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PensionerTalk

MEET THE CHAIRMAN

Hlengani Mathebula

How do I begin to describe a person who has made such an impact on me - a person as formidable and richly experienced as the Chairman of the Board, Mr Hlengani Mathebula.

Mr Mathebula joined the Fund as Chairman in November 2010 stepping into the void left by the outgoing Chairman, Kennedy Memani. After some time settling in, I got to know him as a person with a straightforward approach to business and a wide strategic view - a person who sums up a situation and is able to differentiate between strategic and operational issues. He believes that every person should carry out the task assigned to him/her, but should also go the extra mile for our customers.

But wait, I am getting ahead of the story.

Hlengani Mathebula hails from a rural background as a young man and after completing his schooling, enrolled at various universities to study for a BA degree. He then went on to obtain other post-graduate qualifications. His study record shows successful achievement in the fields of management development, marketing and leadership at various SA universities. But I got the impression that adding these letters on his CV is not as important to Hlengani as the practice of what one does with those qualifications. He certainly does not believe in resting on the laurels of various degrees and diplomas, but would rather go out and learn further in the school of life and business.

I also happened to learn that Hlengani is a person with the ability to converse in several languages. Besides the "normal" South African languages like English, Afrikaans, Xitsonga, Xhosa and so on, I was surprised to learn that Hlengani can also converse in Classical Greek, Hellenistic Hebrew and French! Truly a remarkable language ability and this points towards his ability and desire to master new knowledge which may be outside other people's normal comfort zones. Not strange then that at one stage in his career he was a part-time lecturer at a local university - no doubt imparting his vast knowledge and experience to his students.

Hlengani started his executive career in the banking sector and lists some significant contributions towards transforming and strategizing our banking sector locally and at international level. He is currently in an executive position at the SA Reserve Bank and likely to exert significant influence over our lives in respect of the economy. Various career experiences include private banking clients, International client wealth solutions, marketing and retail support.

We asked Hlengani to come closer to home and indicate to us his view or vision for the future of the EPPF.

Hlengani is on record as saying that the Eskom Pension & Provident Fund, as one of the largest retirement funds in South Africa and perhaps the second largest Defined Benefit fund, should be the leader in the market. The Fund, he says, should play a leading role in the development of retirement fund trends and should embrace the opportunities offered by proposed changes in the industry. As a market leader, the EPPF should use its influence to shape the market and
(Cont'd on page 2)

MEET THE CHAIRMAN...

(Cont'd from page 1)



not just follow what others are doing. A case in point is the Fund's project to achieve compliance with the King III report of company governance, even though this is not compulsory for retirement funds. While most other funds in the retirement fund industry may be waiting for instructions from the regulatory body as to how retirement funds should comply with King III, the EPPF has already achieved significant compliance and is further refining the processes and controls to achieve greater compliance.

Hlengani has very definite strategic objectives for the Fund and stated that he would want to achieve success in at least two major strategic areas: The successful completion of a project to achieve compliance with Regulation 28 of the Pension Funds Act insofar as the Fund's property investments through its majority interest in the property holding company Pareto Ltd is concerned; and the conclusion of the Fund's restructuring initiative, with the provision of an alternative fund structure to achieve long-term financial viability, as the core driver. Already the Regulation 28 issue is advancing towards conclusion, while the Fund restructuring project is making good progress. This was his challenge to the Fund and its executive: Let us work together to get these projects finalised once and for all!

Hlengani is also a person who notes the detail of our everyday life and daily work operations. He will not hesitate to call to task those he feels may be neglecting their mandate. At a recent meeting with Fund staff he clearly stated his view and expectation that every member of the EPPF staff has not only a specific job to do, but also a serious responsibility towards somebody out there somewhere who is depending on what we do here. The Fund influences the well-being of so many other people who trust us to be passionate about what we do. And that is the essence of this Chairman: He cares about the well-being of the poor and the rich alike, whether they are pensioners, children or widows, working members or those that may be dependant on a pension that is shared among many people. He expects nothing less than the same approach from everyone else.

We welcome Hlengani Mathebula to the EPPF family and all I can say is: Enjoy the experience!



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While every effort has been made to ensure the accuracy of the information in this newsletter, if any discrepancy occurs between the provisions of the Rules of the Fund and any information or statement in this publication, the Rules of the Fund will prevail.

The articles and topics discussed in this issue are for information only and do not constitute; or are intended to be; or should not be construed as financial advice. Before taking a decision on whether to choose one option or product over the other, or embarking on a particular course, it is strongly recommended that a member consult a financial advisor for advise before taking any decision.

Evidence of Survival Forms

It's that time of the year again! Yes, the yellow Evidence of Survival (EOS) forms will again be sent out in September this year and by the time you read this, your EOS form is on its way to you!

Why do you have to complete the EOS form EVERY year?

The Fund has to ensure that pensioners who are receiving monthly pensions from the Fund are indeed the rightful beneficiaries. The EOS form provides proof of your existence and confirms that

the Fund should continue paying your monthly pension. It is an unfortunate fact that fraudsters are continually attempting to defraud people and the process of pensioner verification is very necessary to reduce the risk of fraud to both the Fund as well as to you, our pensioners.

Complete, Certify and Send in your EOS form as soon as possible

Please make sure that the EOS form is accurately completed and that it is certified by a commissioner of oaths before returning it to the Fund. Please do not wait until the last minute to send back your form because if you leave it lying on top of the kitchen cupboard, it may get lost and the late receipt of the form from you could lead to your pension payments being temporarily stopped.

Once we receive your EOS form it will be captured onto the system and your pension will not be interrupted. Unfortunately, we will have to return any forms that have not been completed correctly back to you. Obviously this has to be avoided as we do not

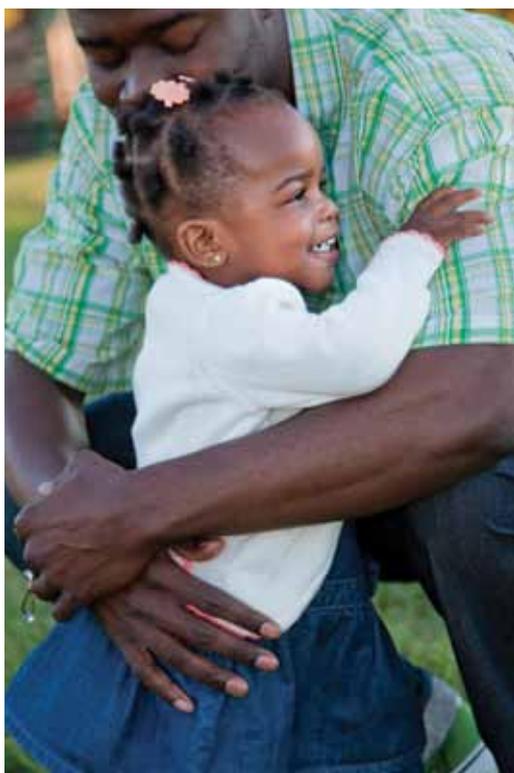
If you have sent in your EOS form but have not seen confirmation then please phone the Fund on 0860 11 45 48

want any pensions to be stopped unnecessarily this year! .

We will keep you updated on progress by printing a short message on your payslips saying that; yes, we have received your EOS form; or no, we have not yet received your form. If you have sent in your form and the message on the pay slip reads that we have not received the form, please phone the Fund (0860 11 45 48) to confirm that we received your form – we may need to send you another form, as it is our experience that forms do sometimes get lost in the mail.

Please avoid having your pension suspended

We will send you a few reminders if your form remains outstanding; BUT, please remember that if we do not receive your EOS form by April then your pension payments will be suspended. It is your responsibility to make sure that the form is sent back to the Fund and that the Fund actually receives it.



THE EVIDENCE OF SURVIVAL (EOS) PROGRAM:

September 2011

you will receive the yellow EOS form

December 2011

If you have not returned the EOS form then you will receive a reminder.

April 2012

If you have still not returned your EOS form then you will receive a final reminder

May 2012

If we have not received your EOS form, then your pension will have to be suspended.

Chief Executive's Overview

We started the financial year in July 2010, with the major equity markets in negative terrain as sovereign debt concerns in Europe unsettled investors' confidence. Sentiment improved in early November 2010 when a second round of help measures were announced in the United States and these measures introduced very large amounts of liquidity into the markets. This in turn drove emerging market equities higher; bond yields lower and emerging market currencies stronger as global investors searched for alternative assets.

Towards the end of November 2010, investor sentiment turned negative again, triggered by concerns over China, and Ireland. The ongoing sovereign debt crisis in parts of Europe (again) created fear among investors, but nevertheless, global equity markets bounced back in December 2010, ending the calendar year on a strong note.

In addition, two major world events had a lasting negative impact on global financial markets: The political turmoil in North Africa and the Middle East, and the earthquake, tsunami and subsequent nuclear disaster in Japan.

Closer to home the Fund began the year focusing on bringing closure to project Fufuwe, the previous IT Systems replacement project and finalising a new IT Roadmap.

In order to create stability within the Fund it was also important to swiftly fill vacancies in key and strategic positions. To this effect Ms Linda Mateza was appointed as the Fund's Chief Investment Officer and Ms Nopasika Lila was appointed as the Fund's Chief Financial Officer during October and December 2010, respectively.

The Fund bid farewell to Mr Kennedy Memani who had been the Chairman of the Fund for a period of 10 years and welcomed Mr Mathebula as the new Chairman.

Investment Returns

The primary investment objective of the Fund is to earn inflation (CPI) plus 4,5% per annum over the long-term. Normally, to be able to identify possible investment challenges, performance evaluation is based on a rolling three-year period. However, markets are cyclical and a more meaningful assessment of the long-term performance can be derived from the 5- and 10-year rolling periods.

I am happy to report that the Fund's investment return for the year to 30 June 2011 was very satisfactory at 16.95% (unaudited) compared to CPI of 5.02% for the same period, resulting in a positive real return of 11.93%.

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

	1 Year	3 Years	5 Years	10 Years
Actual return	16.95%	9.45%	11.04%	13.99%
CPI	5.02%	5.37%	6.51%	5.84%
Real return	11.93%	4.08%	4.53%	8.15%

The Fund significantly outperformed the targeted 4.5% real return for the financial year ended 30 June 2011, but fell 0,5% short of achieving the target over a rolling 3-year period. This is still a significant improvement from the rolling 3-year underperformance which was -2.7% for the previous year (30 June 2010). The 5- and 10-year performance remains satisfactory despite the setbacks over the past three years.

The Fund maintained its status as a signatory to the United Nations Principles for Responsible Investing (UNPRI), which is a set of global best practices for responsible investment and appointed Momentum Fiduciary Solutions to provide an oversight role in this regard.

The Fund also finalised and approved a Statement of Responsible Investing Principles, which sets out the Fund's position on responsible investing practices.

Fund Administration

The Fund continued to focus on providing its stakeholders with quality service in a cost effective manner. This was underpinned by a strong focus on cost management and streamlined operational excellence while not compromising on customer service.

Management conducted a review of process flows in the Operations Department in order to align work streams and improve efficiencies. This process has eased the challenges associated with work backlogs and improved turnaround times.

A main concern remains the existence of a large amount of unclaimed benefits and the Fund appointed tracing agents to assist with the process to locate beneficiaries whose benefits remained unclaimed.

The Communication strategy was revised and approved by the Board during the year and some of the major initiatives in this strategy focus on more face-to-face interaction and quicker response times. Our Call Centre continues to grow from strength to strength despite some cyclical challenges.

During the year the Fund successfully challenged a ruling by the Pension Funds Adjudicator in the Appeal Court and a ruling was awarded in the Fund's favour. This matter, involving the apportionment of pensioner interest in a divorce settlement, represented a benchmark for the industry and it was of strategic importance for the Fund and the industry.

Looking forward, the Board approved the following key priorities for the 2012 financial year.

Key Priorities	Weighting
Investment Returns	40%
People Development	10%
BBBEE	10%
Fund Restructuring	20%
IT Road Map Implementation	10%
Operational Efficiency	10%

Conclusion

The 2010/2011 financial year presented the Fund with various challenges other than those which could be categorised as "routine" In particular the situation regarding the Fund's IT environment and the Fund Restructuring initiative demanded intensive and prolonged interaction with various stakeholders, but these challenges were met and the Fund emerged at the end of the financial year celebrating significant achievements in those areas.

Investments and financial modelling remain a crucial point of the Fund agenda and while the past financial year has seen severe volatility in this regard, management has coped, and with the support of the Board of Trustees the Fund has emerged stronger than ever before.

The future will again present challenges and problems, but management is confident that the administration is well positioned to meet and deal with those as they may arise.

Special Deals & Discounts for Seniors



Everyone loves a bargain ... and so we just wanted to remind you that as a pensioner there are some special discounts available just for you. Here are just a few examples of what to look out for:

- When planning a holiday find out which hotels offer special mid-week rates for pensioners. Some hotel groups and resorts offer up to 20% off on their midweek rates for seniors, while some car rental companies offer between 10% & 20% off standard car hire charges for seniors aged 65 and older. There are also many tourist attractions that offer special rates for seniors. For example: South African National Parks (SANParks) offers discounts on normal tariffs to all permanent residents of South Africa of 60 years and older, provided that the reservation is made in the name of the qualifying person.. For more information on SANParks see their website at <http://www.sanparks.org.za>
- Transnet's Shosholozza (long distance train) offers seniors aged 60 years and older a 25% discount. Proof of age is required. For more information see their website at <http://www.shosholozameyl.co.za/>

Some big retail stores across the country offer senior citizens a discount on purchases made on certain days. Ask your local retailer when they're having their pensioner days. For example:

- Some Pick n Pay stores offer pensioners discounts on a specific day of the week. Others offer a pensioners tea once a month, where pensioners are able to share a cup of tea and some cake with Pick n Pay and friends alike. Customers would need to enquire with their local Pick n Pay if any discounts are offered or if they host a pensioners' day.
- The Pharmacy Group Dischem offers a "double points day" and a 60+ pensioners' tea. A pensioners' tea is held once a year where pensioners are given a hamper of products. For more information go to <http://www.dischem.co.za>

All the abovementioned discounts were correct at the time of going to print.

Trustee Elections

Helping you make an informed decision ...

Trustee elections will again be held in March 2012 and you, the members of the Fund, have the opportunity to elect candidates to serve on the EPPF's Board of Trustees. To help you make an informed decision on the nomination and election process, it is important to take note of some guidelines.

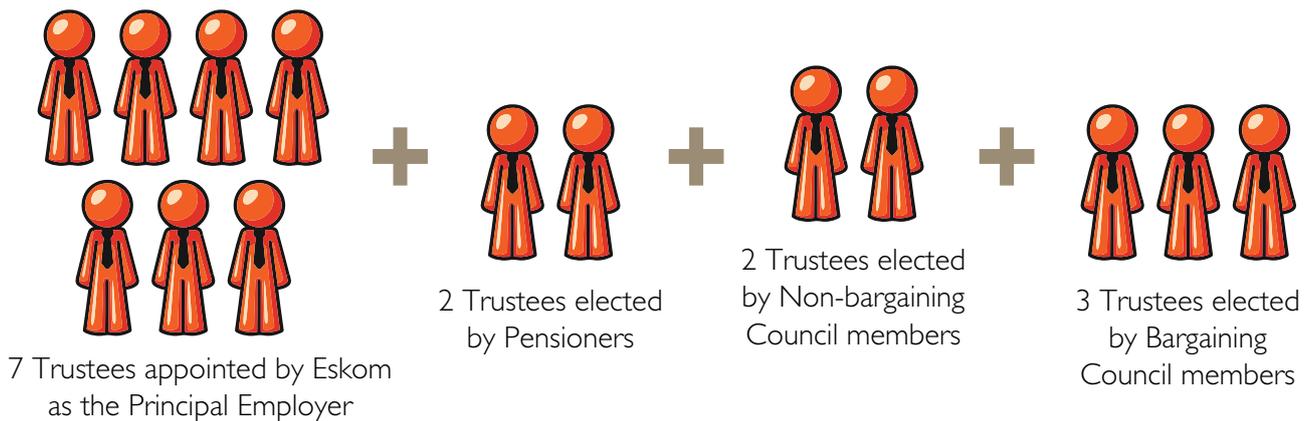
The Fund is governed by a Board of Trustees consisting of 14 members, who are appointed by the employer and elected by the members and pensioners of the Fund. These Board members are responsible for ensuring that the Fund is managed in a manner that secures the interests of its members and complies with the provisions of the Pension Funds Act, 1956. The EPPF policy provides for a term of 4 years, and maximum of two terms for each board member.

In pursuit of the Fund's objectives, the Board of Trustees shall:

- Take all reasonable steps to ensure that the interests of members in terms of the rules of the Fund and the provisions of the Act are protected at all times.
- Act with due care, diligence and good faith.
- Avoid conflicts of interest, and
- Act with impartiality in respect of all members and beneficiaries.

THE BOARD OF TRUSTEES

In terms of the Pension Funds Act, every pension fund shall have a board that has to manage and direct the fund - at least 50 percent must be elected by members of the fund. The EPPF's Board of Trustees, consists of:



The EPPF's Role in the Trustee Elections

An Independent Electoral Officer, who is appointed by the Fund, will oversee the nomination and election process and ensure that the process is conducted fairly.

The Fund's role is to also attend to the significant administrative process involved, such as designing and distribution of nomination forms and ballot papers to members and pensioners. On receipt of these nominations and ballot papers, the administration team captures these forms under the supervision of the Independent Electoral Officer. The Fund ensures that the administration and control of the election process runs smoothly and efficiently and that milestones are adhered to at all times.

THE MILESTONES FOR THE ELECTORAL PROCESS ARE:

September 2011
Production and distribution of preliminary information documents & information

November 2011
Validation and recording of nominations

Who may stand for election?

CANDIDATES' ELIGIBILITY

In order to qualify to be nominated as a candidate in the trustee elections, a person must have certain personal attributes, qualifications, and experience. However, there are also other requirements for a person to be eligible for election as a trustee:

- Any candidate should not have served in the board for two consecutive terms already.
- Any candidate must be a pensioner or member of the EPPF, except in the case of unionized candidates.
- A candidate should not have been dismissed from employment at any previous employer.

NOMINATION PROCESS

The process to elect a Board of Trustees is fairly straight forward, but takes place over a considerable period of time. In short, the following will happen:

- Nomination forms are posted to all the members and pensioners. In the case of contributing members the Fund makes use of internal mail channels, while for pensioners the national postal service is used.
- Members will confer and decide on who to nominate as their preferred candidate.
- Pensioners will also confer and to nominate their candidates.
- Non-unionized and unionized contributing members will similarly nominate their candidates.
- All the nomination forms are sent back to the EPPF, and the details of each nominated candidate is verified and if in order, recorded onto the system.

BALLOT PAPERS

- Following completion of the nomination process, ballot papers with the final list of candidates are designed and populated.
- The ballot papers are then distributed to members and pensioners with a request to vote for the candidate/s they prefer.
- The ballot papers will include a self-addressed envelope in which the completed ballot paper is to be returned to the Fund.
- The Fund will receive the ballot papers and keep them in a safe place.

ELECTION RESULTS

- Ballot papers are captured and counted as they come into the fund.
- Results of the candidates with the highest votes are compiled.
- Election results published or made known.
- A new Board of Trustees is introduced to members.



Under supervision
of the Independent
Electoral Officer

With your assistance, let's make this a fair election and vote for the right people ...

December 2011

Production of ballot papers

January 2012

Distribution of ballot papers

March 2012

Validation and recording of votes cast

March 2012

Election report with results



Annual Pensioner Events

The EPPF strives to deliver quality services to its stakeholders, as part of its customer service objective. As an important part of this objective, the Fund tries to keep its Pensioner group informed and comfortable in knowing that their benefits are well taken care of and that they can approach the Fund at any time for assistance with their queries.

Annual pensioner events serve as an important initiative to reach out to Pensioners, where the focus is not only to educate pensioners on the Fund's processes and benefits, but to also to create a platform where pensioners can socialize in a relaxed environment. A number of these events have already been held in different parts of the country, and the outcome was remarkable.

Pensioner events for the first semester of the year 2011 commenced in March 2011 until mid June 2011. From the information gathered at these events, it was clear that even while the number of pensioners that attended the functions did not meet the Fund's expectations, those that did attend did enjoy the events and made sure that the Fund understood how important these functions are for them. But why then do so few Pensioners, given the large number of Pensioners that we have on our records, actually attend our functions? This may have been due to a number of reasons, i.e.

- Delayed postal services.
- Health constraints, especially in the colder season.
- Distance to travel to the designated venues and sometimes a perception that the venues would not be "nice".
- Weather conditions, and

- Other commitments that may have clashed with the arranged events.

But we do intend to continue with the annual pensioner functions and call on our Pensioners to attend these events. Here you can learn about and discuss issues such as:

- The latest information about the Fund's membership, investments and benefits.
- Use the platform to raise your concerns about the fund in a relaxed environment.
- The challenges faced by Pensioners.
- The accessibility of the Fund and its staff to the Pensioners.

But most importantly, the events serve as a ripe opportunity to socialize with your fellow pensioners. So who is invited to the Pensioner functions and how will you know that you may be missing out?

For a start, we only invite Pensioners who:

- Are former employees of Eskom and are on retirement.
- Are widows or widowers of

- Fund pensioners.
- Are children of Pensioners who are under the age of 21 years or who are in receipt of lifelong pensions, and
- Deferred pensioners.

We also indicate to people who are invited that they may bring along one family member as their partner. Normally this would be your spouse, but in the case of widows or widowers, this could be a family member or close friend. This concession is very important for pensioners who may be suffering from certain health conditions or impairments.

But most important is that, if for instance your registered residential/ postal address is in, say for the sake of the argument, Bela-Bela, you would not receive an invitation for any other function than one that may be held in your region. So you would then not be invited to a function in Johannesburg, for instance, as we will send out invitations based on postal codes and focusing on the region where you indicated to us that you live.

2011 SECOND TERM – PLANNED EVENTS		
We are already in the second term of the year of 2011, and the following events have been planned to meet with our Pensioners:		
Region	Venue	Month
Free State	Welkom	November 2011
Free State	Ficksburg	November 2011
Gauteng	Soweto	November 2011
Free State	Bethlehem	November 2011
Gauteng	Alberton	November 2011
Gauteng	Krugersdorp	November 2011