are presented in the statement of changes in net assets and funds in the 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 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 effective date of transfer adjusted for investment return or late payment interest as guided by the application.

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

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.

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

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 2020

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
Gross carrying amount					
Cost at beginning of year	9 873	772	6 290	308	17 243
Additions	2 179	743	1 409	-	4 331
Disposals	(263)	-	(148)	-	(411)
Other movements	-	-	-	-	-
At end of year	11 789	1 515	7 551	308	21 163
Accumulated depreciation and impairment					
At beginning of year	(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
At end of year	(8 109)	(316)	(4 291)	(308)	(13 024)
Net carrying amount at end of year	3 680	1 199	3 260	-	8 139

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
Gross carrying amount					
At beginning of period	7 925	129	5 052	308	13 414
Additions	2 895	711	1 844	-	5 450
Other movements	(947)	(68)	(606)	-	(1 621)
At end of year	9 873	772	6 290	308	17 243
Accumulated depreciation and impairment					
At beginning of period	(6 637)	(96)	(3 217)	(308)	(10 258)
Depreciation charges	(1 138)	(69)	(1 111)	-	(2 318)
Other movements	1 068	43	1 039	-	2 150
At end of year	(6 707)	(122)	(3 289)	(308)	(10 426)
Net carrying amount at end of period	3 166	650	3 001	-	6 817

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

3. INVESTMENTS

3.1. Investment summary

	Note	Local R'000	Foreign R'000	Total 2020 R'000	Total 2019 R'000	Fair value current year R'000	Categorised per Reporting Framework
Cash		5 710 961	1 381 044	7 092 005	8 488 151	7 092 005	At fair value through statement of changes in net assets and funds
Commodities		19 525	-	19 525	-	19 525	At fair value through statement of changes in net assets and funds
Debt instruments including Islamic debt instruments		23 609 179	3 755 513	27 364 692	25 310 694	27 364 692	At fair value through statement of changes in net assets and funds
Investment properties and Owner occupied properties*	3.3.	117 000	-	117 000	119 000	117 000	At fair value through statement of changes in net assets and funds
Equities (including demutualisation shares)		52 608 571	35 040 906	87 649 477	89 557 089	87 649 477	At fair value through statement of changes in net assets and funds
Collective investment schemes		-	13 341 466	13 341 466	13 106 091	13 341 466	At fair value through statement of changes in net assets and funds
Hedge funds		1 276 282	-	1 276 282	971 409	1 276 282	At fair value through statement of changes in net assets and funds
Private equity funds		2 564 548	2 795 229	5 359 777	4 698 959	5 359 777	At fair value through statement of changes in net assets and funds
Derivative market investments		-	-	-	6 236	-	At fair value through statement of changes in net assets and funds
Investment in participating employer(s)	3.2.	2 286 196	-	2 286 196	2 398 714	2 286 196	At fair value through statement of changes in net assets and funds
Total		88 192 262	56 314 158	144 506 420	144 656 343	144 506 420	

* The land and buildings consist of an office block situated on Erf 21 Bryanston East. The land and buildings were revalued by an independent valuator. The valuation was performed as at 30 June 2020. 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 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 2020

3.2. Investment in participating employer/s

	At beginning of year R'000	Redemption of bonds R'000	Market Movement R'000	At end of year R'000
Debt instruments	2 398 714	(129 415)	16 897	2 286 196
Total	2 398 714	(129 415)	16 897	2 286 196

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
Investment Properties							
Office Complex	EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	Discounted net income	30 Jun 2020	No	119 000	(2 000)	117 000
Total of properties					119 000	(2 000)	117 000

3.3.2. Previous year

Instrument	Address	Valuation method	Date of last valuation	Pledged as a guarantee	At beginning of year R'000	Additions R'000	Fair value adjustments R'000	At end of year R'000
Investment Properties								
Office Complex	EPPF Office Park, 24 Georgian Crescent East, Bryanston East, 2191	Discounted net income	30 Jun 2019	No	123 500	4 230	(8 730)	119 000
Total of properties					123 500	4 230	(8 730)	119 000

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

4. ACCOUNTS RECEIVABLE

	2020 R'000	2019 R'000
Accrued investment income	68 597	34 243
Pensioner payroll (prepaid)	222 644	205 432
Prepaid expenses	4 036	6 458
Other receivables	3 639	9
Recovery of ineligible member payout - Mr B Molefe	9 776	9 776
Total	308 692	255 918

Recovery of Ineligible member Payout: Refer to Schedule E, Significant Matters point, 8.3

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
In terms of Section 14							
The Preservation Pension Fund	10/04/2019	1	-	121	-	-	121
Agterskot	04/06/2019	13	-	104	-	-	104
Individual transfers in	Various	2	-	932	-	(932)	-
Total		16	-	1 157	-	(932)	225
Transfers approved (B)							1 157
Return on transfers (C)							-
Statement of changes in net assets and funds							1 157

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

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
Individual transfers out	Various	142	-	338 471	77	(297 237)	41 311
Total		142	-	338 471	77	(297 237)	41 311
Transfers approved (B)							338 471
Return on transfers (C)							77
Statement of changes in net assets and funds							338 548

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	71 155	3 607 084	-	(3 548 816)	-	129 423
Lump sums on retirements						
- Pensions commuted	169 459	1 104 054	-	(1 114 995)	(7 573)	150 945
Lump sums before retirement						
- Death and disability benefits	164 230	74 402	-	(117 442)	(3 725)	117 465
- Withdrawal benefits	242 574	649 464	-	(684 614)	(36 059)	171 365
Divorce -benefits	18 221	146 896	-	(149 596)	-	15 521
Instalment lump sums	556 819	20 336	22 615	(29 464)	-	570 306
Interest on late payment of benefits	-	5 107	-	(5 107)	-	-
Total	1 222 458	5 607 343	22 615	(5 650 034)	(47 357)	1 155 025
Benefits for current year (B)						5 607 343
Return allocated (C)						22 615
Statement of changes in net assets and funds						5 629 958

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

8. UNCLAIMED BENEFITS

	2020 R'000	2019 R'000
Balance at the beginning of the year	191 962	186 042
Transferred from benefits payable	47 357	17 516
Investment income allocated	7 802	9 479
Less:		
• Benefits paid	(28 558)	(21 075)
Balance at the end of the year	218 563	191 962

Members with an unclaimed benefit payable of R3000 or less have been excluded from the above as the cost of tracing the applicable member exceeds the benefit payable. However the members records are maintained in the event of a potential claim.

9. ACCOUNTS PAYABLE

	2020 R'000	2019 R'000
Contributions refundable to Eskom Holdings SOC Limited	36 999	36 999
PAYE	74 531	91
Investment expenses payable	65 477	41 507
Operational suppliers	24 667	36 604
Eskom Holdings SOC Limited	-	889
Amounts refundable to ineligible members *	6 927	6 927
Total	208 601	123 017

* For further details on "Contributions refundable to Eskom Holdings SOC Limited and Amounts refundable to ineligible member", refer to Schedule E, Significant Matters, point 8.3.

10. CONTRIBUTIONS

	At beginning of year R'000	Towards retirement R'000	Contributions received R'000	At end of the year R'000
Member contributions received and accrued	104 506	1 300 779	(1 330 447)	74 838
Employer contributions received and accrued	192 892	2 405 755	(2 418 120)	180 527
Additional voluntary contributions - members	3 710	45 458	(29 633)	19 535
Performance bonus scheme member contributions	-	29 681	(29 681)	-
Performance bonus scheme employer contributions	-	54 892	(54 892)	-
Total	301 108	3 836 565	(3 862 773)	274 900
Towards retirement				3 836 565
Towards reinsurance and expenses				-
Statement of changes in net assets and funds				3 836 565

ESKOM PENSION AND PROVIDENT FUND
**SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020**
11. NET INVESTMENT INCOME

	2020 R'000	2019 R'000
Income from investments	4 690 158	4 894 666
• Dividends	3 327 252	3 343 066
• Interest	1 317 817	1 534 163
• Rentals	11 522	3 405
• Collective investment schemes distribution	33 567	14 032
Net profit on sale/ redemption of investments	5 663 718	3 195 264
Fair value adjustment on investments	(7 554 515)	(1 545 343)
	2 799 361	6 544 587
Less: Expenses incurred in managing investments	(573 099)	(521 259)
Total	2 226 262	6 023 328

Prior year amounts have been reclassified to show Collective Investment Scheme distributions separately and to show the net effect of profits and losses on disposal of investments as these are similar transactions.

12. OTHER INCOME

	2020 R'000	2019 R'000
Net securities lending fees	23 431	27 088
Board fees received	53	-
Total	23 484	27 088

13. ADMINISTRATION EXPENSES

	2020 R'000	2019 R'000
Actuarial fees	1 644	1 119
Audit services	5 554	4 546
Audit fees - external	2 116	1 270
Audit fees - Consulting	-	237
Audit fees - Internal	3 438	3 039
Consultancy fees and legal fees	24 836	17 499
Depreciation	2 938	3 129
Fidelity Insurance	1 859	923
FSCA levies	1 866	1 769
Other Expenses	125 876	89 417
Bank charges	2 263	2 133
Member interaction and related costs	5 861	5 263
IT services and rental	52 271	41 763
Membership, development and other administration expenses	23 624	18 792
Travel expenses	1 571	12 497
Telephone, postage, printing and stationery	4 755	7 042
Project costs	31 640	1 927
Trustee election costs	3 891	-
Board of fund expenses	13.1 7 346	8 828
Staff expenses	13.2 124 189	131 671
Principal officer expenses	13.3 1 018	2 092
Total	297 126	260 993

During the current period the Fund incurred project costs relating to (all amounts R'000): Server Virtualisation costs R4 190, Office 365 implementation R2 644, and Pension Administration System implementation R24 806.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

13.1. Board of Fund Expenses

	2020 R'000	2019 R'000
Board of Fund remuneration	4 364	4 524
Outside expert fees	1 619	1 168
Outside expert meeting allowances	686	485
Travel, training and other expenses	677	2 651
Total	7 346	8 828

13.2. Staff Expenses

	2020 R'000	2019 R'000
Remuneration	88 003	86 350
Contributions to retirement fund	14 839	13 967
Training expenses	2 561	4 567
Provision for bonuses	12 269	16 571
Long term incentive provision	3 000	6 000
Levies and insurance	967	1 046
Recruitment costs	2 550	3 170
Total	124 189	131 671

13.3. Principal Officer Expenses

	2020 R'000	2019 R'000
Principal Officer expenses - Remuneration	925	977
Principal Officer expenses - Allowances	6	-
Principal Officer expenses - Contributions to retirement fund	87	202
Principal Officer expenses - Incentive remuneration	-	814
Principal Officer expenses - Leave pay	-	99
Total	1 018	2 092

On 1 September 2019 Ms Linda Soga Mateza was appointed as the Chief Executive and Principal Officer. The Principal Officer's expenses have been allocated at a rate of 30% of the Chief Executive's remuneration, which represents an estimated time based allocation of the duties and responsibilities of the Principal Officer. No incentive pay and/or leave pay was paid to the Chief Executive/ Principal Officer during the year.

14. PRIOR PERIOD TRANSACTIONS

	2020 R'000	2019 R'000
Contribution refunds *	(10 650)	(36 999)
Tax adjustment *	(4 682)	-
Amount refundable to ineligible member +	-	(6 927)
Benefit payable by ineligible member +	-	9 776
Total	(15 332)	(34 150)

* 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.

+ On 29 July 2019 the Constitutional Court dismissed the former GCEO application for leave to appeal the Supreme Court judgement on the matter (refer to Schedule E 8.3). This event confirmed the existence of a liability to the Employer and by the Ineligible member in prior periods.

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

15. ACCRUALS

	2020 R'000	2019 R'000
Leave pay accrual	6 332	5 005
Incentive bonus accrual (note:a)	41 788	45 588
	<u>48 120</u>	<u>50 593</u>

Note a: Includes a long term incentive accrual of R26 519 000 (2019: R29 016 000).

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 multiyear 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.

- **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.

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

16. RISK MANAGEMENT POLICIES (continued)

- **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 minimize the adverse impact of this risk.

- **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 2020

17. RELATED PARTY TRANSACTIONS

During the current financial period, 30% of the Chief Executive's remuneration amounting R1,018,000 (2019: R2,092,000) 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 R7,3 million (2019: R8,8 million) was incurred. An employer-appointed Board member has elected to have his fees paid to the employer from June 2020.

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 (2019: R2,4 billion) and refunded R542 million medical aid contributions for pensioners.
- The Fund has investments in the participating employer to the value of R2,3 billion (2019: R2,4 billion).
- The participating employers had outstanding contributions of R275 million at year end (2019: R301 million). In 2019 Eskom Holdings SOC Limited was owed R889,000 for medical aid and other expense refunds.

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

Related party		Relationship	Description	Transactions 2020 R'000	Transactions 2019 R'000
Eskom Holdings Limited	SOC Participating Employer		Contributions for employer-appointed Board members.	1 109	1 006
Eskom Holdings Limited	SOC Participating Employer		Member contributions for employer-appointed Board members.	623	544
Board of Fund	Board members		Pension payments	2 887	2 721
Board of Fund	Board member		Board member remuneration paid to individuals.	4 346	3 925
Board of Fund	Participating Employer		Board member remuneration paid to Participating employer.	18	598
Outside experts	Outside experts appointed by Board of Fund		Outside expert fees paid to individuals.	2 305	1 918
Outside experts	Participating Employer		Outside expert fees paid to Participating employer.	-	119
Eskom Holdings Limited	SOC Participating Employer		Net redemption of bonds.	129 415	-

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

Participating employers	Contributions R'000	Fund expenses R'000
Eskom Holdings SOC Limited	2 216 206	-
Eskom Rotek Industries SOC Limited	233 587	-
Eskom Pension and Provident Fund	10 854	-
Total	2 460 647	-

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2020

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

	2020 R'000
Remuneration	18 079
Contributions to retirement fund	1 905
Incentive remuneration	5 784
Total amount contributed	25 768

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

18. OPERATING LEASE COMMITMENTS

	2020 R'000	2019 R'000
Future minimum operating lease payments		
Within one year	25 694	30 584
Between one and five years	53 623	29 367
Total	79 317	59 951

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.

Eight year operating lease with Maitland Group South Africa Limited for an investment administration system. The lease expires in October 2021.

A lease with Barra International LLC for data processing and reporting services relating to investment risk management. The lease expires in February 2021.

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

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2020

19. SURPLUS AND RESERVE ACCOUNTS

	Normal Retirement	Additional Voluntary Contributions	Performance Bonus Scheme	Accumulated Funds	Reserve Accounts Total	In-service solvency reserve	In-service contribution reserve	Pensioner solvency reserve
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
At beginning of year	116 861 631	645 494	5 915 851	123 422 976	20 233 000	8 484 000	4 552 000	7 197 000
Contributions refundable	(10 650)	-	-	(10 650)	-	-	-	-
Tax adjustments	(4 682)	-	-	(4 682)	-	-	-	-
Contributions received and accrued	3 706 534	45 458	84 573	3 836 565	-	-	-	-
Net investment income	2 226 262	-	-	2 226 262	-	-	-	-
Allocated to unclaimed benefits	(7 802)	-	-	(7 802)	-	-	-	-
Other income:	23 484	-	-	23 484	-	-	-	-
- Securities lending fees	23 431	-	-	23 431	-	-	-	-
- Board fees received	53	-	-	53	-	-	-	-
Less:	(297 126)	-	-	(297 126)	-	-	-	-
- Administration costs	(297 126)	-	-	(297 126)	-	-	-	-
Net income before transfers and benefits	122 497 651	690 952	6 000 424	129 189 027	20 233 000	8 484 000	4 552 000	7 197 000
Transfers and benefits	(5 256 592)	(78 682)	(632 075)	(5 967 349)	-	-	-	-
Transfers from other funds	-	1 157	-	1 157	-	-	-	-
Transfers to other funds	(338 548)	-	-	(338 548)	-	-	-	-
Benefits	(4 918 044)	(79 839)	(632 075)	(5 629 958)	-	-	-	-
Net income after transfers and benefits	117 241 059	612 270	5 368 349	123 221 678	20 233 000	8 484 000	4 552 000	7 197 000
Transfer between accumulated funds	-	-	-	-	-	-	-	-
- Balances incorrectly reflected	121 384	(121 384)	-	-	-	-	-	-
Transfer between reserve accounts	15 537 000	-	-	15 537 000	(15 537 000)	(8 484 000)	(4 552 000)	(2 501 000)
Net investment return	(249 372)	21 154	228 218	-	-	-	-	-
At end of year	132 650 071	512 040	5 596 567	138 758 678	4 696 000	-	-	4 696 000

ESKOM PENSION AND PROVIDENT FUND

REPORT OF THE VALUATOR FOR THE YEAR ENDED 30 JUNE 2020

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE HB REPORT OF THE VALUATOR

FINANCIAL YEAR: 30 June 2020

Particulars of financial condition of the Fund as at 30 June 2020

An annual actuarial valuation was carried out as at 30 June 2020. 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 – R143 358 million.
2. The actuarial value of the net assets for the purposes of comparison with the accrued liabilities of the Fund – R143 358 million.
3. The actuarial present value of promised retirement benefits – R101 112 million vested, and R0 non-vested.
4. Contingency reserve account balances – R4 696 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 5.50% per annum (4.50% 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 8.60% per annum (6.50% 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 2.76% of pensionable salaries (compared with a shortfall of 0.66% at the previous statutory valuation).
8. In my opinion the Fund was in a sound financial condition as at 30 June 2020 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.
12 November 2020



SCHEDULE I

REPORT OF THE INDEPENDENT AUDITOR OF ESKOM PENSION AND PROVIDENT FUND OF FACTUAL FINDINGS TO THE BOARD OF FUND AND THE FINANCIAL SECTOR CONDUCT AUTHORITY

We have performed the procedures agreed with the Financial Sector Conduct Authority (the "Authority") 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 2020. 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 Authority 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 Authority.

Procedures and findings

Our procedures performed are set out in the numbered paragraphs 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 2020.

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 Authority 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.


Clinton Mitchelson
Director
7 December 2020

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Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1598/012055/21, VAT reg.no. 4950174682.

Procedures and Findings

	Procedures	Findings												
	Statement of Net Assets and Funds													
1	Investments													
1.1	Inspect the list of investment balances reflected in the general ledger of the Fund as at 30 June 20120for 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.	<div>Except for the differences noted below, details of the written confirmations obtained from the investment managers were agreed to the investment balances reflected in the general ledger.</div> <table><tr><td></td><td>R'000</td></tr><tr><td>Investments as per the financial statements</td><td>144 506 420</td></tr><tr><td>Less: Inhouse managed investments (excluding Private Equities and Equity Linked Notes) confirmed through custodian confirmations</td><td>(46 171 866)</td></tr><tr><td>Investments managed by external investment managers</td><td>98 334 554</td></tr><tr><td>Amount as per the written confirmations from investment managers</td><td>98 373 574</td></tr><tr><td>Difference</td><td>(39 020)</td></tr></table>		R'000	Investments as per the financial statements	144 506 420	Less: Inhouse managed investments (excluding Private Equities and Equity Linked Notes) confirmed through custodian confirmations	(46 171 866)	Investments managed by external investment managers	98 334 554	Amount as per the written confirmations from investment managers	98 373 574	Difference	(39 020)
	R'000													
Investments as per the financial statements	144 506 420													
Less: Inhouse managed investments (excluding Private Equities and Equity Linked Notes) confirmed through custodian confirmations	(46 171 866)													
Investments managed by external investment managers	98 334 554													
Amount as per the written confirmations from investment managers	98 373 574													
Difference	(39 020)													
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 Authority.	Investments in the participating employer were 1.58% of the total assets in the financial statements as at 30 June 2020.												
1.2	Obtain the fund's signed investment policy statement and investment mandates, for the 3 largest investment balances as at 30 June 2020 and 7 other randomly selected mandates:													
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.	<div>Inspection of certain underlying investments, the related investment mandates and the Fund's investment policy statement ("IPS") revealed the following:</div> <table><tr><th>Investment manager</th><th>Underlying investment</th><th>Investment mandate</th><th>IPS</th></tr><tr><td>Morgan Stanley Investment Management Ltd</td><td>Segregated Portfolio</td><td>Segregated Portfolio</td><td>Allowed</td></tr></table>	Investment manager	Underlying investment	Investment mandate	IPS	Morgan Stanley Investment Management Ltd	Segregated Portfolio	Segregated Portfolio	Allowed				
Investment manager	Underlying investment	Investment mandate	IPS											
Morgan Stanley Investment Management Ltd	Segregated Portfolio	Segregated Portfolio	Allowed											

Procedures		Findings																							
		Allianz Global Investors Europe GMBH	Segregated Portfolio	Segregated Portfolio	Allowed																				
		Veritas Asset Management	Segregated Portfolio	Segregated Portfolio	Allowed																				
		Aferna Capital (Pty) Ltd	Segregated Portfolio	Segregated Portfolio	Allowed																				
		Coronation Asset Managers	Segregated Portfolio	Segregated Portfolio	Allowed																				
		Mianzo Asset Management (Pty) Ltd	Segregated Portfolio	Segregated Portfolio	Allowed																				
		Black Rock Investment Management (UK) Ltd	Collective Investment Scheme	Collective Investment Scheme	Allowed																				
		Aluwani Capital Partners (Pty) Ltd	Segregated Portfolio	Segregated Portfolio	Allowed																				
		Excelsia Capital (Pty) Ltd	Segregated Portfolio	Segregated Portfolio	Allowed																				
		Kagiso Asset Management (Pty) Ltd	Segregated Portfolio	Segregated Portfolio	Allowed																				
		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.	Inspection of certain of underlying investments, the related investment mandates and the Fund's investment policy statement revealed the following: Investment Mandates <table><tr><th>Asset manager</th><th>Securities lending allowed</th><th>Hedge Funds allowed</th><th>Private equities allowed</th><th>Derivatives allowed</th></tr><tr><td>Morgan Stanley Investment Management Ltd</td><td>Not Allowed</td><td>Not allowed</td><td>Not Allowed</td><td>Allowed</td></tr><tr><td>Allianz Global Investors Europe GMBH</td><td>Not Allowed</td><td>Allowed</td><td>Allowed</td><td>Allowed</td></tr><tr><td>Veritas Asset Management</td><td>Not Allowed</td><td>Not allowed</td><td>Not Allowed</td><td>Allowed</td></tr></table>				Asset manager	Securities lending allowed	Hedge Funds allowed	Private equities allowed	Derivatives allowed	Morgan Stanley Investment Management Ltd	Not Allowed	Not allowed	Not Allowed	Allowed	Allianz Global Investors Europe GMBH	Not Allowed	Allowed	Allowed	Allowed	Veritas Asset Management	Not Allowed	Not allowed
Asset manager	Securities lending allowed	Hedge Funds allowed	Private equities allowed	Derivatives allowed																					
Morgan Stanley Investment Management Ltd	Not Allowed	Not allowed	Not Allowed	Allowed																					
Allianz Global Investors Europe GMBH	Not Allowed	Allowed	Allowed	Allowed																					
Veritas Asset Management	Not Allowed	Not allowed	Not Allowed	Allowed																					

Procedures		Findings				
		Afena Capital (Pty) Ltd	Not specified	Not Allowed	Not Allowed	Allowed
		Coronation Asset Managers	Not Allowed	Not Specified	Not Specified	Allowed
		Mianzo Asset Management (Pty) Ltd	Not Allowed	Not Allowed	Not Allowed	Allowed
		Black Rock Investment Management (UK) Ltd	Allowed	Not specified	Not specified	Allowed
		Aluwani Capital Partners (Pty) Ltd	Not specified	Not Allowed	Not Allowed	Allowed
		Excelsia Capital (Pty) Ltd	Not Allowed	Not Allowed	Not Allowed	Allowed
		Kagiso Asset Management (Pty) Ltd	Not specified	Not Allowed	Not Allowed	Allowed
		Investment Policy Statement ("IPS")				
			Securities lending allowed	Hedge Funds allowed	Private equities allowed	Derivatives allowed
		IPS	Yes	Yes	Yes	Yes
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	For segregated portfolios, confirm directly with the investment administrator(s): (a) whether scrip lending took place during the year ending 30 June 2020 and, if so, (b) whether there was collateral provided by the counterparty/(ies) for any scrip lending activities and, if so, (c) the percentage exposure covered by the collateral. Report on the amount for (a).	The direct confirmations received from the Fund's custodians confirmed that: (a) scrip lending took place during the year. Refer to the table below for scrip lending amounts as at 30 June 2020 and (b) collateral was provided by the counterparty for any scrip lending activities; and (c) collateral provided covered percentages of the exposure as set out in the following table as at 30 June 2020:				
		Institution	Market Value of Scrip R'000	% Collateral		

Procedures		Findings			
		Standard Bank	11 587 455	117%	
		Nedbank	4 931 670	117%	
2	Member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds)				
2.1	Obtain a list of member individual accounts as reflected on the Statement of Net Assets and Funds as at 30 June 2020.	We obtained the lists of members forming part of the Additional Voluntary Contribution Scheme ("AVCS") and Performance Bonus Scheme ("PBS") and compared these lists to the amounts reflected in Statement of Net Assets and Funds in the Annual financial Statements (AFS) as at 30 June 2020. The following differences were noted.			
			Listing R'000	Financial statements R'000	Difference R'000
		Additional Voluntary Contribution Scheme	512 078	512 040	38
		Performance Bonus Scheme	5 596 813	5 596 567	246
2.2	Select a random sample of the lesser of 25 or 10% of the number of members from the list of members and perform the following procedures:				
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.	The member and employer contributions 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 of August 2019, November 2019 and June 2020.			
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 for the members selected as reflected on the administrator's system agreed to the rules of the Fund. The months of August 2019, November 2019 and June 2020 were selected for testing. No exceptions were noted.			
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	Not applicable as the investment products are not unitised.			

	Procedures	Findings
	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.	
2.2.4	In respect of unitised investment products, calculate the conversion of units at the end of the year, at the 30 June 2020 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.
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.
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 30 June 2020 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 records 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 as no life stage or member individual choice models have been adopted.
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.

	Procedures	Findings
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.
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.
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.
2.4.3	Inspect whether the total mismatch (in Rand) for all portfolios was within the range as prescribed by the Authority.	Not applicable
3	Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)	
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:	
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 the members selected as reflected on the administrator's system agreed to information supplied by the participating employers for the three months selected of November 2019, March 2020 and June 2020.
4	Surplus apportionment scheme	
4.1	If a surplus apportionment scheme was approved by the Authority in the current year or if allocation and/or payments to members were made	Not applicable. The Fund did not have a surplus apportionment scheme approved by the Authority in the current year and no amounts were allocated or paid in the current year in respect

	Procedures	Findings
	during the year, perform the following procedures:	of previous Authority-approved surplus apportionment schemes.
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.
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.
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.
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.
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.
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 Act and allocated to the member records in the administration system.	Not applicable.
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.

	Procedures	Findings
5	Member and employer surplus accounts	
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:	Not applicable as there are no member or employer surplus accounts reflected in the annual financial statements of the Fund.
5.1.1	Inspect that the transactions are permitted in terms of the registered rules of the Fund and/or the Act.	Not applicable.
6	Reserves	
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 accounts held by the Fund and reflected in the actuarial valuation are permitted in terms of 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 are permitted in terms of the registered rules of the Fund.
7	Other assets, liabilities and guarantees	
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 year-end 30 June 2020, and perform the following procedure:	Not applicable as no housing loans were granted to members of the Fund.
7.1.1	Agree the total housing loans on the above list to the corresponding account in the annual financial statements.	Not applicable.
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.
7.2.1	Inspect evidence that the value of the housing loan provided does not	Not applicable.

	Procedures	Findings
	exceed the amount permitted by the rules and the home loan agreement.	
7.2.2	Inspect evidence that the housing loan has been granted in terms of Section 19(5) (a).	Not applicable.
7.2.3	Inspect evidence that repayments are being made in accordance with the housing loan agreement.	Not applicable.
7.2.4	Inspect the interest charged on the outstanding housing loan and compare the rate used to the prescribed rate.	Not applicable.
7.2.5	If the Fund issued more than 100 housing 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.
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.
7.3.1	For the sample selected, determine that each selected housing loan 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.
7.3.2	Inspect evidence that the housing loan guarantee has been granted in terms of Section 19(5) (a).	Not applicable.
7.4	Obtain a list of other loans per the general ledger of the Fund as at 30 June 2020 and perform the following procedure:	Not applicable as no other loans were granted as at 30 June 2020.
7.4.1	Confirm that no loans were granted and/or investments made as prohibited in terms of section 19(5)B.	Not applicable.

	Procedures	Findings
	Statement of Changes in Net Assets and Funds	
8	Contributions	
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:	
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	The contributions received by or on behalf of the Fund agreed to the remittance advice documents from the selected participating employers for the months of August 2019, November 2019 and June 2020.
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 for the months selected.
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:	
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 at year-end have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act.
9	Benefits	
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:	

	Procedures	Findings
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:	
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.	<p>The benefit paid to the members selected in our sample, agreed to the administration system and authorised supporting documentation in accordance with the rules of the Fund.</p> <p>We noted that certain divorce benefits were not paid within 60 days of the Fund being notified.</p>
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 as benefits are not re-insured.
9.2.3	<p><u>For a defined benefit fund:</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:</u> The calculation of the benefit payment by the Fund was performed in accordance with the requirements of the rules of the Fund and/or the Act for the members selected in our sample.</p> <p><u>For a defined contribution fund</u> In respect of the AVCS and PBS, the opening fund credit for the selected members agreed to the opening fund credit report and contributions were added until the date of exit. The balance paid out to the selected members (inclusive of late payment interest where applicable) agreed to the fund credit report or administration system as at the date of exit.</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:	
10	Transfers	
10.1	Compare the list of total section 14 transfers to and from the Fund to the corresponding accounts in the general ledger.	The list of total section 14 transfers to the Fund agreed to the corresponding account in the general ledger.

	Procedures	Findings
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:	
10.2.1	Agree the sample of section 14 transfers to and from the Fund to: a) the section 14(1) documentation as approved by the Authority in respect of each transfer; and/or b) the section 14(8) documentation as prescribed.	The sample of section 14 transfer to the Fund agreed to the section 14(1) documentation as approved by the Authority in respect of each transfer.
10.2.2	Inspect whether the transfers to and from the Fund were received/paid within 60 days of Authority 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.	The sample of section 14(1) transfer to the Fund was received within 60 days of the Authority approval. Growth and investment return was allocated from the effective date of transfer to the date of final settlement.
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. The Fund is non-unitised.
10.3	Individual transfers Obtain the list of individual transfers throughout the year ended 30 June 2020, select a sample of the lesser of 25 or 10% of the number of individual transfers, and perform the following procedures:	
10.3.1	Agree the transfers to the approved recognition of transfer documentation.	The transfers agreed to the approved recognition of transfer documentation for the sample selected.

	Procedures	Findings
10.3.2	For individual transfers in selected 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 as the Fund is not a unitised fund.
11	Pensioners paid	
11.1	Obtain a copy of the list of pensioners and amounts paid for the year 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 2020 to the corresponding account reconciliation to the general ledger balance.	The total pensions paid were reconciled to the corresponding general ledger balance for the period ended 30 June 2020.
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:	
11.2.1	Inspect the pensioner increases for authorisation by the Board of Fund.	The pensioner 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 inspected indicated that the selected pensioners 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. The Fund has not purchased an annuity in the name of the Fund.

	Procedures	Findings
11.3.1	Agree the closing market value of the annuity to the annual financial statements.	Not applicable. The Fund has not purchased an annuity in the name of the Fund.
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.
12	General	
12.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the year ended 30 June 2020, 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 2020. The subsequent fidelity insurance cover extended to 30 June 2021.
12.2	Confirm with the Fund's GLA insurer as to whether the GLA policy has lapsed at year ended 30 June 2020.	Not applicable as benefits are not re-insured.
12.3	Obtain the most recent statutory valuation signed and submitted by the valuator and perform the following procedures:	We obtained the valuation as at 30 June 2019 signed and submitted by the valuator and the valuation as at 30 June 2020 prepared and signed by the valuator.
12.3.1	Report the funding status of the Fund per the report (whether the Fund was under-funded or fully funded).	The 2019 and 2020 actuarial reports concluded that 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 Authority.	Not applicable as the Fund was fully funded.

ESKOM PENSION AND PROVIDENT FUND
**SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS
AT 30 JUNE 2020**
INVESTMENTS

	Notes	Direct Investments	Non-compliant Collective investment schemes Note M1	Total	Local	Foreign	Foreign Africa	Total Foreign	Total percentage of foreign exposure	Reconciling items between Schedule IB and Schedule F	TOTAL as per Regulation 28 (Schedule IB)
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Cash (including cash at bank)	A	7 119 927	754 969	7 874 896	5 738 883	1 910 612	225 401	2 136 013	27.12	1	7 874 897
Commodities	B	19 525	-	19 525	19 525	-	-	-	-	-	19 525
Debt instruments including Islamic debt Instruments	C	27 364 692	-	27 364 692	23 609 179	3 755 513	-	3 755 513	13.72	-	27 364 692
Investment and owner occupied properties	D	6 358 771	201 466	6 560 237	6 085 386	464 980	9 871	474 851	7.24	1	6 560 238
Equities	E	81 407 706	12 348 325	93 756 031	46 640 185	44 011 487	3 104 359	47 115 846	50.25	(2)	93 756 029
Derivative Market instruments		-	36 706	36 706	-	36 706	-	36 706	100.00	-	36 706
Investments in participating employers	H	2 286 196	-	2 286 196	2 286 196	-	-	-	-	-	2 286 196
Other assets		-	-	-	-	-	-	-	-	-	-
Hedge Funds	J	1 276 282	-	1 276 282	1 276 282	-	-	-	-	-	1 276 282
Private Equity Funds	K	5 359 777	-	5 359 777	2 564 548	-	2 795 229	2 795 229	52.15	-	5 359 777
Total investments		131 192 876	13 341 466	144 534 342	88 220 184	50 179 298	6 134 860	56 314 158	38.96	-	144 534 342

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. This is closely monitored and will be proactively corrected responsibly within the regulatory allowed period.

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020

A CASH

Instrument	Fair Value R'000
Local	
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	5 758 330
<i>Total of issuers not exceeding 5%</i>	3 394 850
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>	1 715 276
Any positive net balance in a margin account with an exchange	-
<i>Total of issuers not exceeding 5%</i>	648 204
Foreign	
Foreign balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments	1 361 597
Any balance or deposit held with a foreign bank	-
<i>Total of issuers not exceeding 5%</i>	1 345 725
Any balance or deposit held with an African bank	-
<i>Total of issuers not exceeding 5%</i>	15 872
Total	7 119 927

B COMMODITIES

Instrument	Holding number	Holding %	Fair value R'000
Exchange traded fund		Holding %	
INVEST GOLD	-	0.01	17 566
AFRICAN RHODIUM DEBENTURES	-	-	1 678
INVEST RHODIUM	-	-	281
			19 525
			19 525
Total			19 525

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020

C DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS

Instrument	Local or foreign	Secured/ Unsecured	Issued/ Guaranteed	Redemption value R'000	Fair value R'000
Government debt:					
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>					
					18 791 029
Debt instruments issued or guaranteed by the government of a foreign country:					
<i>Total of issuers not exceeding 5%</i>					
					3 407
Bank debt :					
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>					
					1 974 556
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>					
					71 676
Not listed on an exchange					
Corporate debt (excluding debentures):					
Debt instruments issued or guaranteed by an entity that has equity listed on an exchange					
Listed on an exchange					
<i>Total of issuers not exceeding 5%</i>					
					2 665 437
Not listed on an exchange					
FRBL ELN 080121	Foreign	Secured	Issued		847 182
ABS ELN 050221	Foreign	Secured	Issued		1 008 464
SBK ELN 050221	Foreign	Secured	Issued		1 010 920
NED ELN 080421	Foreign	Secured	Issued		888 947
Total					3 755 513
Debentures:					
Listed on an exchange					
<i>Total of issuers not exceeding 5%</i>					
					103 074
Not listed on an exchange					
Total debt instruments including Islamic debt instruments					
					27 364 692

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020

D INVESTMENT AND OWNER OCCUPIED PROPERTIES

Instrument	Fair value R'000
Owner occupied properties	
<i>Total of issuer/entity less than 5% of total assets</i>	117 000
Total owner occupied properties	117 000
Total	117 000

Instrument	Local/ Foreign	Issued shares	Holding number	Ordinary/ Preference shares	Holding %	Fair value R'000
Shares and linked units in property companies, or units in a collective investment scheme in property, listed on an exchange:						
Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed						
Total of issuers not exceeding 5%						4 361 480
Total						4 361 480
Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed						
Total of issuers not exceeding 5%						1 757 592
Total						
Issuer market capitalisation of less than R3 billion, or an amount or conditions as prescribed						
Total of issuers not exceeding 5%						122 699
Total						
Total						6 241 771
Total						6 241 771
Total						6 358 771

E EQUITIES

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020

Instrument	Local/ Foreign	Issued shares	Ordinary/ Preference shares	Holding number	Holding in issuer/ entity %	Fair value R'000
Listed equities						
Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed						
<i>Total of issuers not exceeding 5%</i>						<u>76 522 526</u>
Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed						
<i>Total of issuers not exceeding 5%</i>						<u>4 546 836</u>
Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed						
<i>Total of issuers not exceeding 5%</i>						<u>338 344</u>
Total equities						<u><u>81 407 706</u></u>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020

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	Script custodian	Manufactured dividend R'000
Equities – Top 100 of companies (by market cap) listed on an exchange	75%	30 Jun 20	Equity	2 583 905	-	Standard Bank	Nedbank	-
		30 Jun 20	Equity	4 931 670	-	Nedbank	Nedbank	-
Debt - Government bonds	75%	30 Jun 20	Bonds	9 003 550	-	Standard Bank	Nedbank	-
Total				<u>16 519 125</u>				<u>-</u>

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	-	11 587 455
Nedbank	Equity on Loan	-	4 931 670
Total			<u>16 519 125</u>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020

H INVESTMENTS IN PARTICIPATING EMPLOYER/S

Instrument	Listed or not listed	Issued/ Guaranteed	Fair value R'000
Debt instruments			
<i>Total of issuers not exceeding 5%</i>			2 286 196
Subtotal			<u>2 286 196</u>
Instrument			Fair value R'000
Total for investments in participating employers			<u>2 286 196</u>

J HEDGE FUNDS

Instrument	Period into contract	Total value of commitment R'000	Current value of commitment R'000
Hedge Funds			
Matrix Fixed Income Fund		-	1 276 282
Total Hedge funds commitment		<u>-</u>	<u>1 276 282</u>

ESKOM PENSION AND PROVIDENT FUND
SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020
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	Total value of commitment	Current value of commitment
					%			R'000	R'000
Private Equity Fund									
BRAIT IV SA PARTNERSHIP		Local Partnerships	Yes	820	6.04 % 10 years	Unlimited		75 000	24 832
BUSAMED PTY LTD		Local Other	No		23.88 % 10 years	Unlimited		540 681	566 513
CAPITAL ALLIANCE PRIVATE EQUITY III	Foreign	Partnerships	No	49839	1.86 % 10 years	Unlimited		91 658	35 375
CAPITAL ALLIANCE PRIVATE EQUITY IV	Foreign	Partnerships	No	49839	6.05 % 10 years	Unlimited		423 037	320 308
CAPITALWORKS PRIVATE EQUITY PARTNERSHIP	Local	Partnerships	Yes	45888	4.00 % 10 years	Unlimited		50 000	34 466
CAPITALWORKS PRIVATE EQUITY PARTNERSHIP II	Local	Partnerships	Yes	45890	22.00 % 10 years	Unlimited		200 000	168 557
CAPITALWORKS PRIVATE EQUITY PARTNERSHIP III	Local	Partnerships	Yes	45891	35.00 % 10 years	Unlimited		450 000	20 226
ETHOS CAPITAL V GP SA (PTY) LTD	Local	Partnerships	Yes	9254	9.05 % 10 years with extension	Unlimited		100 000	8 121
ETHOS FUND VI EN COMMANDITE PARTNERSHIP SA	Local	Partnerships	Yes	9254	0.15 % 10 years	Unlimited		185 000	76 671
ETHOS MID MARKET FUND I (A) PARTNERSHIP	Local	Partnerships	Yes	46595	- % 10 years	Unlimited		350 000	137 976
GAMMATEK K2018225611 SA	Local	Partnerships	Yes	4307	9.00 % 10 years	Unlimited		44 545	33 200
GROWTHPOINT INVESTEC	Foreign	Other	No		18.86 % 10 years	Unlimited		564 050	691 415
AFRICAN PROPERTIES LIMITED									
HELIOS INVESTORS II	Foreign	Partnerships	No	45737	0.78 % 10 years	Unlimited		91 658	111 408
HELIOS INVESTORS III, LP	Foreign	Partnerships	No	45737	2.69 % 10 years	Unlimited		423 037	632 353
HOUSING IMPACT FUND SOUTH AFRICA	Local	Partnerships	Yes	45255	1.64 % 10 years	Unlimited		150 000	82 877
IHS FUND II SA COLLECTOR LP	Local	Partnerships	Yes	35579	8.64 % 10 years	Unlimited		100 000	58 390
KLEOSS FUND I	Local	Partnerships	Yes	45656	12.65 % 10 years	Unlimited		75 000	62 240
LEREKO METIER CAPITAL GROWTH FUND	Local	Partnerships	Yes	23261	3.29 % 10 years	Unlimited		100 000	795
MEDU III SA PARTNERSHIP	Local	Partnerships	Yes	40187	23.26 % 10 years	Unlimited		150 000	149 677
MPANDE PROPERTY FUND	Local	Partnerships	Yes	43242	- % 10 years	Unlimited		350 000	73 980
NEOMA AFRICA FUND	Foreign	Partnerships	Yes	44310	1.60 % 10 years	Unlimited		84 607	9 626
NEOMA AFRICA FUND III	Foreign	Partnerships	Yes	44310	4.04 % 10 years	Unlimited		564 050	302 273
NINETY ONE AFRICA PRIVATE EQUITY FUND 2 LP	Foreign	Partnerships	Yes	587	9.98 % 10 years	Unlimited		352 531	170 522
NOVARE AFRICA PROPERTY FUND II	Foreign	Partnerships	Yes	41836	9.95 % 10 years	Unlimited		493 544	377 640

ESKOM PENSION AND PROVIDENT FUND
SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020

OLD MUTUAL PRIVATE EQUITY FUND IV	Local	Partnerships	Yes	45255	2.70 % 8 years	Unlimited	100 000	50 800
PAN AFRICAN INFRASTRUCTURE DEVELOPMENT FUND	Foreign	Partnerships	Yes	31473	0.79 % 15years	Unlimited	70 506	72 726
PAPE FUND 3	Local	Partnerships	Yes	46337	15.76 % 10 years	Unlimited	150 000	57 385
SCHOOLS AND EDUCATION INVESTMENT IMPACT FUND OF SOUTH AFRICA	Local	Partnerships	Yes	45255	14.29 % 10 years	Unlimited	200 000	148 581
SPHERE HOLDING PROPRIETARY LTD	Local	Partnerships	Yes	N/A	20.75 % No expiry	Unlimited	249 966	276 485
THE STANLIB INFRASTRUCTURE PRIVATE EQUITY FUND 1 PARTNERSHIP	Local	Partnerships	Yes	719	8.00 % 10 years	Unlimited	100 000	139 509
TRINITAS PRIVATE EQUITY EN COMMANDITE PARTNERSHIP	Local	Partnerships	Yes	43242	6.04 % 10 years	Unlimited	50 000	49 097
VAN SCHAICK BOOK STORE	Local	Other	No		14.50 % 10 years	Unlimited	100 000	45 730
VANTAGE CAPITAL FUND I TRUST	Local	Partnerships	Yes	28711	26.67 % 10 years with extension	Unlimited	20 000	265
VANTAGE GREEN X NOTE II	Local	Partnerships	Yes	48166	3.51 % 10 years	Unlimited	200 000	157 003
VANTAGE MEZZANINE FUND I	Local	Partnerships	Yes	25807	5.03 % 10 years	Unlimited	50 000	944
VANTAGE MEZZANINE FUND II PARTNERSHIP	Local	Partnerships	Yes	25807	5.40 % 10 years	Unlimited	100 000	83 527
VANTAGE MEZZANINE III PAN AFRICAN SUB FUND	Foreign	Partnerships	Yes	45610	3.40 % 10 years	Unlimited	73 326	71 584
VANTAGE MEZZANINE III SOUTHERN AFRICAN SUB FUND	Local	Partnerships	Yes	45610	10.63 % 10 years	Unlimited	187 600	56 700
Total Private Equity Funds commitment							<u>7 709 796</u>	<u>5 359 777</u>

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020

M REGULATION 28 NON-COMPLIANT INVESTMENTS

M1 NON-COMPLIANT COLLECTIVE INVESTMENT SCHEMES

Instrument	Holding %	Fair value R'000
Foreign		
SGMF Pacific Basin ex-Japan equity USD Institutional	0.14	196 587
SGMF European EX-UK Equity USD Institutional	0.33	480 096
SGMF Japan Equity USD Institutional	0.18	260 321
SGIF Global Select Equity Fund USD Institutional	1.84	2 652 264
SGMF UK Equity USD Institutional	0.13	191 432
SGMF US Large Companies Equity USD Institutional	1.07	1 539 944
Ashmore The Africa Emerging Markets Fund	0.42	605 670
BlackRock Institutional Cash Series USD Liquidity Fund	0.15	220 447
SSgA Liquidity PLC USD Liquidity LV NAV Fund OEF USD	0.07	97 816
Blackrock Developed World Index Sub Fund	2.96	4 271 704
SGMF Emerging Markets Equity USD Institutional	0.43	621 256
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-1	0.15	219 940
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0815	0.15	218 462
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0116	0.12	177 879
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0216	0.13	191 778
DUET AFRICA OPPORTUNITIES FUND - IC	0.97	1 395 870
		13 341 466
Total Non-compliant collective investment schemes		13 341 466
Total certified Regulation 28 non-compliant investments		13 341 466

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 2020
O ENTITY / COUNTERPARTY EXPOSURE
Credit / Counterparty risk

Counterparty	Direct investment in counterparty	Deposit/liquid asset with counterparty	Scrip lending transactions	Total per counterparty	Exposure to counterparty as a % of the fair value of the assets of the fund
	R'000	R'000	R'000	R'000	
Banks	-	6 168 445	16 519 125	22 687 570	15.63%
Absa Bank	-	323 712	-	323 712	0.22%
FirstRand Bank	-	152 059	-	152 059	0.10%
Investec Bank	-	523 352	-	523 352	0.36%
Standard Bank	-	499 601	11 587 455	12 087 056	8.33%
Nedbank	-	2 979 115	4 931 670	7 910 785	5.45%
Land and Agricultural Bank	-	1 820	-	1 820	-%
Rand Merchant Bank	-	206 570	-	206 570	0.14%
State Street	-	1 454 496	-	1 454 496	1.00%
Discovery Bank	-	27 720	-	27 720	0.02%
Asset managers - local	-	51 056	-	51 056	0.04%
AFENA	-	19 478	-	19 478	0.01%
Stanlib	-	31 578	-	31 578	0.02%
Asset managers - foreign	12 085 183	-	-	12 085 183	8.33%
SGMF Pacific Basin ex-Japan equity USD Institutional	196 587	-	-	196 587	0.14%
SGMF European EX-UK Equity USD Institutional	480 096	-	-	480 096	0.33%
SGMF Japan Equity USD Institutional	260 321	-	-	260 321	0.18%
SGIF Global Select Equity Fund USD Institutional	2 652 264	-	-	2 652 264	1.83%
SGMF UK Equity USD Institutional	191 432	-	-	191 432	0.13%
SGMF US Large Companies Equity USD Institutional	1 539 944	-	-	1 539 944	1.06%
Ashmore The Africa Emerging Markets Fund	605 670	-	-	605 670	0.42%
BlackRock Institutional Cash Series USD Liquidity Fund	220 447	-	-	220 447	0.15%
SSgA Liquidity PLC USD Liquidity LV NAV Fund OEF USD	97 816	-	-	97 816	0.07%
Blackrock Developed World Index Sub Fund	4 271 704	-	-	4 271 704	2.94%
SGMF Emerging Markets Equity USD Institutional	621 256	-	-	621 256	0.43%
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-1	219 940	-	-	219 940	0.15%
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0815	218 462	-	-	218 462	0.15%
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0116	177 879	-	-	177 879	0.12%
Sanlam Centre Sub Saharan Africa Equity Fund CLASS E-0216	191 778	-	-	191 778	0.13%
DUET AFRICA OPPORTUNITIES FUND - IC	139 587	-	-	139 587	0.10%
Participating employers					
ESKOM HOLDINGS SOC LTD	-	2 286 196	-	2 286 196	1.58%

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020

<u>12 085 183</u>	<u>8 505 697</u>	<u>16 519 125</u>	<u>37 110 005</u>	<u>25.57 %</u>
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ESKOM PENSION AND PROVIDENT FUND
SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020
Market risk

EQUITY HOLDINGS	Fair value at end of year	Total fair value equity holdings and open instruments	Market movement by 5%
	R'000	R'000	R'000
Investment			
NASPERS LIMITED-N SHS	8 204 057	8 204 057	410 203
PROSUS	3 108 576	3 108 576	155 429
ANGLO AMERICAN PLC	2 706 803	2 706 803	135 340
BRITISH AMERICAN TOBACCO PLC	2 656 237	2 656 237	132 812
FIRSTRAND LIMITED	1 782 797	1 782 797	89 140
STANDARD BANK GROUP LIMITED	1 551 835	1 551 835	77 592
MTN GROUP LIMITED	1 431 132	1 431 132	71 557
ANGLOGOLD ASHANTI LIMITED	1 099 991	1 099 991	55 000
BHP GROUP PLC	1 088 352	1 088 352	54 418
IMPALA PLATINUM HOLDINGS LTD	1 067 108	1 067 108	53 355
Total value of 10 largest equity holdings	24 696 888	24 696 888	1 234 846
Total movement as % of non-current assets plus bank			0.85 %

OTHER FINANCIAL INSTRUMENTS	Holding	Fair value at end of year	Market movement by 5%
	R'000	R'000	R'000
Instrument			
I2046	4 961 890	4 961 890	248 095
I2050	4 841 814	4 841 814	242 091
R210	2 316 884	2 316 884	115 844
I2038	2 076 121	2 076 121	103 806
R202	1 357 899	1 357 899	67 895
MTFIB3	1 276 282	1 276 282	63 814
R2044	838 862	838 862	41 943
R2048	823 222	823 222	41 161
CASH	634 232	634 232	31 712
SFX001	599 172	599 172	29 959
Total value of 10 largest other instruments	19 726 378	19 726 378	986 320
Total movement as % of non-current assets plus bank			0.68 %

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IA - SCHEDULES PERTAINING TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 30 JUNE 2020

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	7 092 005	27 922	-	754 969	7 874 896
Commodities	19 525	-	-	-	19 525
Debt instruments including Islamic debt instruments	27 364 692	-	-	-	27 364 692
Investment properties and Owner occupied properties*	117 000	-	6 241 771	201 466	6 560 237
Equities	87 649 477	-	(6 241 771)	12 348 325	93 756 031
Investment in participating employer (s)	2 286 196	-	-	-	2 286 196
Hedge funds	1 276 282	-	-	-	1 276 282
Private equity funds	5 359 777	-	-	-	5 359 777
Derivative market investments	-	-	-	36 706	36 706
Collective investment schemes	13 341 466	-	-	(13 341 466)	-
Total investments	144 506 420	27 922	-	-	144 534 342

ESKOM PENSION AND PROVIDENT FUND
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2020**

		Fair value R'000
A	Total assets (Schedule IA -Total investments)	144 534 342
B1	Less: Reg 28 compliant investments (certificate received from issuing entity):-	-
B.1.1	Collective Investment Schemes (Reg 28(8)(b)(i))	-
B.1.2	Linked Policies (Reg 28(8)(b)(ii))	-
B.1.3	Non-Linked policies (Reg 28(8)(b)(iii))	-
B.1.4	Entity regulated by FSCA (Reg 28(8)(b)(iv))	-
B2	Less: Reg 28 excluded investments	-
B2.1	Insurance Policies (Reg 28(3)(c))	-
C	Less: Investments not disclosed /data not available for disclosure [Refer to schedule IAN]	-
D	TOTAL ASSETS FOR REGULATION 28 DISCLOSURE	144 534 342

Categories of kinds of assets		%	Fair value R'000	Fair value %
1	CASH		7 874 897	5.45%
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	100%	5 738 883	3.97%
(a)	Notes and coins; any balance or deposit in an account held with a South African bank;		3 328 429	2.30%
	Nedbank	25%	2 597 474	1.80%
(b)	A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument		1 762 250	1.22%
	Nedbank	25%	423 556	0.29%
(c)	Any positive net balance in a margin account with an exchange		648 204	0.45%
	Margin @ JSE	25%	648 204	0.45%
(d)	Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets		-	0.00%
1.2	Balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments	SARB max. limits	2 136 014	1.48%
(a)	Any balance or deposit held with a foreign bank		2 136 014	1.48%
	StateStreet Bank & Trust Co	5%	1 381 044	0.96%
(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%
2	DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS		27 364 692	18.93%
2.1	Inside the Republic	100%	23 609 179	16.33%
(a)	Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	100%	20 464 956	14.16%
(b)	Debt instruments issued or guaranteed by the government of a foreign country	75%	3 407	0.00%
	The Republic of Namibia	10%	3 407	0.00%
(c)	Debt instruments issued or by a South African bank against its balance sheet	75%	2 264 574	1.57%
c(i)	Listed on an exchange with an issue market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	2 143 555	1.48%
	First Rand Bank	25%	1 175 720	0.81%
Carried forward			6 229 405	4.31%

ESKOM PENSION AND PROVIDENT FUND
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2020**

Categories of kinds of assets		%	Fair value R'000	Fair value %
Brought forward			6 229 405	4.31%
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%	112 563	0.08%
	Investec	15%	71 676	0.05%
c(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	75%	-	0.00%
c(iv)	Not listed on an exchange	25%	8 456	0.01%
	ABSA	5%	5 974	0.00%
(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%	540 620	0.37%
d(i)	Listed on an exchange	50%	540 620	0.37%
	Transnet SOC Limited	10%	170 200	0.12%
d(ii)	Not listed on an exchange	25%	-	0.00%
(e)	Other debt instruments:-	25%	335 622	0.23%
e(i)	Listed on an exchange	25%	335 622	0.23%
	City of Johannesburg	5%	81 531	0.06%
e(ii)	Not listed on an exchange	15%	-	0.00%
	SARB max. limits			
2.2	Foreign		3 755 513	2.60%
(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		-	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	25%	-	0.00%
(e)	Other debt instruments	25%	3 755 513	2.60%
e(i)	Listed on an exchange	25%	-	0.00%
e(ii)	Not listed on an exchange	15%	3 755 513	2.60%
3	EQUITIES		93 756 029	64.87%
3.1	Inside the Republic	75%	46 640 183	32.27%
(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	75%	46 639 508	32.27%
a(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%	41 949 941	29.02%
	Naspers	15%	8 204 057	5.68%
Carried forward			14 762 843	10.22%

ESKOM PENSION AND PROVIDENT FUND
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2020**

Categories of kinds of assets		%	Fair value R'000	Fair value %
Brought forward			14 762 843	10.22%
a(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%	4 266 244	2.95%
	Allied Electronics	10%	436 270	0.30%
a(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	15%	423 323	0.29%
	PPC Limited	5%	88 242	0.06%
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	15%	675	0.00%
	Leisurenet Ltd	2.5%	480	0.00%
3.2	Foreign		47 115 846	32.60%
(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	SARB max. limits	47 097 421	32.59%
a(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max. limits	45 335 829	31.37%
	Microsoft Corp	15%	1 555 491	1.08%
a(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB max. limits	1 567 011	1.08%
	Semafo	10%	109 715	0.08%
a(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB max. limits	194 581	0.13%
	First City Monument Bank	5%	66 304	0.05%
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%	18 425	0.01%
	Dashen Brewery	2.5%	1 010 920	0.70%
4	IMMOVABLE PROPERTY		6 560 238	4.54%
4.1	Inside the Republic	25%	6 085 388	4.21%
(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%	5 968 388	4.13%
a(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	4 088 097	2.83%
	Nepi Rock Castle	15%	1 027 300	0.71%
a(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	1 757 592	1.22%
	Vukile Property Fund	10%	234 319	0.16%
a(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	122 699	0.08%
	Fairvest Property	5%	50 666	0.04%
(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%	117 000	0.08%
	EPPF Office Park	5%	117 000	0.08%
4.2	Foreign	25%	474 850	0.33%
(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%	474 850	0.33%
a(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%	464 893	0.32%
	China Jinmao Holdings Group	15%	51 201	0.04%
a(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%	9 957	0.01%
	Grit Real Estate	10%	9 870	0.01%
a(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%	-	0.00%
Carried forward			19 520 621	13.53%

ESKOM PENSION AND PROVIDENT FUND
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2020**

Categories of kinds of assets		%	Fair value R'000	Fair value %
Brought forward			19 520 621	13.53%
(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%
5	COMMODITIES		19 525	0.01%
5.1	Inside the Republic	10%	19 525	0.01%
(a)	Kruger Rands and other commodities on an exchange, including exchange traded commodities	10%	19 525	0.01%
a(i)	Gold (including Kruger Rands)	10%	-	0.00%
a(ii)	Other commodities	5%	19 525	0.01%
	Invest Gold	5%	17 566	0.01%
	Invest Rhodium	5%	281	0.00%
	African Rhodium Debentures	5%	1 678	0.00%
5.2	Foreign	10%	-	0.00%
(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%
6	INVESTMENTS IN THE BUSINESS OF A PARTICIPATING EMPLOYER INSIDE THE REPUBLIC IN TERMS OF:-		2 286 196	1.58%
(a)	Section 19(4) of the Pension Funds Act Eskom Holdings SOC Ltd	5%	2 286 196 2 286 196	1.58% 1.58%
(b)	To the extent it has been allowed by an exemption in terms of section 19(4A) of the Pension Funds Act		-	0.00%
7	HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)	95%	-	0.00%
8	HEDGE FUNDS, PRIVATE EQUITY FUNDS AND ANY OTHER ASSET NOT REFERRED TO IN THIS SCHEDULE		6 672 765	4.62%
8.1	Inside the Republic	15%	3 840 830	2.66%
(a)	Hedge fund	10%	1 276 282	0.88%
a(i)	Funds of hedge funds	10%	-	0.00%
a(ii)	Hedge funds	10%	1 276 282	0.88%
	Matrix Fixed Income Hedge Fund	2.5%	1 276 282	0.88%
(b)	Private equity funds	10%	2 564 548	1.77%
b(i)	Funds of private equity funds	10%	-	0.00%
b(ii)	Private equity funds	10%	2 564 548	1.77%
	Busamed Propriety Ltd	2.5%	566 513	0.39%
(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%	-	0.00%
8.2	Foreign	15%	2 831 935	1.96%
(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%	2 795 229	1.93%
b(i)	Funds of private equity funds	10%	-	0.00%
b(ii)	Private equity funds	10.0%	2 795 229	1.93%
	Invest Africa Private Equity Fund	2.5%	691 415	0.48%
(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%	36 706	0.03%
TOTAL ASSETS – REGULATION 28			144 534 342	100.00%

ESKOM PENSION AND PROVIDENT FUND
**SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2020**
INVESTMENT SUMMARY (Regulation 28)

	Local R'000	Fair value %	Foreign (Excluding Africa) R'000	Fair value %	Africa R'000	Fair value %	Total R'000
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments	5 738 883	3.97	1 910 613	1.32	225 401	0.16	7 874 897
2 Debt instruments including Islamic debt instruments	23 609 179	16.33	3 755 513	2.60	-	-	27 364 692
3 Equities	46 640 183	32.27	44 011 487	30.45	3 104 359	2.15	93 756 029
4 Immovable property	6 085 388	4.21	464 980	0.32	9 870	0.01	6 560 238
5 Commodities	19 525	0.01	-	-	-	-	19 525
6 Investment in the business of a participating employer	2 286 196	1.58	-	-	-	-	2 286 196
8 Hedge Funds, private equity funds and any other assets not referred to in this schedule	3 840 830	2.66	36 706	0.03	2 795 229	1.93	6 672 765
TOTAL	88 220 184	61.04	50 179 299	34.72	6 134 859	4.24	144 534 342

Table 1 items	Asset Limits in terms of sub regulation 3(f)	Total (Inside & Foreign) R'000	Percentage of Fair value %	Regulation 28 limits
3.1(b)	Equities not listed	19 100	0.01	
4.1(b)	Immovable properties not listed	117 000	0.08	
8	Hedge funds , Private Equity funds and other assets	6 672 765	4.62	
	TOTAL	6 808 865	4.71	35

Table 1 items	Asset Limits in terms of sub regulation 3(g)	Fair value R'000	Fair value %	Regulation 28 limits
3.1(b)	Equities not listed	19 100	0.01	
8.1(b)	Private Equity funds	5 359 777	3.71	
	TOTAL	5 378 877	3.72	15

Table 1 items	Asset Limits in terms of sub regulation 3(h)	Fair value R'000	Fair value %	Regulation 28 limits
1.1	Cash and deposits with a South African Bank (Nedbank)	3 021 031	2.09	
2.1(c)	Debt instruments guaranteed by a South African Bank - First Rand Bank	1 178 798	0.82	

ESKOM PENSION AND PROVIDENT FUND

SCHEDULE IB - ASSETS HELD IN COMPLIANCE WITH REGULATION 28
AS AT 30 JUNE 2020

TOTAL	<u>4 199 829</u>	<u>2.91</u>	25
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SCHEDULE IB

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 of Eskom Pension and Provident Fund

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 2020 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 2020.

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

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Chief Executive Officer: L. S. Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1938/012055/21, VAT reg. no. 4850174682.



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 2020, prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, on which we issued an *unmodified* opinion on 2 December 2020. 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 opinion.

Opinion

In our opinion, the Schedule IB "Assets held in compliance with Regulation 28" at 30 June 2020 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 2020.

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.


PricewaterhouseCoopers Inc.
Director: C. Mitchelson
Registered Auditor
Johannesburg
7 December 2020