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PowerTalk

AUGUST 2012

EDITOR'S NOTE

Dear member

It's been a very eventful 2012 at the Fund! We concluded our Trustee Elections this year at the end of March. Read more inside to find out who the new Trustees of the Fund are. Thank you to all of you who took the time to exercise your vote!

As we embrace the changes in the management of the Fund with a new Board of Trustees, we have also embraced change in the way we administer the Fund's business. We have been busy all year preparing for the implementation of a new state of the art fund administration system, which will increase our efficiencies in the way we work and ensure the administration is cost effective.

The Fund is not the only place experiencing change. As the saying goes, change is the only constant. We change jobs, our life circumstances change with marriage and the birth of children. We take a look at the different decisions these changes require us to make, such as reviewing our Fund Beneficiary Nomination Forms and making the right choices about our benefit if we withdraw from the Fund.

We hope this edition of PowerTalk will be useful to you and keep you in the loop with the journey of change that is happening all around us!

Regards
THE EDITOR

Fund Installs a New Administration System

In the second half of 2011, the Fund embarked on a massive IT Roadmap project. This project comprised 15 different sub-projects, the core project of which is the replacement of the Fund's administration system.

To ensure that the IT Roadmap project progressed smoothly, the Fund enlisted the services of a firm of consultants, Deloitte, to assist with managing the project and specifically the implementation of the new system and the change management processes that come with such a project.

In terms of the main project of replacing our administration system, the Fund will replace the current administration system with a new system called "Omni". The Omni system is a modern pension fund administration system that is provided by a local company, Global ASP, but comes with international backing and experience. This system is used globally by major pension funds and insurance companies, so we are assured that we are getting a tried and tested system capable of managing the volumes that the Fund administration generates.

The Fund moves over to the new system in two phases during July and August 2012. As the Fund moves

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A NEW BOARD STEERS THE SHIP

The Fund conducted Trustee elections earlier this year to elect new Trustees for the Board of the Fund, who will be in office for the next four years. During this election process pensioners had the chance to vote for the pensioner-elected Trustees. Members also had the opportunity to vote for their member-elected Trustees, and the employer had the opportunity to select the employer-appointed Trustees. The processes to elect pensioner- and member-elected Trustees and to select the employer-appointed Trustees were parallel processes and began with a nomination process, followed by the actual voting, in which many of you participated.

Following the election process, here are the names of the members of the EPPF Board of Trustees to serve for the next four years:

Member-Elected Trustees

Ms. Flavonia Madlala
Mr. Gert Kruger
Mr. David Macatha (Union-elected - NUM)
Mr. Michael Mojapelo (Union-elected – NUMSA)
Mr. Ivan Smith (Union-elected – Solidarity)

Pensioner-Elected Trustees

Mr. Ted Green
Dr. Wessel Swart

Employer-appointed

Mr. Hlengani Mathebula (Chairperson)
Mr. Shafeeq Abrahams
Ms. Lavinia Khangala (Independent Trustee)
Ms. Jacqui Kilani
Ms. S M Mamorare
Ms. B Smith
Adv. N. K. Tsholanku

The Fund's Board of Trustees comprises the 14 Trustees named above and they began their new term of office on 1 June 2012. Thank you to all of you for taking the time to cast your vote. We wish the new Board of Trustees a productive tenure in office



EPPF staff training on the Omni system

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over to the new system, there will be freeze periods, where no processing of claims on the system will take place. This will impact on the turnaround times for the processing of claims such as retirements and resignations, and we may still experience delays after implementation in the processing of claims. The Fund is, however, confident that the new system will be up and running with minimal disruptions. We request your patience and understanding in this regard.

The new Omni system will be able to run the defined benefit system on which the Fund currently operates. The system is also capable of running a defined contribution system. In the long term, the system will offer significant savings in our administration costs and greater efficiencies in the way we work.

EPPF Subscribes to the Principles of Responsible Investing

Did you know that the Fund is a signatory to the United Nations Principles for Responsible Investing (UNPRI). We spoke to Linda Mateza from the Fund's Investment Management Unit to get to know a bit more about what this means for the Fund and its investments.

Tell us what the UNPRI is about and why the Fund became a signatory?

In keeping with the global best practice for fiduciaries (people looking after the trust monies of others), the Fund became a signatory to the United Nations Principles for Responsible Investing (UNPRI) in October 2009. As a signatory to the Principles, the Fund has committed to being an active asset owner and to incorporating Environmental, Social and Governance (ESG) issues into its ownership policies and practices in the management of its investments.

The Principles for Responsible Investing are:

1. Incorporate ESG issues into investment analysis and decision-making processes. (In a South African context, ESG issues include corporate governance, Black Economic Empowerment, transformation, housing and infrastructure, education and skills shortage, HIV/AIDS, and energy and power)
2. Be active owners and incorporate ESG issues into our ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by entities in which we invest.
4. Promote acceptance and implementation of the Principles within the investment industry.
5. Work together to enhance our effectiveness in



Linda Mateza of the Investment Management Unit

implementing the Principles.

6. Report on our activities and progress towards implementing the Principles.

In addition to the above principles, the Fund is also a signatory to the Code for Responsible Investing in South Africa (CRISA).

Tell us about the Fund's Statement of Responsible Investing and how this links to the Fund being a UNPRI signatory?

Being a UNPRI signatory means being an active and responsible investor. As a fiduciary and long term investor, the Fund has an obligation to invest in a responsible manner. The Fund has a Statement of Responsible Investing, which sets out the Fund's approach to integrating ESG factors into how its investments are managed.

The Fund's responsible investing vision is to:

- ✓ Ensure that its members have a secure retirement by managing the Fund's assets in a sustainable manner.
- ✓ Make a positive societal impact within the community in which its members and beneficiaries live and work.
- ✓ Make a positive impact on companies in which the Fund invests, and in so doing assist the greater South African economy to positively better the lives of all who live in it.

Why is it important for Fund to have a Responsible Investing Policy and be signatory to UNPRI?

The Fund is one of the largest pension funds in South Africa and a significant holder of South African shares. The Fund's Board of Trustees views being a responsible investor as being consistent with its fiduciary duty and believe that ESG factors lead to improved long-term performance. The Fund also strongly believes that responsible investing requires the attention and dedication of a company's officers and directors, and its owners.

The Fund is not simply a passive holder of shares but regards itself as a "shareowner," and therefore takes the responsibility that comes with company ownership seriously. The Fund also regards itself as a good corporate citizen. As such, and in light of transformation and developments in South Africa, the Fund believes that its role as an active shareowner is important in:

- Enhancing corporate governance and resultantly, the performance of companies it owns.
- Playing a role in the corporate restructuring and growth of the South African economy.
- Playing a role in enhancing transformation and Broad-Based Black Economic Empowerment (BBBEE) in South Africa as a prudent fiduciary.

- Enhancing the sustainability of the companies in which it invests.

The UNPRI's 6th Principle talks about reporting on our corporate engagement and proxy voting activities and progress towards implementing the UNPRI principles. Tell us about how the Fund goes about its corporate engagement and exercising its proxy voting?

The Fund has appointed an external service provider that provides voting recommendations, proxy research, and proxy voting management and implementation for the Fund's investments in listed JSE shares, in accordance with the Fund's Proxy Voting Policy and Guidelines. Proxy voting is a key aspect of the governance processes that guides annual, general and special meetings of corporations, where shareholders vote on critical issues.

Proxy issues can be divided into two areas within the overall voting framework:

1. Issues that a company is obligated to place before shareholders annually, or intermittently, with the purpose of obtaining shareholder approval to meet the requirements of either the Companies Act or the JSE Listings Requirements.
2. Issues that are not placed before shareholders specifically, but are of governance significance. These may include voting against the financial statements, the re-election of directors, or decisions about the company's capital structure.

The Fund, through its consultant, engages with corporations on issues such as communication and disclosure, financial and economic performance, effective leadership, respect for shareholders' rights, meeting stakeholder obligations, and embracing the challenges of the business environment in which they operate.

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How does EPPF report on its corporate engagement and proxy voting activities and how often does the reporting occur?

The Fund's Strategic Investment Committee receives quarterly reports on the Fund's proxy voting and corporate engagement activities. The Fund receives a comprehensive Responsible Ownership Report every year, and publishes the salient points from this report for the Fund's stakeholders' information.

By becoming a signatory to the UNPRI, the Fund has demonstrated that it takes its fiduciary duties and its commitment to responsible investing seriously.

To read more about the Fund's responsible investing activities, go to our website on www.eppf.co.za to read the Fund's Responsible Ownership Report.



Options on withdrawal

In the previous edition of Power Talk, we began to look at the options available to you when you withdraw from the Fund. In particular, we looked at preserving your benefit in the Fund's Deferred Pension Scheme, where you can defer your pension benefit until the retirement age of 55 years and above.

In this edition we look at other options, namely transferring your benefit to your new employer or to a retirement annuity.

If you are withdrawing from the Fund to join another employer, you can consider the option of transferring your benefit to your new employer. However, when transferring your benefit to a new employer, you should consider the tax implications that may apply if the new employer's fund is a provident fund.

Therefore, you should also investigate whether the new fund is a pension fund or a provident fund and whether it is a defined contribution or a defined benefit fund. It is important that you clearly understand the benefits payable from that fund. If the new fund is a defined contribution fund, you should also ensure that you understand all the investment portfolio options available to you as a member.

If you consider transferring your benefit to a retirement annuity, shop around for the kind of annuity that will best suit your needs. In this regard it is imperative that you obtain the services of an accredited financial advisor, who will assist you to review the options, structuring and expected investment performance of the annuities. You should also consider the administration costs of an annuity against the administration costs of an employer fund, if applicable.

Another important factor to consider when selecting an annuity is to consider the type of annuity product which will suit your requirements when it is time for retirement, as annuities offer different retirement package options.

Remember, decisions about how to preserve a withdrawal benefit are decisions which will impact the rest of your life well into your retirement age. You should consult your financial advisor when making such financial decisions and carefully weigh the pros and cons of all the options available to you on withdrawal.

Remember, if you leave the Fund and have left your benefit in the Fund's Deferred Pension Scheme, you must ensure that you provide the Fund with your correct contact details, and contact us to update your details when they change.

Have You Updated your Beneficiary Nomination Forms?

Have you had a child recently? Did you get married or divorced or have you lost a spouse? Perhaps you have adopted a child, or you have recently found yourself financially responsible for an additional person who was previously not financially dependent on you.

When any of these or other life changing events occurred, did you remember to update your EPPF beneficiary nomination form? If not, it is time you did so.

Fund beneficiary nomination forms should be reviewed regularly and updated when your life circumstances change or when you obtain an additional financial dependant. This nomination form is different from the beneficiary nomination forms you would have completed relevant to the insurance and leave pay benefits from your employer. This form caters specifically for benefits paid by the Fund.

It is important to complete or update this form, as it provides guidance to the Trustees of the Fund when they have to determine the allocation of your lump sum benefits. An updated Fund beneficiary nomination form could save a significant amount of time in completing the allocation of your benefit to your dependants and/or beneficiaries in their time of financial need. It offers great peace of mind to update the form and ensure that in the event of your death, your loved ones will be promptly assisted by the Fund in accessing the benefit payable by the Fund.

A beneficiary nomination form can be obtained from your Human Resources office or can be downloaded from the Fund's website at www.eppf.co.za.



Important Contact Details ...

Toll free Contact Centre: 0800 11 45 48

Fax Number: 011 709 7529

Walk-In Contact Centre & Physical Address:
Moorgate House, Hampton Park South, 24 Georgjan Crescent, Bryanston East, 2152

Witbank Regional Office: 013 693 3240/3918

Email: info@eppf.eskom.co.za

Website: www.eppf.co.za

Postal Address: Private Bag 50, Bryanston, 2021

Medical Aid Administration: 011 709 7535

Funeral Claim: 011 544 8891

Our Email Address Has Changed

Please note that the Fund's email address has now changed.

For any enquiries, comments or feedback, please send your emails to info@eppf.co.za.

While every effort has been made to ensure the accuracy of the information in this newsletter, if any discrepancy occurs between 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 publication are for information purposes only and are not intended to be, do not constitute, nor should they be construed as financial advice. It is strongly recommended that you consult an accredited financial advisor before taking up any financial products.